HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

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HOUSE OF COMMONS

Wednesday, April 22, 1981

The House met at 2 p.m.

• (1405)

[*English*]

NEW MEMBERS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has received from the chief electoral officer a certificate of the election and return of Jack Burghardt, Esquire, member for the electoral district of London West; and also a certificate of the election and return of W. Bennett Campbell, Esquire, member for the electoral district of Cardigan.

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NEW MEMBERS INTRODUCED

Jack Burghardt, Esquire, member for the electoral district of London West, introduced by Right Hon. P. E. Trudeau and Hon. Herb Gray.

[*Translation*]

Bennett Campbell, Esquire, member for the electoral district of Cardigan, introduced by Right Hon. P. E. Trudeau and Mr. Henderson.

Some hon. Members: More, more!

ROUTINE PROCEEDINGS

[*English*]

THE ECONOMY

CALL FOR REVIEW OF INTEREST RATE POLICY BY STANDING COMMITTEE—MOTION UNDER S.O. 43

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, I rise to propose a serious motion having to do with the economy. If the government is serious about the plight of the economy, I hope that it will approve this motion. The Bank of Canada has been influential in maintaining interest rates at such high levels that small businesses, consumers, farmers and the whole Canadian economy, is suffering drastically. I therefore propose to move a motion, seconded by the hon. member for Simcoe North (Mr. Lewis) which is the exact same motion as was moved by the present Minister of Industry, Trade and Commerce (Mr. Gray) when he was in opposition and the Bank of Canada rate was 13 per cent as opposed to the 17.75 per cent it is now. I therefore move:

That this House immediately order its Standing Committee on Finance, Trade and Economic Affairs to undertake an immediate review of the interest rate policy of this government and the Bank of Canada, and that for this purpose the Governor of the Bank and the Minister of Finance appear before it to explain their actions and what they will be doing to solve the problems which the Governor of the Bank himself said, regarding interest rates, are now being caused for individuals and business.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE CONSTITUTION

APPLICATION OF AMENDING FORMULA—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Now that the government, through its latest amendments to the constitutional proposal, recognizes the need for equality among the western provinces as well as the Atlantic provinces when dealing with the amending formula, I move, seconded by the hon. member for Richmond-South Delta (Mr. Siddon):

That the government maintain consistency in the application of the principle of equality and apply it, as well, to the provinces of Ontario and Quebec so that all provinces in Canada can share fully in the heritage of being Canadian without being made to feel like second-class citizens in a checkerboard Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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HOUSING

DEMAND THAT MINISTER VISIT VANCOUVER—MOTION UNDER S.O. 43

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I also rise under the provisions of Standing Order 43 on a very urgent matter. Last week thousands of concerned citizens acknowledged the Vancouver housing crisis by attending a week of hearings and discussions which appealed for government action to alleviate the unbearable housing situation in B.C. Since the minister responsible has taken no action except to call for the removal of rent controls, and since B.C. loses

more confidence in the federal government each day, I move, seconded by the hon. member for New Westminster-Coquitlam (Miss Jewett):

That the minister responsible for CMHC be decentralized to Vancouver in order to experience the housing emergency first-hand, where he will have to choose to between sleeping in a clothing box on the street, camping in a tent, or buying a condominium costing half a million dollars. I further move that he act now or be fired.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1410)

AGRICULTURE

PAYMENT OF INTEREST ON PFAA FUNDS—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Madam Speaker, I, too, rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that the government has taken no steps to deal with the reference to the Standing Committee on Agriculture on the subject matter of Bill C-245, an act to repeal the PFA Act and set up a trust to invest $9,066,972, presently in a non-interest bearing account known as the Prairie Farm Emergency Fund; and in view of the fact that each day of delay means a loss of over $3,000 which should be available for research and development, I move, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

That the government immediately begin paying interest at current government bond rates on the said $9,066,972 of producers' funds until such a time as a trust for research and development is established.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

CALL FOR REVERSAL OF INTEREST RATE POLICY—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, as a result of the government's high interest rate policy, first mortgage rates are now 17 per cent. The prime rate is once again 18 per cent and seems to be heading higher. Businesses of every kind are saddled with inflationary interest costs which are hampering production and causing tremendous distress. I therefore move, seconded by the hon. member for Hamilton-Wentworth (Mr. Scott):

That this House demand that the Minister of Finance reverse the damaging high interest rate policy that this government has imposed on business, home owners and consumers generally.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

USE OF WASTE OIL TO GENERATE HEAT—MOTION UNDER S.O. 43

Mr. Mel Gass (Malpeque): Madam Speaker, I rise on a matter of urgent and pressing necessity. Thousands of service stations right across the country have problems disposing of their waste oil, and I have been informed that waste oil conversion is not covered under the Canadian Oil Substitution Program. In view of the fact that there exists an efficient waste oil burner, and considering that we need to conserve our conventional source of oil, I move, seconded by the hon. member for York North (Mr. Gamble):

That the Minister of Energy, Mines and Resources be instructed by this House to include the conversion of waste oil in the Canadian Oil Substitution Program, so that service stations can benefit, and make use of waste oil which would otherwise be disposed of.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AUTOMOTIVE INDUSTRY

MEASURES TO PREVENT DUMPING OF JAPANESE CARS ON CANADIAN MARKET—MOTION UNDER S.O. 43

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter which takes on increasing urgency. Given the desire by all Canadians to support a strong and vital manufacturing sector right across the country, and given the fact that Canada suffered in 1980 a $2.1 billion deficit in trade of manufactured goods with Japan, and in light of further reports that indicate Japan may be forced to dump nearly 120,000 cars in the Canadian market, further damaging both our trade balance with the Japanese and our domestic auto industry, I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That the government outline immediately the measures it intends to take to prevent any dumping of cars into the Canadian market.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

MARKETS FOR SURPLUS EGG PRODUCTION—MOTION UNDER S.O. 43

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, given that yesterday the Canadian Egg Marketing Agency announced that it will pay egg producers to slaughter some of their hens in order to reduce the large surplus of eggs on the Canadian market, and recognizing the urgency and importance of this situation to all Canadian egg producers and consumers, under the provisions of Standing Order 43, I move, seconded by the hon. member for Hamilton-Wentworth (Mr. Scott):

That the Minister of Agriculture act decisively and allow Canagrex to prove its worth in this situation and find markets for surplus protein from time to time and that the minister get on with this legislation, or is this another one of his "in a few more weeks" kind of proposition?

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PUBLIC SERVICE

EMPLOYMENT OF NATIVE PEOPLES—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, since the 1980-1981 report on increased participation of indigenous people in the Public Service has pointed out the failure of the government to hire and promote Canada's native people, and whereas only 19 of 58 government departments and agencies last June complied with a Treasury Board directive to prepare action plans for native employment, I move, seconded by the hon. member for Selkirk-Interlake (Mr. Sargeant):

● (1415)

That this House expresses its regret that the only Treasury Board action that has resulted from the release of this damning document was a news release by the President of Treasury Board which reiterated policies that ministers and government departments have ignored in the past.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

AIRPORTS

MIRABEL—REDRESS FOR EXPROPRIATED LAND OWNERS—MOTION UNDER S.O. 43

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, under the provisions of Standing Order 43 I seek the unanimous consent of the House to move a motion concerning a matter of urgent and pressing necessity.

Considering that nearly 500 buildings, both agricultural and commercial, have been destroyed for no apparent reason outside the operational sector of Mirabel airport; considering that a number of people were forced to leave their homes as a result of unsound administration, I move, seconded by the hon. member for Bruce-Grey (Mr. Gurbin):

That the government right the wrong it has done to those people and to all the others who still live there by taking immediate steps to resell those lands.

Madam Speaker: Presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

HOUSING

MINISTER'S POSITION ON RENT CONTROLS

Mr. Doug Lewis (Simcoe North): Madam Speaker, my question is for the minister responsible for housing. On March 3 the Prime Minister made it clear to this House that rent controls are a matter of provincial jurisdiction. He also made it clear that the minister of housing's comments during the Ontario election, no matter which side of the issue the minister was on that particular day, were not an enunciation of federal government policy in provincial matters. The minister has raised the issue of rent controls again. In view of the Prime Minister's comments, is it still the intention of the minister to seek the federal cabinet's instructions, vis-à-vis a policy of rent controls, as he indicated to the House yesterday?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, as I indicated yesterday, although the hon. gentleman was not here, the National Housing Conference indicated that some provinces think that the issue of rent control is a good policy device. Some think it is not. Some provinces have changed their minds and are in the process of changing from rental control to a gradual withdrawal of control. This is a matter of provincial jurisdiction. However, as a citizen of this country and one who observes the effects of this provincial policy, of course I have my personal opinion. No doubt the

government is impacted by policies of the provincial housing ministries in the area of rental control, but it remains a matter under provincial jurisdiction.

Notwithstanding the fact that when the Constitution is returned to Canada and we proceed with review of jurisdictions and the appropriateness of same, as well as the role of the various governments, I think that a strong case will be for provinces to continue to exercise jurisdiction in this matter.

Mr. Baker (Nepean-Carleton): Prime Minister, are you sure he is sure?

CUT IN BUDGET OF HOUSING MINISTRY

Mr. Doug Lewis (Simcoe North): Madam Speaker, my supplementary question is for the same minister. Over 40 per cent of the total expenditures for 1981-1982 are spent in the social affairs envelope. This is said to reflect the high priority which the government addresses to social affairs. I am sure the minister is aware of the concerns of Canadians these days over housing.

Therefore, why is it that out of 11 ministers who have budgets in the social affairs envelope, the housing ministry is the only one which has had its budget cut?

Mr. Paproski: It was because of the minister.

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I have indicated, for example, that the government's responsibility to this tight market is to attempt to work within available resources. The community services project, which was a program designed to assist municipalities with recreation facilities, was probably not the best way of spending existing moneys and funds that we direct toward housing. For that reason the government did not renew the program.

We are hopeful that with the assistance and the advice of hon. members opposite, together with the provinces, municipalities, and the public generally, those moneys which are freed will be better directed toward addressing the very difficult problems we have with housing today.

● (1420)

FEDERAL-PROVINCIAL MINISTERIAL MEETING

Mr. Doug Lewis (Simcoe North): Madam Speaker, I believe the minister said his budget was cut. On March 14 the minister of housing was quoted in *The Financial Post* as saying that policy decisions had been delayed until the National Housing Conference had been held, and that he planned a meeting with the provincial housing ministers within two months. Yesterday in this House the minister indicated that meeting would take place some time later this year. Does the minister not feel that the situation in housing is important enough to have a meeting right away?

Hon. Paul J. Cosgrove (Minister of Public Works): Yes, Madam Speaker. The question of a meeting with the provincial ministers is a top priority with me as minister responsible for the corporation. To that end we have today invited the provincial ministers responsible for housing to meet with me and the officials of the ministry in Ottawa on June 1. It is my hope that the work we have done in terms of preparation for the National Housing Conference, the all-sector conference, together with our exchange of correspondence since that time as to what we will have on that agenda, will enable the other ministers and myself to have a fruitful meeting on this subject in the first week of June.

CONSIDERATION OF ACTION TO ALLEVIATE SITUATION IN METROPOLITAN TORONTO

Hon. David Crombie (Rosedale): Madam Speaker, my question is also to the minister responsible for housing. The minister will know that in the metropolitan Toronto area there are over a million people who live in rental housing accommodation. Yesterday the minister indicated in an interview that, in his view, only a small minority of Torontonians can look forward to buying their own homes. He will also know that in the *Toronto Star* of last week, in a series of articles the *Star* pinpointed panic buying in the city and metropolitan area. What consideration has the minister given, if any, to a proposal to alleviate the situation with respect to housing in metropolitan Toronto?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, in my responsibility as Minister of Public Works I have had an opportunity of discussing this problem with the mayor of the city of Toronto. I have addressed the potential of the Harbourfront lands which are owned and administered by the federal government through Public Works as one of the areas where, for example, social housing could be started. It would be of assistance to those people at the lower income levels. With regard to social programs, section 56(1) of the act could be used to augment the present allocation of social units in metropolitan Toronto.

Mr. Crombie: Madam Speaker, the minister surely knows by now that housing in this country has become a national disaster. At the housing conference, he indicated that in his view it is reaching such a crisis in the city of Vancouver that he has proposed a tri-level program to see if he can deal with the matter. Is it not time the minister broadened that concept so that Canadians can again look to the opportunity of being able to own their own homes?

Mr. Cosgrove: Madam Speaker, implicit in the hon. member's question is the principle that all Canadians should own homes, that that should be the style of life of all Canadians. Of course that does not fit with the facts. We know that a large percentage of Canadians do not prefer home ownership as a style of living.

Some hon. Members: Oh, oh!

Mr. McGrath: What a statement for a housing minister.

Mr. Cosgrove: We know that the industry has bounced back from a very difficult time. We know that there is strength in the number of starts in the industry. They have risen from 125,000 a year ago to an expected 180,000 starts this year. By all standards that is only some 20,000 below what was expected to be built by anyone who objectively studied the market. Therefore the protestations that there is this crisis has to be put in the perspective, number one, of an industry that has rebounded from a difficult point of view, and put in the perspective of a continuing difficult affordability problem for many Canadians. We are aware of that and we are addressing that problem.

* * *

PUBLIC SERVICE

INCREASE IN SALARIES OF EMPLOYEES AT DEPUTY MINISTER LEVEL

Mr. Edward Broadbent (Oshawa): Madam Speaker, after that expression of deep concern for the ordinary Canadian, I would like to ask the President of the Treasury Board a related question. The average worker's income this year for the fourth year in a row in real dollars will actually decline. Could the minister explain to the House how the government can possibly justify an increase in salary of up to 26 per cent for the top civil servant mandarins at the deputy minister level, whose average income now as a result of this increase will be $80,000 a year?

● (1425)

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I am glad the hon. member for Oshawa has raised this matter which was the subject of some very misleading comment in the press today. The government has given a 9.5 per cent increase to the executive group. This is happening at the same time as the implementation of the new management category. That category in fact was approved by Treasury Board and brought forward to cabinet, and the approval took place in February. The entire cost of that reclassification transfer from the executive group to the new management category was estimated as something in the neighbourhood of $500,000. Based on the total payroll of about $150 million, that gives you some idea of the magnitude of a percentage increase across the board. But to speak in terms of 26 per cent is utter nonsense.

Mr. Broadbent: Madam Speaker, it is not utter nonsense at all. The minister has just indicated a certain percentage increase which, when complemented with the change in categories, adds up to exactly what I talked about, a 26 per cent increase. This means that the people at the very top end of the pay schedule in Canada in many cases are getting an increase which exceeds the pay of the average worker in the civil service. That is the sort of situation which is completely unjustifiable to anyone who has a sense of fairness.

Since the minister is providing up to $13,000 per year increases for certain categories of Canadians, how can the government conceivably do this at a time when it is doing nothing in terms of mortgages, in terms of energy costs, or in terms of tax breaks for the ordinary Canadian family?

Mr. Johnston: Madam Speaker, I am very pleased to answer the first part of that question. The hon. member is engaging in arithmetic acrobatics of the kind usually practised by the hon. member for York-Peel. The fact is, Madam Speaker, that I challenge the hon. member for Oshawa to point to any examples of 26 per cent increases. He is confusing the new rate structures which are taking place and the classification which is taking place with the 9.5 per cent increase, the general increase approved across the board, which I might add is considerably less than the 10.4 per cent general increase in settlements in the public service last year.

REQUEST FOR ESTABLISHMENT OF FAIR PRICES COMMISSION

Mr. Edward Broadbent (Oshawa): Madam Speaker, the sophistry of the minister will convince no one who is not a backbencher in the Liberal party, and everyone in the country knows that. I would like to ask the minister if he will deal with the second part of the question. There are a lot of Canadians out there who are poor and suffering from inflation. Let me ask him one specific question. There is one act the government could take which would help the average Canadian, and that is to establish, for example, a fair prices commission with the authority to investigate price increases and roll them back when they are unfair and not justified. Will the minister take steps now to establish such a board which could be of concrete benefit to the average worker, instead of helping those who do not need help, which is the underlying policy of the Liberal party at this time?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, the hon. member for Oshawa also seems to be confused in respect of my portfolio responsibilities. That is not a question which should be addressed to the President of the Treasury Board. But I can repeat, Madam Speaker, we are all mystified by this large number of public servants who received these 26 per cent increases. I would be very pleased if the hon. member would name them for my benefit.

* * *

● (1430)

CONSUMER AFFAIRS

DECISION BY CANADIAN EGG MARKETING AGENCY TO KILL HENS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs, and it has to do with this disturbing and unfortunate headline: "Hens will die to keep egg prices high". By its own admission CEMA has over-estimated consumer

demand over a two-year period and says its projections are all out of whack. This is causing problems for both egg producers and consumers.

I want to ask the Minister of Consumer and Corporate Affairs if he has satisfied himself that his colleague, the Minister of Agriculture, who is responsible for CEMA, is serving the best interests of both egg producers and consumers at a time when farm incomes are declining and egg prices are on the rise?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Yes, Madam Speaker.

[*English*]

PASSAGE OF CANAGREX LEGISLATION

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, I am sure everyone will be satisfied to learn that the minister is satisfied with his colleagues. I will ask the minister on a supplementary question if he is pressing his colleague to get Canagrex through cabinet and into legislation so that it can do the job both for producers and consumers, as promised in the Speech from the Throne.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, the competence of my colleague, the Minister of Agriculture, is well known and I do not think he needs help from anyone whatsoever to carry out his projects properly.

* * *

[*English*]

INDUSTRY

MASSEY-FERGUSON FINANCING AGREEMENT

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. As representatives from some 280 banks are in Toronto today expecting to have a deal confirmed with respect to the refinancing of Massey-Ferguson, is the minister prepared to sign the final agreement guaranteeing the financing for Massey-Ferguson? On February 6 he indicated that was the decision of the government when he chose to make an announcement outside this House, concerning the guaranteeing of equity on behalf of Massey-Ferguson.

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, we have indicated to Massey-Ferguson the terms on which we are prepared to guarantee the new equity portion of the refinancing, and I understand they are satisfactory to Massey-Ferguson. The formal coming into effect of the government's guarantee will, of course, depend on the drafting and signing of appropriate agreements between the various lenders, Massey-Ferguson and ourselves, and I understand that further drafting and discussions in that regard have to be completed.

POSSIBILITY OF BREAKDOWN IN AGREEMENT

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my supplementary question is also directed to "Dr. Doolittle," the Minister of Industry, Trade and Commerce. Is it not true that ten weeks ago it was represented that what the minister is now referring to as an agreement still to be finalized would be finalized by now, that in fact the financing faces a deadline of this Friday, and that if the minister does not finally move and if he cannot get an agreement out of his cabinet, there is a danger that the entire financing for Massey-Ferguson will break down and there may be as many as 6,000 Canadian jobs at stake?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, our efforts have been very much along the line of bearing in mind the concerns with respect to the 6,000 jobs and the role of the company in the Canadian economy. It is certainly through those efforts, and not through the empty words of the hon. member, that these concerns will be acted upon in an appropriate way for the Canadian economy.

Mr. Stevens: Are you ready to sign?

Mr. Gray: We are making progress in a satisfactory way as far as the Massey-Ferguson company is concerned. We need to have agreements in place which reflect the positions of some 250 banks as well as our own position and that of Massey-Ferguson. As far as I am aware, the timing is proceeding in a way which meets the requirements in question.

* * *

NATIONAL DEFENCE

F-18 FIGHTER AIRCRAFT—TEST FLIGHTS IN COLD WEATHER

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, my question is directed to the Minister of National Defence, and it is with regard to our fair weather fighter. A week ago the minister met with his American counterpart and sought assurances with respect to the F-18 program. I would like to ask the minister if, during his meeting with Secretary Weinberger, or at any other time, he was informed of the most recent and very serious problems concerning the inability of the F-18 to function in what can only be described as normal Canadian winter conditions. I remind the minister that any aircraft which has unsatisfactory performance at –17.8 degrees and takes 66 minutes to activate its controls at –28.9 degrees could never function in the real world of the Canadian north.

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, it would be untrue to say that I did not expect this question from the hon. member. I expected the

question, and I ask him to wait for a while and to see what the answer of the company and the U.S. navy will be.

Some hon. Members: Oh, oh!

Mr. Lamontagne: Just a moment.

Mr. Broadbent: Let's wait for August. Do you want the country to warm up?

Mr. Lamontagne: Do you want to have the answer or not?

Madam Speaker: Order, would hon. members allow the minister to answer the question.

[*Translation*]

Mr. Lamontagne: Madam Speaker, I believe it would be better to wait till the company or the American navy have explained some of the allegations published in a number of newspaper articles and reports which are rather sketchy. Obviously, when an aircraft is being tested, it is quite natural to find certain defects. The purpose of those tests is precisely to correct them. I can say that the American Defense Secretary confirmed to me without a shadow of a doubt that the United States and the American Navy are committed to the F-18 as a fighter plane and that the McDonnell Douglas company is also committed to meeting the specifications given in the contract.

[*English*]

POSSIBLE DELAY IN PRODUCTION SCHEDULE

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, if the minister honestly believes the pablum he is trying to feed us, our fighter program is in more serious trouble than I thought.

Can the minister tell us why he is always the last to know about problems facing the F-18 program? Could he tell us when he expect the latest problems to be resolved and why he feels no concern about possible delays, when even spokespersons for McDonnell Douglas have said these problems could very well delay the aircraft's scheduling?

[*Translation*]

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I do not think the hon. member has all the details about what he is saying. Nothing has been said about delaying the manufacture of the F-18 fighter. I should also like to tell the hon. member that we are advised immediately when there are defects and corrections have to be made, that we have a team about one hundred strong in St. Louis, at the very plant where the F-18 is being built, monitoring the development of the aircraft; the American navy is doing the same. So, with those assurances, Madam Speaker, I feel we can relax and need not worry.

[*English*]

STATISTICS CANADA

EXAMINATION OF CONSUMER PRICE INDEX ITEMS

Miss Aideen Nicholson (Trinity): Madam Speaker, my question is for the Minister of Supply and Services. In view of recent criticisms from the Grocery Products Manufacturers of Canada that food price increases are not now accurately measured by the consumer price index, can the minister say whether Statistics Canada is examining consumer price index items to ensure that they do in fact represent current consumer spending patterns?

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, I am pleased to receive the hon. lady's question in the nature of a representation. I might advise her that, in accordance with the information I have, there is no immediate plan to revise the food basket. However, we are monitoring the representations which are made by the marketplace and we take those representations into consideration.

* * *

AUTOMOTIVE INDUSTRY

IMPORTATION OF JAPANESE MOTOR VEHICLES

Mr. Otto Jelinek (Halton): Madam Speaker, my question is directed to the minister of industry, trade and Japanese imports.

Some hon. Members: Oh, oh!

Mr. Jelinek: Yesterday the Japanese government proposed that Japanese auto makers voluntarily cut exports to the United States by 7 per cent. I would therefore like to ask the minister what guarantees he can give us that this reduction in exports to the United States will not seriously increase the percentage of the Canadian market share of Japanese vehicles. Will he promise to resign if imports continue to rise, as he did with respect to interest rates?

Second, could he at the same time advise this House of the results of discussions held by the Canadian delegation in Japan last week regarding this very issue?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, on April 8 I called in the Japanese ambassador and conveyed to him, on behalf of the government, the message that if the Japanese government took action to restrain exports to the United States and did not take similar and parallel action with respect to exports to Canada, then we would be prepared to take unilateral action of an appropriate nature within our own structure in the light of Canadian market conditions.

The purpose of the task force which went to Japan was to make sure that this message was fully understood by senior Japanese authorities in Japan, and our discussions are continuing.

● (1440)

Mr. Jelinek: Madam Speaker, the Japanese commercial counsellor, Mr. Masaaki Mangaku, repeated today that Canada should not necessarily expect the same deal from Japan as the United States. Also he claimed that the meetings between Canadian and Japanese officials last week were merely repeat discussions and did not even reach the negotiation stage, as has been the case with the United States.

Therefore I should like to ask the minister whether he and his officials have determined if the Canadian automotive market can withstand the absence of more stringent import restrictions, notwithstanding the United States-Japan position and, as well, if he would like to comment on the effects this lack of policy already has and will continue to have on this market and on the economy as a whole.

Mr. Gray: Madam Speaker, I think my hon. friend is mistaken when he suggests that the Japanese government entered into formal arrangements restraining exports of vehicles from Japan to the United States to a certain level. It is my understanding that they are still considering the situation. We are very much aware of the impact of imported Japanese cars on the Canadian marketplace. That is why we have very firmly expressed our views to the Japanese authorities.

I should like to repeat in the House of Commons our position. If we do not have parallel and similar action, on the part of the Japanese government with respect to imports into Canada of Japanese cars, to what they do with respect to the United States, then certainly we are prepared to take unilateral action of an appropriate nature within our own legal system. I think that is a pretty clear and definite statement. It indicates our efforts and commitment to deal with the needs of the Canadian industry and the Canadian economy.

* * *

NATIONAL DEFENCE

F-18 FIGHTER AIRCRAFT—DISCUSSIONS WITH UNITED STATES SECRETARY OF DEFENCE

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, I should like to return to the Minister of National Defence and the question of the F-18 aircraft. I wish I could become enthusiastic about the NDP concern for defence matters. I wonder if I might ask the minister whether, during the visit of Secretary Weinberger, the question of the status of the F-18 was raised between himself and the secretary. If so, what results of that conversation could the minister communicate to the Canadian public?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I think it was very clear in my comments after the visit of the Secretary of State for Defense of the United States that he said, in answering the media, that the United States was fully committed to the F-18. In our discussions about the possibility of cutting the numbers, or doing whatever about this program, he frankly told me that the program was on schedule and should go ahead as planned.

QUERY RESPECTING CONTINGENCY PLAN

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, because of the impact of the loss of the $500 million which Canadians invested in the predevelopment program that we are going through now, and notwithstanding the fact that even if they started to build tomorrow they could not produce an aeroplane within 16 months, could I ask the minister whether or not, within his own department, or in conjunction with Treasury or the Department of Supply and Services, he has called for the development of a contingency plan in the event that the series of difficulties at the testing phase of the development of fighter replacement aircraft continue? In fact, are we preparing ourselves for the worst in the event, God forbid, that it might happen?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, as I mentioned before, we have assurances from the United States and the company that the program is going ahead as scheduled. So, actually we do not require a contingency plan. However, if something happens which I do not believe will happen—and I say this just to answer the hon. member—as far as a contingency plan is concerned, we have a list of aircraft from which we chose the F-18; we compared one with the other. We have all the studies. We could go back and look into them, but I am sure it will not be necessary.

* * *

[*Translation*]

FOOTWEAR INDUSTRY

INQUIRY CONCERNING PROTECTION FOR INDUSTRY IN BEAUCE, QUE.

Mr. Normand Lapointe (Beauce): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce. The many Beauce workers in the shoe industry got together and sent me several petitions asking the federal government to extend the application of its special protective measures for this sector. In view of the great concern of the small businesses which are concentrated nearly exclusively in Quebec and Ontario and which are in serious trouble because of the competition of countries where the wages are lower, can the minister tell the House whether a decision in this regard will be made in the near future?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, we have just received the report of the Anti-dumping Tribunal of Canada on the Canadian shoe industry. We are now developing our new policy for the shoe industry and I am certain that this policy will be implemented long before the present system expires. We are well aware of the needs of this industry.

[*English*]

FISHERIES

REPORT OF FEDERAL-PROVINCIAL AGREEMENT RELATING TO FRASER RIVER FISHERY VIOLATIONS

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, my question is directed to the Minister of Fisheries and Oceans. A confidential report submitted to the British Columbia government, and leaked to the press this week, indicates that the Fraser River is nothing more than a sewer channel through which salmon must migrate. Also the report suggests that there is a gentleman's agreement between the federal government and the British Columbia government which calls on the federal government not to enforce the Fisheries Act under its jurisdiction. Is there indeed a gentleman's agreement between the federal government and the province of British Columbia to turn a blind eye to violations of the Fisheries Act, and if not, why have there not been more charges laid against the 200 suspected polluters in the lower Fraser River?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, if there is a gentleman's agreement, it is to avoid double permits being issued.

The fact is that in some cases we have laid charges in spite of the fact that a provincial permit was given. If my memory is accurate, one of our own harbour commissions was charged in the last few days. I was somewhat surprised by reports of the content of this report which was ordered by the provincial minister of the environment whose predecessor, by the way, opposed the enactment of amendments to the Fisheries Act about three years ago.

I must confess that at times I find, in the name of avoiding double permitting, some provincial governments are a bit lax in the enforcement of the Fisheries Act. I gave instructions some weeks ago to my officials to be much more vigilant than they have been in the past.

REQUEST FOR MEETING BETWEEN FEDERAL AND PROVINCIAL MINISTERS

Mr. Ted Miller (Nanaimo-Alberni): Mr. Minister, the fact of the matter is that 40 per cent—

Some hon. Members: Order, order.

Mr. Miller: Madam Speaker, despite not getting the parliamentary procedure right, the fact of the matter is that 40 per cent of British Columbia salmon production takes place in the Fraser River. The minister is daily imposing more and more restrictions on sports and commercial fishermen, yet officials turn a blind eye to violations of the Fisheries Act, and the resources are depleting.

In view of the report, is the minister now prepared to initiate a meeting between the British Columbia minister of the environment, his colleague, the Minister of the Environment, and himself, to deal with the real problem of fish and stock depletion in the Fraser River before the fishermen of British Columbia cannot make incomes from the industry?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, if one compares the legislation which was put on the books three years ago with what existed before, there has been very, very important progress.

Some hon. Members: Enforce it.

Mr. LeBlanc: Some members opposite are shouting "enforce it". I would be glad to open the files; I do not know how many complaints there are about works we have prevented, dredging operations we have interrupted, and charges that have been laid. If the hon. member wants me to stop all industrial activity on the Fraser River, then I ask him to come out publicly and say so. There is no doubt that there has been a loss of fish habitat over many, many years. We are trying to push this back; we are trying to prevent damage. But if the hon. member wants to stop total industrial activity, I wish he would say so.

* * *

● (1450)

INFORMATION

PRINTING AND DISTRIBUTION OF PRIME MINISTER'S SPEECH ON THE CONSTITUTION

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, I have a question for the Prime Minister who last Wednesday told the House that the Liberal party, and not the taxpayers of Canada, would be paying for the 25,000 copies of his constitutional speech, which the Prime Minister's office instructed the Canadian Unity Information Office to draw up and which are currently being sent out by the Liberal caucus and by the National Liberal Party. In view of the fact that following the Prime Minister's statement, the Prime Minister's press secretary and the publicity director of the Liberal Party of Canada stated that the Prime Minister was wrong and that, in fact, 100 per cent of the cost will be borne by the taxpayers of Canada and not by the Liberal party, what is the truth?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am glad I gave the hon. member the answer I did during the question period last week, which was the correct answer. After the question period I was informed that I did not have the facts. I tried to set them straight, but apparently my first answer was the correct one; so I refer the hon. member to my first answer.

USE OF TAX DOLLARS TO MEET COST

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, how does the Prime Minister justify using the Canadian Unity Information Office as a $23 million propaganda machine for the Liberal party? Will the Prime Minister give Canadian taxpayers the assurance that in the future the Canadian Unity Information Office and the taxpayers' money will not be used to promote the views of one man, on a matter which is still before Parliament?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I gave the answer last week in my response to the hon. member's question. I repeat it today. Every member of the House uses taxpayers' money when he sends a copy of his speech out to his constituents in the various parts of Canada. The Tory party does it, the New Democratic Party does it, as do we.

* * *

INCOME TAX

POLICY APPLICABLE TO RESIDENTS OF NORTHERN REGIONS

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, as is customary at this time of the year I would like to ask the Minister of National Revenue a question with regard to the taxation of northerners and northern benefits. He has used the terms "equity and fairness", and "ability to pay", which is one of the underlying criteria used in the tax legislation to establish regional taxation differences. Can the minister tell me whether the study which has been going on for some time in his department with respect to the critical problems of the gap in the cost of living between the north and the south is yet complete? Does the minister have anything to report to the House today with respect to any future policies which the government might adopt to redress this serious situation?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, I thank the hon. member for his question. I want to tell him that the moratorium that we put in place will be in place until the end of 1981. I announced that decision the day before the budget of my colleague, the Minister of Finance, was announced. There have been some discussions between a number of departments, including the Department of Finance and my own department. I have nothing further to report on future policy at this time. The moratorium on the taxation of northern benefits is still in place and will remain in place until the end of 1981.

Mr. Oberle: It would, of course, be crucially important to consult some northerners about future policies which may be adopted by the government.

LETTER SENT BY PRESIDENT OF CANADIAN LABOUR CONGRESS

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, I would like to ask the minister how he plans to respond to the letter he received from the President of the Canadian Labour Congress, Mr. McDermott, wherein he makes the suggestion that the government either appoint or establish a parliamentary task force or a royal commission to study the question of northern taxation. The letter the minister received was also sent to the Prime Minister, the Minister of Finance, and others. Can the minister tell the House whether it is his intention to broaden the inquiry and establish such a commission or task force? Failing that, is the minister at least intending to meet with northerners to arrive at a position which would, indeed, be equitable and fair to all Canadians?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, I have already met with a great many northerners as a result of the intervention of my colleague, the Minister of State (Mines).

An hon. Member: Who?

Mr. Rompkey: I have met with representatives of the Mining Association of Canada, with representatives of the governments of the Northwest Territories and the Yukon, with the Steelworkers Association, with the Canadian Teachers Federation and with a number of different interested groups, as well as my own colleagues, with regard to this situation. I thank the hon. member for his own contribution which was in the form of a very useful brief.

There is wide-ranging discussion on this particular issue. We intend to take into account all points of view. Until such time as a further decision is made with regard to future policy, the moratorium will stay in place.

* * *

SMALL BUSINESS

TRIDENT AIRCRAFT CORPORATION—GOVERNMENT SUPPORT

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, my question is for the Minister of State (Small Businesses and Tourism). I would like to remind him of some commitments which were made by his government to an aircraft company in my riding in Sidney, called the Trident Aircraft Corporation. Can the minister briefly outline the connection that this government now has with Trident in terms of financial support and in terms of support personnel?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, I do not have a detailed answer to this question at hand. However, if the hon. member will give me some time, I shall be happy to report on this matter tomorrow.

[*English*]

Mr. Munro (Esquimalt-Saanich): Madam Speaker, the minister is gathering this information. I hope he will put it on the record in the House.

Will the minister also give a history of the connection with the company, which quite clearly was a loser at the beginning and which was used by his party to gain votes during the last election—a matter which failed abysmally?

[*Translation*]

Mr. Lapointe (Charlevoix): Madam Speaker, I strongly deny the unwarranted statements made by the hon. member. I would like to tell him that when the government can come to

the assistance of Canadian industries throughout the country to allow them to survive, maintain employment at its present level and develop new technologies, we do everything in our power to provide such assistance. Unfortunately, in certain cases, we cannot succeed. However, as you will agree, Madam Speaker, the extent of the information requested by the hon. member does not allow me to provide a complete answer during the question period. I shall be happy to provide this information in writing to the hon. member.

* * *

[*English*]

SEARCH AND RESCUE

INFORMATION ON RAISING ALARM IN EMERGENCY SITUATIONS

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, my question is for the Minister of National Defence. Some rescue efforts of a very efficient and daring Search and Rescue arm of the Canadian Armed Forces are thwarted by delays in receiving appropriate information. Can the minister inform the Canadian public what steps must be taken in these desperate emergency situations to bring search and rescue support in life-threatening situations?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I understand very well the concern of the hon. member for Hamilton West, considering the regrettable incident which happened in his riding involving the drowning of two children. In the interests of everyone listening in the House and outside it, I would like to tell the hon. member that the best way to obtain the services of the Search and Rescue arm of the Armed Forces when in distress would be to first call the local police or local authorities to ensure that they have a contact with the co-ordination centre of Search and Rescue.

I can assure the hon. member and the House that every time a case like this happens we do our utmost to make any kind of improvement we can in terms of search and rescue procedure, so that we can save as many lives as possible and help all Canadians in such cases. We keep a sharp eye out to try to make any such improvements.

* * *

THE CONSTITUTION

REQUEST FOR HOLDING OF FEDERAL-PROVINCIAL CONFERENCE—PRIME MINISTER'S POSITION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is for the Prime Mnister who has now perhaps had an opportunity to reflect a little more carefully and fully on the proposal put forward by the eight first ministers when they met last week. I think the Prime Minister would agree that it would be preferable to all concerned if we could reach agreement in Canada with regard to the contents of constitutional reform. In that light, I wonder if the Prime Minister could tell us what he thinks he has to lose in convening a first ministers' conference to discuss any aspects of constitutional reform—

Some hon. Members: Oh, oh!

Mr. Clark: —before that matter is finally voted upon in the House of Commons.

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, a simple answer can be given to that question. The Right Hon. Leader of the Opposition asks me what he thinks we have to lose. It is very simple. If we go the route suggested by the premiers and by the party of the Leader of the Opposition, we have to lose the charter of rights, we have to lose equalization, we have to lose the guarantee of aboriginal rights, we have to lose the rights of official language majorities in Canada to have education in their language in every province. We have to lose the Official Languages Act. We have to lose mobility rights. We have to lose, indeed, a great deal of things which make Canada Canada.

● (1500)

Some hon. Members: Hear, hear!

Mr. Clark: The Prime Minister speaks with a great deal more certainty than knowledge. He has the opportunity, as the first minister of the country, to put on the agenda of a first ministers' conference any questions he wants to put on the agenda. He can put his charter there. He can put equalization there. He can put any question there.

The simple matter that I want to put to him is: why does he not accept the opportunity which is open to him as Prime Minister of Canada to bring together the 11 first ministers to see what agreement can be found on his agenda, or on theirs, so that we can get agreement in Canada on a wide range of constitutional reform? What does he have to lose? Why will he not proceed now before the matter is finally voted upon by the House of Commons?

Mr. Trudeau: The hon. member asks what have I got to lose in meeting the premiers. I remind the hon. Leader of the Opposition that I offered to meet the premiers. They chose to meet within days of the matter going to the Supreme Court. That was a fact well known by them. They chose to meet on Holy Thursday before our break of four days here. I indicated that I was free and available to meet with them during those days, and the Leader of the Opposition was party to an agreement which said that we had to move all amendments by last night.

If the Leader of the Opposition was so convinced that we could gain by a further meeting—he knows that I was prepared for that meeting—why did he not enjoin some of his friends amongst the premiers to accept the offer of meeting that I made to them?

The Leader of the Opposition says I would have put what I wanted on the agenda. He knows that we did put the charter on the agenda and that it was debated most of the summer. This was on the agenda. No, not this charter; a charter which was considerably weakened in negotiations with the premiers and which has since been strengthened by participation of hon. members of the House of Commons.

Some hon. Members: Hear, hear!

Mr. Trudeau: The Leader of the Opposition knows that the premiers then refused the charter, refused even to discuss it until they got more rights for themselves, either over the fisheries or over other matters. He also knows that they met here last week and that they made it quite clear that they were not including the charter in their negotiations; that they wanted to discuss an amending formula, but they did not want to discuss a charter. Even the amending formula they did not want to discuss now, but some time later.

What we have to lose is an agreement by all sides of this House to proceed with this matter and a schedule which we all negotiated and agreed to together, so that hopefully we can get on to other subjects rather than continue—as the Leader of the Opposition, I believe, suggests—for another two years of negotiations on the Constitution, where we would then see if the provinces agree to a charter. We know they do not agree to a charter. That is why this House is so determined on seeing the charter included in the resolution.

Some hon. Members: Hear, hear!

Mr. Clark: First of all, the Prime Minister does not know what the premiers are prepared to agree to. He cannot know until he sits down—

Some hon. Members: Ha, ha!

Mr. Clark: No; they laugh!

The Prime Minister may have some view in his own mind, but it is now only that, and he has not given the Canadian process the opportunity to work out an agreement in a Canadian way.

A moment ago the Prime Minister said that last week or a few days ago he was prepared to meet with the premiers. Why is he not prepared to meet with them now? Why will he not take advantage, or the opportunity as it exists in the country, to sit down and try to get agreement among the first ministers, that, if it were found, could be brought back to this House of Commons so this House of Commons would deal with the matter that was the product of Canadian agreement rather than the product of a unilateral determination by one man leading one Liberal government?

Some hon. Members: Hear, hear!

Mr. Trudeau: Madam Speaker, I was prepared to meet the premiers last week; I was prepared to meet them yesterday and the day before. I would be prepared to meet them next month, and next summer, and next fall, and next winter, if they want.

The resolution before the House, as the Leader of the Opposition knows, provides for such meetings when we can exchange views on a better amending formula, if that is the subject they want to discuss, or on improving a charter, if that is what they want to discuss. I have even made the point very clearly that the resolution before the House permits the charter of rights to be done away with if that is what the premiers want; and if that is what the Leader of the Opposition wants to say is a position of his party, this is possible. We will have an amending formula which will permit us to do away with the charter.

All I am saying is that at some point hon. members of this House must make up their minds. We have been waiting for the premiers—I will not say for 54 years; I think I can say, in fairness, about ten months—to say what their position was.

The Leader of the Opposition challenges me to say whether I know what is on their minds. They have said what is on their minds. Premier Lyon, for instance, made it quite clear that he was against the charter. Premier Lévesque made it quite clear that he did not want entrenchment of educational rights for minority groups. These were made quite clear. If the Leader of the Opposition wants to espouse those causes, let him make that quite clear, too. Then we will have a debate in this House.

However, I think the Leader of the Opposition, like the premiers, is only intent on one thing. It is to procrastinate, because he cannot make up his mind.

Some hon. Members: Hear, hear!

Mr. Clark: I guess the real question is what you are afraid of.

* * *

ROYAL CANADIAN MOUNTED POLICE

POSSIBLE USE IN EVENT OF STRIKES

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, my question is to the Solicitor General, if he will stay in his seat. Can the minister advise the House whether he authorized RCMP Chief Superintendent Fagan to promise the RCMP as strikebreakers within one hour of a police municipal strike in Halifax, even though such a strike would not involve 40 per cent of the municipal police officers in Halifax, and furthermore, can the minister advise the House whether he intends to make it a policy of the RCMP to act as strikebreakers in the event of a legally constituent police—

An hon. Member: Constituted.

Mr. Parker: —constituted police strike?

Hon. Bob Kaplan (Solicitor General): Well, Madam Speaker, the hon. member has it all wrong. We have a series of agreements with the provinces pursuant to which the RCMP are provided as a provincial police service. These agreements have expired; but I have indicated to the provinces that so long as bona fide negotiations continue, those contracts will contin-

ue to be regarded by us as being in force except for the financial provisions. It is those agreements which give the provincial attorneys general the right to call on the provincial police force, the RCMP in the province, to serve on an emergency basis in any capacity. I believe that this is the authority to which the hon. member is referring, and he should certainly address himself to the provincial attorney general.

QUERY RESPECTING POSSIBILITY OF MINISTERIAL TALKS

Mr. Sid Parker (Kootenay East-Revelstoke): That is not to whom I am directing it, but to the Solicitor General. It was a request from the Mayor of Halifax for the RCMP to come in, in the event of a strike.

My supplementary question is directed to the Minister of Labour. Can the Minister of Labour advise the House whether he has had any discussions with his colleagues with respect to the use of federal employees as strikebreakers during legally constituted strikes outside the federal sector? Specifically, can the minister tell the House if he has had discussions with the Solicitor General regarding the use of RCMP in Halifax during this legally constituted strike? The point I am trying to make to the Minister of Labour is—

Madam Speaker: Order.

Hon. Gerald Regan (Minister of Labour): No, Madam Speaker.

* * *

BUSINESS OF THE HOUSE

Mr. Knowles: Madam Speaker, I believe my two colleagues, the other House leaders, will agree with me that in the agreement we presented on April 8 we covered just about everything which needed to be covered. However, it has been drawn to my attention that we did not make any change with respect to private members' hour tomorrow. In view of the fact that there are still many members who would like to speak in the debate on the Constitution and one hour would provide time for at least two more speakers, I wonder whether there could be agreement to cancel private members' hour tomorrow so that all of tomorrow's debating time would be given to the motion before the House?

• (1510)

Mr. Baker (Nepean-Carleton): Madam Speaker, I am aware that private members' hour was to continue. As a House leader I have no objection to that but private members' hour does belong to the private member involved. Perhaps we could find out who the private member is and have some discussions with him, on the understanding that we could deal with this matter publicly a little later.

[*Translation*]

Mr. Pinard: Madam Speaker, I am told that tomorrow private members' hour will be used up by the hon. member for Vaudreuil. I know that he is here, but I will be ready later today to confirm to my colleague whether it will be necessary or not to defer or cancel private members' hour. However, I wish to point out to my colleague from Winnipeg North Centre that it was not an oversight, because it was agreed that we would sit normal hours and follow the usual order of business. We had anticipated that there would be a private members' hour tomorrow. However, if the member for Vaudreuil now wishes to have it cancelled, I am ready to do so, if he agrees.

Madam Speaker: Order. The new arrangements will be laid before the House a little later when negotiations with the hon. member for Vaudreuil are completed.

ROUTINE PROCEEDINGS

[*English*]

MANAGEMENT AND MEMBERS' SERVICES

Second report of Standing Committee on Management and Members' Services—Mr. Coates.

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[*Translation*]

OFFICIAL LANGUAGES COMMISSIONER

Madam Speaker: I have the honour to table the tenth annual report of the Commissioner of Official Languages.

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,591, 2,037, 2,165 and 2,182.

[*Text*]

PAYMENT OF MEMBERSHIP DUES IN PRIVATE CLUBS—GOVERNMENT POLICY

Question No. 1,591—**Mr. Cossitt:**

Is it or has it been government policy to pay the dues for membership in private clubs of any kind whatsoever from public funds on behalf of cabinet ministers, deputy ministers, assistant deputy ministers, heads of Crown corporations or any similar high ranking office holders and, if so (a) for what reason (b) on what date did this practice begin (c) what are the names of all such persons holding memberships and, in each case, what is the name of the club involved?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council):

(a) Memberships in social, recreational or fraternal organizations may be approved by the minister on the recommendation of the deputy minister, but not if such memberships are primarily in the interest of the employee or not directly related to the departmental program.

Order Paper Questions

(b) The directive on payment of membership fees was promulgated on July 1, 1977; delegation of approval for such memberships to ministers from the Treasury Board was introduced on August 6, 1980.

(c) *Atomic Energy of Canada Limited:

(i) Mr. James Donnelly, President;

(ii) Cercle Universitaire d'Ottawa.

Canada Employment and Immigration Commission/ Department:

(i) Mr. C. Jennings, Director General;

(ii) National Press Club of Canada.

Canadian Radio-Television and Telecommunications Commission:

(i) Mr. J. Meisel, Chairman;

(ii) Cercle Universitaire d'Ottawa.

*Crown Assets Disposal Corporation:

(i) Mrs. C. Nadeau, President and General Manager,

(ii) Cercle Universitaire d'Ottawa.

National Defence: membership in private clubs paid from public funds for cabinet ministers, deputy ministers, assistant deputy ministers etc. as posed by this question is nil. However, Department of National Defence officials serving outside of Canada and required to perform official representational duties have since 1970 been given club membership authorization. Club membership may be reimbursed where an identifiable program benefit exists. Stipulations are as follows:

> The member will bear a minimum personal share equal to the lowest rate of annual membership in a regular force mess, located in Ottawa, (currently $168.00). In addition, if facilities for golf, tennis, curling, etc., are included in the membership, an additional personal share equal to a single regular membership in the Hylands Club, located at CFB Uplands (currently $200.00 per annum), will be assessed.

Personnel of national defence in the rank of BGen/SX 1 or above receiving partial reimbursement of club membership fee are as follows:

Name and Appointment	Location	Name of Club
MGen Thornycroft DCINC NORAD	Colorado Springs	Peterson AFB Officers Club Broadmore Golf & Country Club
MGen Weisman COMD CDLS (W)	Washington, DC	Army/Navy Country Club
BGen Barrett Military Attaché	Washington, DC	Army/Navy Country Club Military District of Washington Officers' Club
BGen Button Air Attaché	Washington, DC	Army/Navy Country Club
BGen Ross Naval Attaché	Washington, DC	Army/Navy Country Club Military District of Washington Officers' Club
Dr. Greenblatt Counsellor CDR&D	Washington, DC	COSMOS Club
BGen Burgess Comd CDLS (L)	London, England	Air Attachés Association Royal United Service Institute for Defence Studies
Dr. Mack Counsellor CDR&D	London, England	Royal Automobile Club Scientific Club London Diplomatic Corps Hampstead Scientific Society European Atlantic Group

National Research Council:

(i) Dr. Larkin Kerwin, President,

(ii) Cercle Universitaire d'Ottawa.

*Royal Canadian Mint:

(i) Mr. Y. Gariépy, President and Master,

(ii) Cercle Universitaire d'Ottawa.

Science Council of Canada:

(i) Dr. Claude Fortier, Chairman,

(ii) Cercle Universitaire d'Ottawa.

Other departments and agencies: none.

* These corporations are listed under Schedule C of the Financial Administration Act and thus are not guided by the referred policy in (a) and (b) above.

CEMENT EXPORTS

Question No. 2,037—**Mr. Herbert:**

In each of the past five years, what was the tonnage of cement exported and to which countries was the bulk of the cement sent?

Hon. J.-J. Blais (Minister of Supply and Services): Statistics Canada reports: statistics on exports of cement are shown in the table below for the period 1975 to 1979, and January to November, 1980.

Portland Cement, standard
Domestic Exports

Country of export	Quantity (CWT*)					
	1975	1976	1977	1978	1979	January to November 1980
Saudi Arabia		20,000		80	367	830,710
Cuba	330,368					
Guatemala			20,304	137,229		17,640

Portland Cement, standard
Domestic Exports

Country of export	Quantity (CWT*)					
	1975	1976	1977	1978	1979	January to November 1980
Saint-Pierre and Miquelon	240	2,295	920	3,800	1,447	7,500
United States	20,282,195	20,282,962	28,080,038	35,774,355	50,456,206	29,814,768
France					1,216	
French Africa					661	5,742
Bermuda				120,912		
U.S. Oceania						113,960
Total	20,612,803	20,305,257	28,101,262	36,036,376	50,459,897	30,790,320

*CWT = 100 pounds.

MR. F. BELFORD—SPEECHWRITER

Question No. 2,165—**Mr. Cossitt:**

With reference to the answer to question No. 5, that the former minister of national defence, the Hon. Barney Danson, spent $1100 of public funds to pay Mr. F. Belford for writing a speech given to the Canadian Defence Association (a) what were the qualifications of Mr. Belford (b) for what reasons were departmental officials not used to assist with the speech (c) approximately how many minutes did Mr. Danson take to deliver the speech and what was the resulting cost per minute for the speech?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence):

(a) Mr. Belford's qualifications are not known to the department. He was hired directly by Mr. Danson and any correspondence pertaining to Mr. Belford's qualifications, would be in Mr. Danson's papers in the Archives to which the department has no access.

(b) In the timeframe in which Mr. Belford was hired, no departmental officials with the specific qualifications of a speechwriter were available to assist Mr. Danson with his speeches. This was primarily due to the recent arrival of Mr. Danson as minister of national defence.

(c) It is not known how long it took Mr. Danson to deliver the speech. However, its length was 30 type-written pages.

RESEARCH GRANTS RESPECTING OIL

Question No. 2,182—**Mr. Waddell:**

1. Did the government give research grants to Imperial Oil or any of its subsidiaries and, if so (a) to whom (b) in what amounts (c) on what dates (d) under what program?

2. Did the government give research grants to the (a) Cold Lake consortium (b) Syncrude consortium (c) the Alsands consortium and, if so, in each case (i) to whom (ii) in what amounts (iii) on what dates (iv) under what program?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): In so far as the National Research Council is concerned: 1. Yes.

(a) Imperial Oil Limited.

(b) $2,391,761.

(c) Seventeen research projects between April 1, 1963, and March 31, 1980.

(d) Industrial Research Assistance Program.

2. No.

In so far as: Energy, Mines and Resources Canada, Environment Canada, Indian and Northern Affairs Canada, Industry, Trade and Commerce, Natural Sciences and Engineering Research Council, 1 and 2. No.

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 1,643 could be made an order for return, this return would be tabled immediately.

Madam Speaker: The questions enumerated by the Parliamentary secretary have been answered. Is it the pleasure of the House that question No. 1,643 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

ADVERTISING EXPENDITURES—BY DEPARTMENT

Question No. 1,643—**Mr. Thomson:**

For the current fiscal year, by department, what are the projected expenditures for (a) media advertising (b) free or subsidized publications (c) other information?

Return tabled.

[*Translation*]

Mr. Collenette: I ask, Madam Speaker, that the remaining questions be allowed to stand.

Madam Speaker: Are the remaining questions allowed to stand?

Some hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I ask that all notices of motions for the production of papers be allowed to stand.

Madam Speaker: Shall all notices of motions for the production of papers be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

THE CONSTITUTION

RESOLUTION RESPECTING CONSTITUTION ACT, 1981

The House resumed debate on the motion of Mr. Chrétien, seconded by Mr. Roberts, for an Address to Her Majesty the Queen respecting the Constitution of Canada.

And on the amendment of Mr. Epp, seconded by Mr. Baker (Nepean-Carleton)—That the motion be amended in Schedule B of the proposed resolution by deleting Clause 46, and by making all necessary changes to the Schedule consequential thereto; and on the notices of amendments of Mr. Knowles, Mr. Baker (Nepean-Carleton) and Mr. Pinard.

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Mr. Speaker, I am pleased to take the floor again in this protracted debate to explain to the House the amendments which the government wants to propose, the amendments we are prepared to accept, and also to set forth the reasons which prompt us as the government to reject the amendments proposed by the Progressive Conservative party, the official opposition.

First of all, Mr. Speaker, I should like to say that the government has proposed two main amendments. The first concerns the supremacy of God in our Constitution. As all hon. members know, in the course of the lengthy summer negotiations we had proposed a declaration of principle as the preamble to our Canadian Constitution in which it was clearly stated that we wanted the supremacy of God to be recognized in our society.

During the summer, and for many other reasons, we were unable to reach an agreement with the provinces on that point to establish the nature of the preamble to the Canadian Constitution, and our intention has always been to write in the Constitution that our society had to acknowledge the supremacy of God. We believe that the best place for that was the preamble to the Constitution. But as we have been doing since the onset of our proceedings in the House and in committee, we listened to hon. members, we received a number of representations, and I am pleased today, as a result of the many discussions in this House and the pressure from Canadians—I believe my department has received close to 7,000 or 8,000 letters urging me to have the supremacy of God included in the constitution—and that is why, as the first government amendment, I am pleased to announce to the House that our charter of rights will include a very short preamble which will read as follows:

"Whereas Canada is founded upon principles that recognize the supremacy of God and the rule of law:"

Therefore, tomorrow night hon. members in the House will have the opportunity to include in the charter of rights the recognition of the supremacy of God.

The second amendment which the government wants to propose relates to the amending formula which might apply if, in the course of the next two years, the provinces cannot agree on an amending formula, thereby leaving us unable to submit any text of the provinces to the people of Canada in a referendum. There would be an amending formula in two years after patriation of the constitution. This amending formula we wanted was the one which has its roots in history and which had been approved by the eleven governments in 1971, namely the so-called Victoria amending formula.

When this amendment was dealt with in committee, as well as on a great many occasions after that, we received complaints, especially from the prairie provinces, that the so-called Victoria formula was creating for the prairie provinces a constitutional status different from that of the four maritime provinces. During the committee proceedings, I indicated that if the provinces—I mean, the western premiers—wanted to change that, they only had to say so. They did not say anything.

The Premier of British Columbia who had a special interest could have said something, because it has been established that the Victoria formula, especially that which concerns western Canada, had been demanded by the father of the current Premier of British Columbia, but the Mr. Bennett of today has not shown much interest. Therefore, under the so-called Victoria formula, an amendment to the Constitution would require the approval of the Canadian Parliament, two Atlantic provinces, the two central provinces, and two western provinces having more than 50 per cent of the total population of the four Western provinces. As it was perceived by Western Canada that this amending formula would create discrimination between the prairie provinces and the Atlantic provinces—

[*English*]

That was stated to me very well by the hon. member for Provencher (Mr. Epp) in committee on November 12, when he said:

You gave Prince Edward Island a commitment. I am asking you for the same commitment for western Canada.

At that time I said I had to wait and see the reaction of the first ministers. At the same time the hon. member for Yorkton-Melville (Mr. Nystrom), who was the spokesman for his party in the committee, was pressuring me on that matter. Many of the members of the committee felt that it was very important. There has been some little movement in the New

Democratic Party since that time and in the last few weeks the pressure has been coming from the leader of that party. Some of my colleagues in cabinet, particularly the minister from Manitoba, were putting pressure on me about that. As a result, cabinet has accepted the change and I am pleased today to be able to give the commitment which the hon. member for Provencher requested. Accordingly, the amending formula will be changed by deleting the population requirement in western Canada. Western Canada will be treated in the same way as Atlantic Canada.

• (1520)

Some hon. Members: Hear, hear!

Mr. Chrétien: In other words, the amendment will be made, with the approval of the Parliament of Canada, to include any two provinces in western Canada, any two provinces in Atlantic Canada and the two provinces in central Canada.

[*Translation*]

As I indicated on several occasions to the House and the media, Mr. Speaker, we have also agreed, as the government, to accept the amendments proposed by the New Democratic Party. When we were sitting in committee, we received a great many representations concerning Clause 15, which deals with the rights of women and sexual equality and which has been the subject of a long debate. That clause has been accepted by virtually all committee members. After the committee had completed its work, the groups representing women kept on making representations to emphasize their eagerness to have absolute equality of the sexes enshrined, representations which I have referred to the cabinet, assuredly with the assistance of the hon. Minister of Employment and Immigration (Mr. Axworthy) who is responsible for the status of women to Parliament, and we have been glad to allow the New Democratic Party to propose this amendment. I think that the hon. member for Burnaby (Mr. Robinson) had raised the issue in committee on several occasions, and this party will gladly vote tomorrow in favour of this NDP amendment which will ensure equal status to women, as requested by many pressure groups.

We also accept that the other part of the NDP amendment, according to which the constitutional rights of our native peoples which are now or will now be enshrined in the Canadian Constitution may only be amended in the future by using the general amending formula, that is, by including in clause 54 of our constitutional project the fact that the rights of our native peoples, as protected by the Constitution may only be amended by means of the general amending formula which gives even greater protection to our native peoples, the Indians, Eskimos and Métis here in our own country. We shall be pleased to vote for that amendment.

[*English*]

I would like to turn now to the proposals put forward yesterday by the Progressive Conservative party, the official opposition. In his haste to please the eight provincial Premiers, the Leader of the Opposition (Mr. Clark) has put forward a document which is unfortunately illogical and inconsistent. The Tory party thinks that it is proposing patriation and an amending formula only with the approval of seven provinces. However, the Tory party's last minute drafting proposes nothing of the sort.

As the Leader of the Opposition should know, the resolution asks the United Kingdom to enact the Canada Act, which will include as a schedule the Constitution Act, 1981. The amendments he proposes do not touch on the Canada Act, which deals with patriation and would come into force immediately in Great Britain. Also it would serve to end Britain's role with respect to Canada's Constitution. The Tory amendments would provide that the Constitution Act, 1981, or any part of it, would come into effect only if approved by seven legislatures representing 50 per cent of the population. However, it is the Constitution Act, 1981 which contains the amending formula. In other words, an amending formula would only come into effect if between now and July, 1983 it is approved by seven provinces.

What would happen if there were no such approval of an amending formula? Patriation would have taken place because of the enactment of the Canada Act. Britain would have given up its sovereignty over the Constitution. The Canadian Constitution would have been patriated without an amending formula, the exact situation we faced in 1931.

Mr. Baker (Nepean-Carleton): That is not right.

Mr. Chrétien: Because we could not agree to patriate with an amending formula, we asked Great Britain to retain legislative jurisdiction over the amendment of our Constitution. The alternative at that time was patriation without an amending formula. This was considered to be highly unsatisfactory because it would have left a great deal of uncertainty as to how amendments could be made.

It is that alternative which the Tories are proposing today, because we will be accepting the Canada Act without an amending formula. If we do not agree on an amending formula, there will be no amending formula. Therefore, we would be back to where we were in 1931, and no one is interested in that.

Some hon. Members: Oh, oh!

Mr. Chrétien: Accordingly, the Leader of the Opposition, although he may not know it, is proposing unilateral patriation and an amending formula to come into effect if agreed upon by seven provinces. If there is no agreement, he is proposing the creation of a legal vacuum. That is the consequence of his party's proposal and it is the first, the only and the absolute reason to vote against it.

Some hon. Members: Hear, hear!

Mr. Chrétien: Let us look at what would be the effect if we were to have agreement on an amending formula. Let us therefore examine the amending formula which the opposition now favours. After proposing three amending formulas,

including one which would have required unanimity and one proposed after the committee hearings which would have provided for opting out of a charter of rights, the Tories have come with their fifth preferred formula.

First, the amendment contains a provision whereby constitutional amendments may be enacted following the approval of seven legislatures representing 50 per cent of the population. After it has been approved, amendments would normally be made by seven provinces with 50 per cent of the population. In other words, as a general rule, constitutional amendments could be made without the consent of all the provinces. For example, amendment would be possible with British Columbia, Alberta and Saskatchewan opposed. Or, to take another example, Quebec, or Quebec and New Brunswick, would no longer be ensured of a voice in the protection of the French language at the federal level.

[*Translation*]

We know what that means. It means that with that formula, a majority in Parliament plus seven provinces could decide that in the future French would no longer be spoken in the House; that we would be denied the use of the official language of our choice in federal courts; that in all federal institutions in which we are represented we would no longer have any bilingualism; that the Official Languages Act soon to be enshrined in our Constitution, to protect it against the whims of the majorities, could be abrogated precisely on the whim of the majorities, without the Quebecers or even one or two of the other provinces favourably disposed toward the French fact being able to do anything about it. That is why, Mr. Speaker, the Progressive Conservative proposal is totally unacceptable to us.

● (1530)

[*English*]

Second, while the amending formula would be adopted by seven legislatures representing 50 per cent of the population, it would be only natural that it be changed in the same way. However, that is not the case. For some reason, changes to the amending formula will require unanimity. Here all provinces will acquire a veto right. The logic is less than overwhelming.

The Tory party will drop the referendum provision for breaking deadlocks. Despite a history of being unable to agree on constitutional change in Canada, the opposition does not see the need for a deadlock-breaking mechanism. Despite our democratic traditions, they do not trust the people to break deadlocks between governments.

What is the effect of not having a deadlock-breaking mechanism? Let me give an example. The federal Conservative party is in favour of a charter of rights as being the will of Canadians. They have said that many times. However, they propose an amending formula whereby a charter of rights can only come into effect if approved by seven provinces. In other words, it could be vetoed by any four Premiers.

The Tory proposal will not allow this veto to be tested in a referendum whereby Canadians could express their will. I will give an example. The six biggest provinces in Canada represent 88 per cent of the Canadian population, roughly 22 million people. The four smaller provinces represent about 12 per cent of the population, roughly three million people. Suppose that federal parliamentarians plus 88 per cent of the Canadian population want a charter of rights. We may not have one because 12 per cent of the population could deny Canadians a charter of rights or bargain a charter of rights against jurisdiction over fish, oil or other resources.

The Leader of the Opposition argues that there will be no opting out of a charter of rights. How can he guarantee that there will be a charter of rights under his amending formula? The eight Premiers who want to opt out will not have to worry because they will be able to veto the very existence of a charter of rights.

Furthermore, the Conservative proposal states that before the Constitution Act or any provision thereof comes into force, it will require the approval of seven provinces. We already know from last summer that all the provinces are opposed to the inclusion of a clause on property rights. We spent three months on that subject and all the provinces opposed it. Therefore, the amendment on property rights is mere grandstanding. The Leader of the Opposition and the opposition party know that this is one provision to which the provinces will never agree. It is just grandstanding. Under their formula, there will never be property rights in the Constitution.

The Tory amending formula will allow any four provinces to veto any provisions of the charter. In other words, the constitutional guarantee of the right of Canadians to live and seek work anywhere in Canada will be subject to the veto of any four premiers who want to prevent Canadians from other provinces from seeking work in their own province. What about mobility rights?

The same applies to language of education. Does the opposition really believe that with a new amending formula, Mr. Lévesque will agree to a constitutional guarantee of English minority language education rights in Quebec? However, if the other premiers do by chance agree to such constitutional protection for the French-speaking minorities in their provinces, would the Leader of the Opposition be prepared to use his amending formula to impose such guarantees on Quebec despite the objection of that provincial government?

What about aboriginal rights? Four provinces could block these as well. There would then be no aboriginal rights. What about non-discrimination rights, rights of women, the rights of the handicapped and all those matters we spoke about so much in this House in the last seven months? Some premiers could find that the Constitution is affecting their provincial jurisdiction.

What about legal rights? In effect, the Tories want a charter but will ensure that either there is none or, if there is one, that it is an emasculated charter of rights, and that is not what we want.

As far as the proposed amending formula is concerned, the Conservative party has maintained the checkerboard formula

of the eight provincial premiers. Opting out remains. I might add here that we have been told during this debate by members of the opposition that without opting out there would have been no Canada Pension Plan, Quebec Pension Plan or medicare. I want to remind hon. members that neither the Canada Pension Plan nor medicare is a constitutional right. They were enacted by statute as a federal expenditure.

Mr. Trudeau: By a Liberal government.

Mr. Chrétien: And by a Liberal government acting against the will of the provinces.

Some hon. Members: Hear, hear!

Mr. Chrétien: I have to tell the opposition that there is a very big difference between opting out of a statutory program and opting out of a provision in the fundamental law of the country.

Then the Conservatives propose that there be a special provision to the effect that the Constitution does not abrogate Parliament's power to legislate with respect to abortion and capital punishment. The law officers of the Crown have expressed their opinion that nothing in the proposed charter affects the power of Parliament to make laws respecting abortion and capital punishment. However, a precise statement to that effect in the Constitution would open the door to questions as to why other subject matters have not been specifically excluded. There is a rule of interpretation that I learned in my second year of law school: "*inclusio unius exclusio alterius*". In English, that means to include one but exclude others. That is why we cannot accept the opposition's proposal; it could have a devastating effect on the Canadian charter of rights.

The final change proposed is the creation of a permanent constitutional conference—this is one of the good proposals—but the conference could not begin its functions until its creation is approved by seven legislatures. In other words, until the provinces agree on an amending formula, perhaps as late as 1983, or perhaps never, there could not be any constitutional conferences. The formula has to be approved first by the provinces before the conferences can start. Therefore, I prefer our proposition that there be two meetings in the next two years. Everyone will have to be there. In the meantime, we will apply the unanimity rule. It is less complicated. It is clear. We could wait a heck of a long time before the other proposal came into effect.

The view of this government is that there should be at least two constitutional conferences in the next two years. The opposition has been asking us to meet the premiers, but has proposed a mechanism whereby there may never be a constitutional conference. After 54 years of frustration, the Tory drafters are proposing more delay. It is the view of the government that we must act now.

● (1540)

[*Translation*]

We have come a long way since last October. When I introduced the resolution on behalf of the government in October, quite a number of people thought it was deficient in many regards, and it was so because we had tried to propose a charter that would please each and every one, all the premiers at the same time, and that is very, very difficult. Today, we have reached the end of this debate and I am very happy to see that we can bring it to a close in a more civilized fashion because finally, the majority of hon. members can express themselves as democracy would have them, and tomorrow evening we can vote on these amendments. Then we shall wait for the Supreme Court ruling. The matter was not referred to the Supreme Court by us. How many times have I said in this House that the judiciary was not to be involved in the legislative process. The provinces are the ones who dragged the matter before the courts; we won two decisions and lost one.

But what is astonishing, with the beginning next week of the last phase which will lead to the final result, is that the opposition is changing its mind and that the provinces are now saying that legality is not important. It is not so much a legal issue as a political one. But who instituted legal proceedings against us? The governments of Quebec, Manitoba and Newfoundland. Who asked us to wait for the Supreme Court's ruling? The opposition. So we are saying today that we will respect the supremacy of God, as it is enshrined in the Constitution. The opposition is saying: no, no, no, it will become a political issue if you win, but it will remain a legal one if you lose.

[*English*]

I do not want to take too long as my time is quite limited, but let me tell you, Mr. Speaker, that the result of the work we have done will be one of the most important pieces of legislation to be enacted in the last 50 years.

Some hon. Members: Hear, hear!

Mr. Chrétien: It is hoped that what we have here today will determine what will be the Canada of tomorrow. There have been more contributions toward this piece of legislation than any other piece of legislation. How many provisions do I now read in the charter of rights that were not there in October?

I note the presence of the hon. member for Don Valley East (Mr. Smith) who is chairman of the committee on the handicapped. His committee put pressure on me. We were not sure that we should include their proposal but it is now there. I remember that the members of the NDP, of my party and the Tory party were very cheerful in the committee on the Friday afternoon when we agreed that we should recognize at last aboriginal rights in the Canadian Constitution.

Let me say a word about women's rights, and I will terminate on this subject.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order please. I regret to inform the hon. minister that his time has expired.

The hon. member for Broadview-Greenwood (Mr. Rae) has the floor.

[*English*]

Mr. Bob Rae (Broadview-Greenwood): Mr. Speaker, the theme of my remarks is taken from the great teacher Hillel, who asked three famous questions: "If I am not for myself, then who is for me? But if I am only for myself, then what am I? And if not now, when?"

The first question, "If I am not for myself, then who is for me?", strikes at the core of the dilemma in which we Canadians find ourselves. The Fathers of Confederation, some 114 years ago, worked hard to produce in Canada a Constitution that reflected the needs of that time. That we are here today is a measure of their success, but like all measures it was not perfect for all time.

Since the British North America Act of 1867 was an act of the British parliament, the only way it could be amended was for the British parliament at Westminster to make the changes. The British parliament has done this at the request of the Parliament of Canada several times over the past 100 years. Since 1867, it is important to know, Canada has become self-governing in most important senses of the word.

Yet, Mr. Speaker, there has always been something missing. That something has been the means to forge our own constitutional identity here in Canada. Hillel's question puts it very clearly; we have to be for ourselves before we can be for anyone else. Yet, Mr. Speaker, we cannot be fully for ourselves so long as the Canadian Constitution remains an act of the British parliament and not something which truly belongs to the Canadian people.

This debate is not just a bunch of lawyers arguing about the meaning of sovereignty. The patriation of the Canadian Constitution is a critical step in Canada's coming of age. Patriation is not the last step to nationhood but it is a necessary step. If we are to focus in the next decade on the task of patriating our economy, which I believe in profoundly, we have to act now on the question of the Constitution. The division in the country is over how this should be done.

Hillel's second question, "If I am only for myself, then what am I?", speaks directly to this debate. If our preoccupation becomes not what is best for the whole country, but simply what is best for a province or a region, or even, I might say, what is simply best in the immediate or short-term interest of one political party or another, then Canada will clearly be the loser. No province likes the prospect of losing an absolute veto over any future constitutional change, but the hard fact is that if we give a veto to each and every province we shall never achieve any significant progress in reworking the Canadian Constitution.

This resolution does not necessarily impose an amending formula. What this resolution says is: Here is the best effort to date. If the premiers can find a better one, we will let the Canadian people decide between the two in a referendum.

Eight of the provincial premiers met last week and produced a new amending proposal. They did not deal with the charter of rights, they did not deal with native rights, they did not deal with the question of equalization, or even with the question of provincial control of resources; they dealt with one question and with one question only, and that was the amending formula.

There is, of course, a vital difference in principle between the method of amendment proposed in this resolution and the method proposed by the eight premiers. Under the first, that which is contained in the federal resolution, the constitutional amendments approved by the federal government and the provinces would apply to all Canadians and to all provinces. Under the second, that of the eight premiers, provinces that did not like an amendment because they thought it affected their existing powers could simply opt out.

In my view, the eight premiers' proposal is a classic example of people being only for themselves. It denies the essence of the creation of the federation of 1867. Frank Underhill once described a nation as a "people who have done great things together in the past and look forward to doing great things together in the future". An "opt out Canada" means that what we have in common in Canada would be constantly under threat. If one province or any group of provinces continually exercised their power to opt out of changes they did not like, Canada would no longer be a people who did great things together in the future, and I question whether we could long survive as a nation.

In refusing to deal with the charter of rights now, the eight premiers have made much of the fact that they represent 60 per cent of the Canadian people and that we should put off consideration of the charter until some unspecified time. They have also said that any provincial majority should be able to opt out of any features of the charter they do not like as well as future amendments.

• (1550)

The premiers have failed to recognize that three times in the past decade all three federal parties have gone on record as favouring a charter of rights for all Canadians. Do not the members of this House represent Canadians who live in those eight provinces? Is the House of Commons not in Canada? Do we not speak for Canadians? Do Canadians in Manitoba really want fewer or different fundamental rights than their cousins in Saskatchewan or Ontario? And can we survive as a country if the fundamental attributes of citizenship are different in neighbouring provinces?

I want to turn now to the third principal feature of the resolution, the charter of rights itself. I want to say a few words about what the charter will do, why it is necessary and why it is important that we include it as part of this resolution. In doing so, I am answering Hillel's third question, which was the theme of my remarks: "And if not now, when?"

The issue is not a Canadian charter versus a charter from Westminster. The issue is a charter of rights debated, studied and approved by the Parliament of Canada dealing with the basic attributes of Canadian citizenship, versus a Canada where the guarantees of these freedoms are subject to permanent veto by the provinces or, equally fatal to our country, subject to some provinces deciding to opt out of basic rights.

Let us look at what the charter actually provides and what it will really do. The charter guarantees certain freedoms which Canadians have come to recognize as fundamental: freedom of speech; freedom of association; freedom of conscience and religion; the right to work and live anywhere in Canada; the right to vote in democratic elections; the right not to be detained by the state without having a criminal charge laid; the right to counsel; the right, in the case of certain serious charges, to a trial by jury; protection against the state having unlimited powers of search and seizure; protection at trial against the use of illegally obtained evidence; the right to a bail hearing; and other associated legal rights.

The second thing the charter does is to guarantee what it calls equality rights. This will have the effect of making discrimination on the grounds of sex, colour, creed, religion and mental and physical disability unlawful. It means that every citizen of Canada has the right to demand of his fellow citizens and of his government, whether provincial or federal, that he or she be treated equally and with respect. It means that those citizens who feel that they have not been treated equally can take their fellow citizens and their governments to court to have those rights enforced. It means that certain practices and prejudices will have to change. It means that minorities, however temporarily unpopular, as well as all Canadians will have constitutional guarantees of equal treatment before and under the law.

This is not just a right to fair procedure; it is a right to equality in the substance of the laws themselves. It means that no person and no government is above the law but is subject to it. It means that federal and provincial governments are equally subject to claims by all Canadians, of whatever background, that they are to be treated equally in form and in substance and that, if they are not treated equally, they can take their government to court. It means that this right to take the government or anyone else to court cannot be unilaterally taken away by either the federal government or a provincial government.

This is a charter with teeth, and many of the weaknesses in the courts' interpretations of the Diefenbaker Bill of Rights will be removed because of the clarity of the standard Parliament is setting in this charter. It is to clarify these standards further that our party is putting forward its amendments respecting women and native people.

The third feature of the charter is the section on language rights, the guarantee that French and English will be the official languages of the country and the guarantee that minority language rights in education will be protected everywhere in Canada wherever numbers warrant. I regard these provisions as the fulfilment of the promise of 1867. I am proud of our official languages, and so is our party. We have to provide for their full expression.

[*Translation*]

To those Quebecers who are convinced that the proposed provisions ensuring minority educational rights strike a blow at provincial integrity and jurisdiction, I must say that I do not agree with these conclusions for fundamental reasons. The educational rights of francophone minorities are now protected throughout the country. It was a long and hard-fought battle, but we won over the forces of reaction and intolerance in the rest of Canada. There will never be another Penetanguishene.

This is not simply a matter of education, but a matter of survival and of cultural development. The French language is as vital for the life of francophones as the air they breathe. If these minority educational rights are recognized, they must also be recognized in Quebec. I cannot believe, Mr. Speaker, that to recognize minority rights in well-defined and limited provisions such as those in the resolution really threatens the francophone majority in Quebec, in view of the vigour shown by Quebec in the last few years and of the sure and confident manner in which Quebec has managed its political and cultural affairs for so long.

Personally, Mr. Speaker, I sincerely regret the decision of the Ontario government not to recognize officially what actually exists already for Ontario francophones as far as the recognition of French in the legislature and in the courts is concerned. If clause 133 were to apply to Ontario, nothing would change in actual fact, but it would have a significant symbolic value for francophones in Ontario and elsewhere in Canada. The rights of Franco-Ontarians should be recognized in the same way as are those of the English minority in Quebec; this would be only fair.

Some hon. Members: Hear, hear!

Mr. Rae: For my part, I am deeply disappointed in the Ontario government which, in the name of certain egotistical interests, refused to be generous to the francophone minority in Ontario. I sincerely hope that the Ontario government will change its policy in this regard.

[*English*]

In addition, the charter of rights sets out to guarantee the principle of aboriginal rights for Canada's original peoples, the Indian, Metis and Inuit. There is also the assurance that the question of land claims and other aspects of native rights will be on the agenda of forthcoming federal-provincial meetings between the first ministers.

The explicit recognition of the historical and collective rights of Canada's original peoples is, in my view, a milestone in our constitutional history—

Some hon. Members: Hear, hear!

Mr. Rae: —a milestone which would not have been achieved without the determination and courage of a number of people,

including my leader, the hon. member for Nunatsiaq (Mr. Ittinuar) and the hon. member for Cowichan-Malahat-The Islands (Mr. Manly). It is a hard fact of political life that had these members, dealing with both the leaders of the native communities and the government, not been prepared to forge a new confederation bargain, there would have been no recognition of aboriginal and treaty rights in the resolution to form part of an amended Canadian Constitution.

The charter also guarantees the rights of those Canadians who are neither French nor English in their heritage. Across the street from my home on Withrow Avenue in Toronto is an elementary school which is no less international and multicultural than the United Nations itself, but that is in every sense Canadian. It gives me great joy to represent a constituency where Canadians of Greek origin, of Chinese origin, of English origin, of Scottish origin and of all backgrounds live and work together. They are proud of their parents and their grandparents. They are proud of the countries and the cultures from which they come. They are also deeply proud of the country in which they have chosen to live, Canada, and prouder still of the common inheritance which their children and grandchildren will have as Canadians. I am delighted that the charter of rights reflects the diversity of all those who cherish their Canadian citizenship.

That is what the charter of rights does. Why is it necessary? There are observers of all political persuasions who tell us that Canada's common law and civil law traditions are perfectly adequate to protect civil liberties in Canada and that an entrenched charter would give the courts powers which are better left in the hands of legislatures.

There is obviously not time here to deal with all the pros and cons of this issue, but it needs to be said that our traditions have not been adequate to protect many Canadians and that as our country becomes even more diverse we can no longer rely simply on the good will of majorities to protect the rights of minorities.

● (1600)

Let me remind the House that while many Chinese Canadians built Canada's railroads and many died building those railroads, they were not regarded by the majority as fit to be Canadian citizens until 1949. Let me remind the House that generations of Chinese were not allowed to be reconciled with members of their family because the majority at the time saw fit to shut the doors to all Chinese immigration between 1923 and 1946. We must think of the hardship and isolation that enforced separation must have meant for those we are now so proud to call fellow Canadians.

The history of Canada's treatment of its native people is filled with examples of discrimination and prejudice of which we cannot in any way be proud. It is a hard fact that we have as a nation yet to accept fully in our hearts and laws, as well as in our rhetoric, the multicultural and indeed multiracial character of our society. Tragically there are many Canadians who, by virtue of the behaviour of their fellow citizens, have been made to feel that they are in Canada on sufferance and not as a matter of right. There are, ominously, signs of the revival of the most vicious kind of racial prejudice in the re-emergence of the Ku Klux Klan and similar groups in Canada.

Japanese Canadians know from bitter experience just how generous the majority and the Liberal government of the day was prepared to be to protect their rights in World War II. In the meagre compensation paid to them by the Liberal government after the war, we know what "parliamentary sovereignty with no entrenched charter of rights" has meant for them.

There are countless other Canadians who have known over past generations the full meaning of the words, "tyranny of the majority" which has from time to time taken hold in our country and made life so difficult for those who thought differently, spoke differently, prayed differently or lived differently. These differences must quite simply be protected; that is the meaning of the charter of rights.

Some hon. Members: Hear, hear!

Mr. Rae: Canada is not a homogeneous country or society. We cannot pretend any longer that minorities either have been or will be protected unless those minorities have guarantees, guarantees which are not simply those of a parliament or of a legislature but are guarantees of a constitution.

Some spokesmen have made much of the fact that rights do not come from governments—but rather come from God, or at least from one's view of what it means to be truly human. I agree with that view. By the way, that is why our party will be supporting the amendments put forward by the Liberal party to the preamble. If we are to take rights seriously, we must recognize that their foundation stems not from what is convenient for the state to give, but rather from what freedoms are necessary to express our humanity in all its fullness.

An entrenched charter does not simply come from Parliament or the legislatures. We are not giving rights or taking them away whenever it is convenient. An entrenched charter recognizes that those rights which encourage the full freedom of the human personality need the additional protection of a constitutional guarantee in order to be secure. It is precisely because rights are not simply utilitarian conveniences to be given and taken away at will by legislatures and parliaments that we need to entrench them in the Constitution.

I find it completely contradictory that those same critics who have made such a point of saying that rights do not come from governments but that rights are prior to governments, a point of view which I wholeheartedly share, then go on to say that these same human rights can only have effect in those provinces which are prepared to pass them. If the rights are basic, surely they cannot be nullified by a provincial legislature.

This checkerboard theory of fundamental rights in Canada is said to reflect our historic diversity. What nonsense! We are not talking about diversity but about whether a native Canadian living in Manitoba should have the same rights as his brother in Ontario; whether a disabled Canadian in Quebec should have the same claim to fairness from his countrymen as

his sister in Nova Scotia. The fundamental question is whether we can long survive as a nation if there are no fundamental attributes of citizenship that apply regardless of which province one happens to live in. The view that fundamental human freedoms, the basic attributes of Canadian citizenship or what it means to be a Canadian, should be subject to sterilization by any province has on more than one occasion been rejected by the Supreme Court. It should also be rejected by Parliament.

In making explicit and then guaranteeing rights which have become fundamental to our view of what it means to be a Canadian, we cannot then go on to make those rights depend upon the geographical roulette of where in Canada you happen to live. Federalism is not simply the stringing together of a number of sovereign states or a mere community of communities. In the words of the British North America Act of 1867, we created a federal union, strengthened by the growth of new provinces and by the historic decision of Newfoundland in 1949 to join with the country. We did not create an agency of provinces in 1867; Canada is more than the sum of its parts.

I began my remarks with a reference to the famous three questions of Hillel. The last question was: "And if not now, when?" It is now clear that the tensions within federalism are far more than dual and far more than simply cultural or linguistic. That is why the debate on the Constitution is not irrelevant or the private fantasies of one man. The challenge of constitutional, economic and political reform will be with us long after the Prime Minister (Mr. Trudeau) disappears from the scene.

Many years ago a Canadian who has contributed much to the political, cultural and intellectual life of our country, Frank Scott, said that one day Canada will have a rendezvous with the BNA Act. Canada's rendezvous with the BNA Act is imminent, and I am proud that my party and, if I may say so, my leader have not flinched at the prospect of this rendezvous but rather have welcomed it.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Henri Tousignant (Témiscamingue): Mr. Speaker, I do not intend today to give a historical account of federalism in Canada. This has been done many times already—

[*English*]

Some hon. Members: What is going on?

Mr. Taylor: Mr. Speaker, I rise on a point of order. Have we lost our right to free speech? Do we on this side of the House never get a chance to speak? What are you trying to do, knock us out or something?

The Acting Speaker (Mr. Ethier): Order, please. No members have been prevented from speaking in the House; it depends upon when they are recognized. The Chair has always followed the tradition of recognizing the parties evenly.

Some hon. Members: Oh, oh!

Mr. Taylor: We have already heard two Liberals.

The Acting Speaker (Mr. Ethier): For the information of the hon. member, I could go through the list of speakers who have participated so far. It is traditional that the Chair goes from government to opposition. This has been a long-standing tradition, and I have followed it quite fairly.

Let me start with the last round. The last NDP member who spoke yesterday afternoon was the hon. member for Brant (Mr. Blackburn). Then we had one Liberal, one P.C.; one Liberal, one P.C.; one Liberal, one P.C.; one Liberal, and the eighth speaker today was a member of the NDP, the hon. member for Broadview-Greenwood (Mr. Rae). Now we go back to a Liberal and then a P.C.

Mr. Epp: Mr. Speaker, I rise on a point of order. I am not in the habit of questioning what the Chair has said, but when I approached the Chair earlier today, Your Honour will recall that I reiterated a conversation which had taken place yesterday with a member of the chair. The arrangement yesterday was that there would be four speakers for the government side, three speakers for our party and one for the NDP.

Some hon. Members: Oh, oh!

• (1610)

Mr. Epp: Just let me finish. You will recall that at the same time the hon. member for Brant (Mr. Blackburn) came to the Chair. Through the gentlemanly arrangements which take place in this House, we agreed that he would be recognized earlier in that first cycle of eight because of his own time schedule. That was the arrangement which was left with your predecessor yesterday, Mr. Speaker. It was agreed to by all parties.

Today when you recognized the hon. member for Broadview-Greenwood (Mr. Rae), I came up to the Chair and pointed the matter out again. In order to try and rectify the situation you said subsequently that you would be recognizing the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty).

We are now in a difficult situation. On the one hand you say that you will be recognizing a member of the government party, and on the other a member from the opposition. That is fair and I have no objection to it, but I say to you, Mr. Speaker, with all the respect I can muster, that a mistake was made in terms of the arrangements which were agreed to yesterday.

Mr. Collenette: I rise on a point of order, Mr. Speaker. I do not think that we should prolong this matter. If it is to be a point of absolute determination on the part of the opposition, I am sure we can reach some accommodation. But I would like to set the record straight.

Yesterday afternoon I informed the Deputy Speaker that during the three days of debate the government would be exercising its normal right on a government motion, which is to put up a speaker for each speaker from the opposition. As

you will note, the hon. member for Victoria-Haliburton (Mr. Scott) had the floor when we were debating this matter a few weeks ago, and he continued his remarks yesterday. In fact, he was allowed, theoretically, ten minutes more than the order since we felt he had started under the old rules and should not be restricted. We have since alternated government speakers with opposition speakers. There was some arrangement made yesterday to accommodate the hon. member for Brant; but that was strictly a matter of the Chair dealing with the opposition party. The normal rotation is four government speakers and four opposition speakers; that is, four Liberals, three Conservatives and one member of the NDP.

At this point in time, Mr. Speaker, according to normal practice and according to the point I made yesterday with the Deputy Speaker and with the hon. member for Lachine (Mr. Blaker), in telling the Chair who our speakers would be, it is now the turn of the hon. member for Témiscamingue (Mr. Tousignant). You have recognized the hon. member for Témiscamingue, and if members opposite are going to force the issue, move a motion and cause a vote to be taken, that is something we do not want. We do not want any unpleasantness. I am sure my hon. friend from Témiscamingue will withdraw. But I must say that in this case it is the right of the government member, having been recognized, to speak in the normal rotation.

The Acting Speaker (Mr. Ethier): Order, please. I would like to clarify this situation. I have been reminded by the hon. member for Provencher that a decision was made by the Chair yesterday of which I was not aware. Subsequently, the Parliamentary Secretary to the President of the Privy Council (Mr. Collenette), said that if there was any arrangement it is not that any speaker on the government side will be lost. He said that he intends to exercise his party's prerogative, which is to have one speaker for the government opposing one speaker for the opposition. I also informed the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) that he would be the next speaker.

There was no other hon. member seeking the floor at that time, nor had I received notice from any member seeking the floor. I did receive a note from the hon. member for Témiscamingue (Mr. Tousignant) informing me that he wished to seek the floor. Therefore, following the tradition of alternating from one government speaker to one speaker from the opposition, I had to recognize the hon. member for Témiscamingue. The parliamentary secretary now suggests that there could be an undertaking made by the hon. member for Témiscamingue that he would seek the floor later.

Mr. Tousignant: I agree to that, Mr. Speaker.

The Acting Speaker (Mr. Ethier): The matter has now been resolved. The Chair recognizes the hon. member for Wellington-Dufferin-Simcoe.

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Mr. Speaker, I wish to begin my remarks by thanking the hon. member for Témiscamingue (Mr. Tousignant). This situation was not of his making and I appreciate his graciousness and generosity in being willing to stand down to allow a member of the official opposition to speak now.

In the remarks of the Minister of Justice (Mr. Chrétien) there was very little with which I agreed. But there was one point I agreed with, namely that this resolution which is before the House today is one of the most important pieces of legislation to come before Parliament in 50 years. That is why the conduct of this debate and the resolution itself is critical, and it is why the attention of all Canadians is focused today on Ottawa. This is why Canadians from one coast to another are expecting this government and this Parliament to accept their responsibility to unify Canadians, to bring this country together; to have as the last achievement of our nationhood in Canada an act which unifies Canadians, which gives them hope for the future instead of embittering them, driving them apart and casting serious doubts upon our ability as a country to survive in the future.

Parliament is now entering the second to last phase of the government's constitutional plans this week. It is a project which was justified to Canadians on the grounds of unity and national maturity, but which was conceived and promoted in division and colonialism. The government's strategy, which was made clear in the infamous Kirby memorandum and which was also made clear today in the partisan, divisive and bitter speech made by the Minister of Justice (Mr. Chrétien), has been to pit region against region and Canadian against Canadian. It has been to use our last colonial ties to make major changes to our Constitution in a foreign country.

Gaining the last element of our independence, which should have caused unparalleled unity among Canadians. Embedding basic human and political rights in our Constitution, should have caused celebration of our good fortune as one of the freest people on earth. Instead the government, through its stubborn and dangerous belief that our Constitution is the property not of 23 million Canadians but of one man, has corroded the national ties which keep this Canada from breaking into ten unconnected fragments of a country. It is common sense and good will which binds Canadians together; yet the government's actions have defied common sense and have damaged that goodwill.

When members of this House listened to the speech given by the Minister of Justice today, or when they sat through the constitutional screed of the Prime Minister (Mr. Trudeau) in which he spoke for two hours and 13 minutes on March 23, did members hear either of them refer to the Canadian traditions which form much of this country's rich heritage? Did they hear a defence of our Constitution which has helped Canadians stay united and free for over a century while many other countries which had a history of civilized behaviour far older than ours, disintegrated into social chaos and dictatorship? Did they hear either the Minister of Justice or the Prime Minister praise our federal system of government, which with our thinly spread population dispersed over the second largest land mass of any country in the world, has managed to strike the proper balance between the needs of the nation and the

desire of Canadians to maintain regional and ethnic cultures and traditions? Those elements of our Canadian system of government, if they were mentioned at all, did not feature prominently in speeches which were filled with talk of failure, with bitterness and contempt for those in Parliament and for the provincial levels of government who dare oppose one man's constitutional plans.

The Prime Minister and his confederates in the New Democratic Party have chosen not to co-operate with Canadians to modernize a Constitution which has served this country well, but to impose one man's constitutional vision against their wills. That this course was followed at all is, of course, regrettable. That it was followed, even though it was unnecessary, is tragic.

My party believes that our Constitution can be amended in a way which respects Canadian traditions and unites our people. That is why my leader took the courageous decision last October to oppose the government's constitutional juggernaut. Our party fought for and won the right of Canadians to see and hear the constitutional committee's deliberations. We fought for and won an extension of hearings so that more Canadians could be heard respecting their Constitution. We fought for and won improvements for the charter of rights, including protection of the rights of handicapped Canadians and now a recognition that rights come, not from a benevolent and all powerful government, but from God. We fought for and won an opportunity for Quebecers to express their feelings in the recent provincial election before Parliament concluded its hearings. We fought for and won a chance for Canada's premiers to make their proposal on an amending formula before debate was closed off in Parliament. We fought for and won the right of Canada's Supreme Court to judge the legality and constitutionality of Ottawa's proposals before it was too late.

These were significant victories by anyone's standards. They were significant not just for the Progressive Conservative party but for all Canadians. In each instance they were fought for with courage and determination by my leader and my colleagues. In each instance they were fiercely resisted by the government.

When the history of these events is written, it will record the fact that if this party had followed the course which is being chosen by the NDP, a course of silent complicity as Canadian traditions and practices have been shunted aside, then the government's proposals would have long ago been sent to Britain and written into law in a form which would have been seriously deficient, dangerously divisive and possibly illegal.

● (1620)

But although we have won significant victories for Canadians, the resolution and the methods being used by the government to bring it into law are still seriously flawed. When the Prime Minister stated on March 23 that our objections related exclusively to the form of the changes proposed by the government and not to the substance, his claim was false, as anyone who has followed this debate since last fall will know.

I want to turn for a few minutes to the remarks which were made here by the Minister of Justice today, because, sadly, what we are seeing in what will be one of the final interventions by the Minister of Justice in this debate is a tone of bitterness, a tone of sarcasm, and a tone of contempt for those who oppose what the government is attempting to do to Canadians. I think that that is not the tone on which we should be going about trying to change our Constitution in Canada. I do not think that the comments he made—in which, in many instances, he misrepresented the proposals being made by our party and the effect they would have upon the constitutional activities of this country—should be allowed to stand unchallenged.

First of all, the Minister of Justice took credit for the fact that the government was finally recognizing that there should be reference to the fact in our Constitution that we recognize the divinity of God. Yet if one reads the amendment which is proposed by the government, which is very simple and straightforward, one finds that it adds the following, immediately after the heading "Canadian Charter of Rights and Freedoms" on page 3: "Whereas Canada is founded upon principles that recognize the supremacy of God and the rule of law." There could be no more sterile or arid description of what we believe is a very fundamental principle. That is why, when we moved in our amendment that the principle of the sovereignty of God be recognized, we did so by borrowing wording which came from the Diefenbaker Bill of Rights which reads as follows:

> —affirming that the Canadian Nation is founded upon principles that acknowledge the supremacy of God, the dignity and worth of the human person, and the position of the family in a society of free men and free institutions;—
>
> Affirming also that men and institutions remain free only where freedom is founded upon respect for moral and spiritual values and the rule of law.

That is how Mr. Diefenbaker, when he proposed his Bill of Rights, dealt with this issue. This is how we feel the charter of rights should read in its preamble. Yet what the government has chosen to do is to grudgingly make the most insipid and arid description of a very fundamental principle that it could possibly find.

If, indeed, the government agreed with the representations which were made by literally thousands of Canadians from coast to coast, if it believed that it was wise to include reference to God in the charter of rights, then why did the government's leading constitutional spokesman, in the constitutional committee, Senator Austin, make this statement? It is reported in the minutes of the constitutional committee of February 9, 1981. He was talking about the amendment to the Constitution which we had proposed which would recognize the supremacy of God. He said this:

> What I said at that time in the Committee, and I want to repeat it here, is that the main difficulty with the Conservative amendment was that it was tacked on to the resolution in the wrong place. It belongs in stage two as a preamble, and it belongs as a preamble to the entire constitutional process, and not to a portion of it. My own view is that the Conservatives are trying to downgrade God—

Listen to this, Mr. Speaker:

> —and we will put him in his right place at the right time.

Only among Liberals, with their Liberal arrogance, would one find the belief that the Liberals will put God in his right place at the proper time.

Some hon. Members: Shame!

Mr. Beatty: Senator Austin, when he spoke, said reference to the supremacy of God should come as part of the preamble to the whole of the Constitution; and yet now the Minister of Justice is proposing not that, but that this arid and insipid reference be made at the beginning of the preamble to the charter of rights.

There are many other comments which the Minister of Justice made with which I want to deal very briefly. First, he has recognized that his amending formula was flawed and that improvements should be made because we in committee had pointed out that what the government had done was to grade Canadians on the basis of their province of residence. Then, based on which province one lived in as a Canadian there would be first-class Canadians, second-class Canadians and third-class Canadians.

What the government has done with the amendment it put before the House today is to state that instead of first-class, second-class and third-class Canadians, we will have only first-class and second-class Canadians. It says that the third-class of citizens would be dropped, making those Canadians now into second-class citizens, and the government believes that this should win the support of the official opposition and the support of the millions of Canadians who will be put in this secondary position. We reject that.

Some hon. Members: Hear, hear!

Mr. Beatty: We believe that the concession which was made by the government was no concession at all.

Some hon. Members: Hear, hear!

Mr. Beatty: The minister went on in his sarcastic way at quite some length to suggest that one would have a situation where we could have no amending formula, that we would have patriated the constitution, and there would be no amending formula because it would be necessary to have six or seven provinces agree to it before we would have an amending formula. The only matter he overlooked is that there was a meeting here in Ottawa last week at which eight of the provinces, representing 60 per cent of the population of Canada, agreed upon an amending formula.

Some hon. Members: Hear, hear!

Mr. Beatty: So, there is agreement. It is a bogeyman he is trying to raise to scare Canadians, to try to discredit the proposals we have made and the amendment before the House today.

An hon. Member: Dishonest!

Mr. Beatty: But ministers of the Crown and all members in this debate have a responsibility to deal fairly and factually with Canadians and not to present proposals—

Some hon. Members: Hear, hear!

Mr. Beatty: What we heard last week, when the Minister of Justice called a press conference to denounce the proposals made by the premiers, even before the ink was dry on the premiers' signatures, was that what the Minister of Justice and the Prime Minister want is not agreement on an amending formula, because agreement, we know, can be reached, but what they want is agreement on their amending formula. They want not to have co-operation, not to have consensus, not to have compromise; but rather, they want to put a unilateral demand before the provinces that either the provinces accept their amending formula, or else they will impose their prized amending formula using this colonial device of going to Great Britain to have changes made there which should be made here in Canada.

Some hon. Members: Hear, hear!

Mr. Beatty: When we started this whole exercise, the Prime Minister and the Minister of Justice said it was humiliating for Canadians to have to go back to Great Britain to have substantive amendments made to our Constitution, and this was the reason why it was essential to act today, that we wanted—as the Prime Minister and the Minister of Justice have said so often—to remove this last vestige of colonialism, that it was disgraceful, distasteful, and humiliating for Canadians to have to go to Great Britain to have changes made. Indeed, what we saw was a play acted out by the Leader of the NDP (Mr. Broadbent) and by the Secretary of State for External Affairs (Mr. MacGuigan) in which they tried to construct the belief in the minds of Canadians that there had been deliberate interference by the British High Commissioner in an attempt to meddle in Canadian affairs, and that here we had signs of British imperialism. So this was to be ended. We were to bring the Constitution home, because no longer should Canada, as a sovereign nation, have the power to amend our Constitution resident in Westminster. However, when the Gallup Polls showed that 64 per cent of the Canadian people just wanted to follow a procedure according to which would bring the Constitution home and amend it here, and when our party proposed that and when the premiers proposed that, what did the government say? It said, "Well, we aren't sure that the Constitution would be amended in the way that we want, if we were to do that". If all that we were to do were to ask Britain to patriate our Constitution with an agreed upon amending formula, as the Canadian people said they wanted, then it said, "We will never have a charter of rights", and so the story changed.

Now what we have is that the government will go to Britain, it will use these colonial ties one last time to make the amendments that it wants over the opposition of 64 per cent of the Canadian people and eight of the ten provinces. The government will write it into law, and then will sever this tie

which was so humiliating before. Before, the Prime Minister first proposed that we act now. He said it was essential that we sever this tie immediately because it was humiliating and underminded our sense of nationhood. Yet when it served his purpose to get his changes made, and when he said he would not want to do it in Canada because he did not think he could do it by seeking consent or agreement through his amending formula, then he had no hesitation at all in using those mechanisms for his purposes.

Some hon. Members: Devious.

Mr. Beatty: Who can credit the government with dealing with the Canadian people honestly when we are dealing with this sort of argument?

I want to come for a minute to the amending formula that the government is proposing. The government's whole argument relating to the charter of rights is very informative when we look at the government's amending formula.

The Minister of Justice and the Prime Minister have said the reason they have to go to Great Britain to have those amendments made in Great Britain when they should be made here in Canada is that if we simply patriate with an agreed upon amending formula, with their amending formula—even if we cannot agree upon one, even if they impose their amending proposal—it will be impossible ever to have a charter of rights in Canada. Never, under the government's amending formula, would it be possible for Canadians to have a charter of rights which the Prime Minister and the Minister of Justice say are self-evidently desirable for Canadians, and are desired by Canadians from coast to coast. Indeed, when the Prime Minister spoke on March 23 he listed eminent authorities in support of his charter of rights. He listed my colleague, the hon. member for Provencher (Mr. Epp); he listed the Progressive Conservative Party; he listed the whole of the House of Commons; he listed 91 per cent of Canadians; he mentioned the late John G. Diefenbaker; the hon. member for Burnaby (Mr. Robinson); Tommy Douglas; Premier Davis; Premier Hatfield; Premier Lougheed; Premier Peckford; Claude Ryan and, not stopping there, he mentioned Pope John XXIII as being in favour of what he was proposing.

• (1630)

Notwithstanding the fact that two of the people he mentioned died before he made the proposal; that by and large the endorsements were given well before that and that they were not endorsing his constitutional proposals, and notwithstanding the fact that many of the people who were speaking were talking about the concept of an entrenched Charter of Rights and not what he is proposing, which is seriously flawed, he says there is this massive support. Who am I to deny what he says about this overwhelming support for a charter of right in Canada?

Why not do it here, Mr. Speaker? Why would his amending formula not be adequate to get something which he says has such massive, self-evident support?

What the Prime Minister is asking us to do is to write for all time, into our Constitution, an amending formula which he says could not be changed and for which he says there is massive support in Canada.

If anything should have given the Minister of Justice pause as he unleashed his tirade today and attacked our proposals for an amending formula, it should have been the fact that both he and the Prime Minister have said that their proposed amending formula would not be adequate for making the changes they want.

I want to deal as well with some of the sarcastic arguments made by the Minister of Justice with regard to property rights. He said that under the Conservative proposal, what we would have is a situation where four of the provinces would be able to veto the inclusion of property rights, for example, in the Constitution. Under his proposal, one province with a veto, such as Ontario or Quebec, could do that. They would not even need the position that has already taken the Prime Minister and himself where they put the Liberal party on record as opposing the inclusion of property rights in the Constitution at this time. Let us not have this sort of sophistry.

They raised the spectre, as did the hon. member for Broadview-Greenwod (Mr. Rae), of a checkerboard Canada, of rights that would vary from province to province.

The minister dimissed what my colleague, the hon. member for Provencher, said last night about the Quebec pension plan and the fact that we probably would not have had a Canada Pension Plan had it not been for the opting-out principle which the late prime minister Pearson had accepted. Does the Minister of Justice himself not participate in the Quebec pension plan and does he not feel that it is a good idea? He said that this is different because it is not a constitutionalized provision; that it does not deal with people's rights but simply federal spending and that is O.K., but that when it comes to rights, there should not be differences from province to province.

I would say that if I were from Newfoundland and I believed in the dissentient school system, which has been constitutionally protected since Newfoundland entered confederation, I would be seriously worried about what the Prime Minister and the Minister of Justice, with the support of the hon. member for Broadview-Greenwood, would be doing about the dissentient school and the right to have schooling in the religion of choice. That is a constitutional right which is protected for one province and not for others. The principle being followed here by the Liberals and the NDP, is that when it comes to rights, unless everyone has exactly the same constitutionalized right, no one should have a constitutionalized right. It should exist for no one. That is what their amending formula says.

The hon. member for Broadview-Greenwood obviously had not read our constitutional proposals when he unleashed his attack upon them. He spoke about a checkboard Canada as it related to rights. He did not realize that the amendment we put before the House today would not allow opting out on the charter of rights. We would not have that. Where there would be opting out is in other areas which, since the time of

confederation, have been given exclusively to the provinces. The Liberals and the NDP referred to this as a checkerboard Canada; we refer to it as the Canadian federal system. We believe that it is a system that serves Canadians.

Some hon. Members: Hear, hear!

Mr. Beatty: The hon. member for Broadview-Greenwood spoke at considerable length and with considerable eloquence about the value of diversity in our society; about the fact that Canadians live differently; that they have different beliefs and styles of living; about the need to protect that; about the belief that a charter of rights would help to protect the right of people to be different. I believe that and I support the concept of a charter of rights, although I believe that this charter is seriously flawed. He went on to attack the ability of some provinces, under our federal system and under our constitutional amending proposal, to opt out of specific amendments to our Constitution. If it is appropriate for an individual to have the right to lead a life that is different from that of his neighbour, why is it improper for people in one province or one region to choose standards which are different from standards in other areas of the country?

What we are talking about here is not a checkerboard Canada. We are talking about an attack upon the very basis of federalism which has served this country so well for over 100 years.

Some hon. Members: Hear, hear!

Mr. Beatty: The hon. member for Broadview-Greenwood was right when he said that Canada is not a homogenized society. I pray that it will never become a homogenized society. I come from rural Ontario where diversity is a source of pride and where various groups have maintained their ethnic and traditional cultures. This has helped enrich the whole of our society. They have maintained their right to freedom of religion, and I hope that we will never find ourselves in a situation where those rights are taken away.

Why are we proposing, when it comes to the very essence of federalism, when the rights of people to maintain historical legislation, historical traditions, historical ways of life, that these be suddenly swept away by Ottawa and this juggernaut? I say that this is wrong and it is something which this party cannot support.

The Minister of Justice dismissed with contempt what we have proposed in this amendment, that capital punishment and abortion should be dealt with by Parliament, and not under the Constitution. We are concerned that once the Constitution is made law—and the Minister of Justice does not dispute this—inevitably cases would come before the courts based on the charter of rights which would make arguments related to capital punishment and abortion and, as a result of the constitutional amendments we are making today, we could very well find that the power to make decisions on these questions would be taken away from Parliament and put into the hands of the courts and would be virtually impossible to change.

All that we are saying is that the principle which the Minister of Justice says he supports, namely that Parliament should make these decisions, should be explicitly recognized in the Constitution. He says that he has an opinion from the law officers of the Crown to the effect that no court would find that these provisions in any way deal with the issues related to capital punishment or abortion. But on Bill C-60, the Minister of Justice of the day told the House of Commons and told the parliamentary Committee on the Constitution that he had an opinion from the law officers of the Crown that there was no question that the government had the power to do whatever is wanted with regard to the Senate. What happened when that went to the Supreme Court? The Supreme Court found that what the government was seeking to do was illegal and it struck it down unanimously. If the advice of the law officers of the Crown was fallible then, why is it not also fallible today? Why is the minister contemptuously dismissing with the back of his hand, the proposal to ensure that Parliament should make these decisions and not the courts?

The Minister of Justice played an interesting game. He said that initially we were arguing that this was essentially a legal question; that our concern with what the Prime Minister is doing is based on a question of legality; that what was essential was that a court should be heard from; that this was the only impediment to our support for the package, and that now that it is going to the Supreme Court against the wishes of this government, we are shifting ground and saying that we have concern about the propriety or political nature of the proposal. From the outset, anyone who has followed the conduct of this debate since last December knows that we had concerns both about the legality and about the content of this particular resolution. Those concerns remain undiminished today.

• (1640)

Some hon. Members: Hear, hear!

Mr. Beatty: Let us have vigorous debate in this House of Commons about these constitutional proposals, but let us not misrepresent what people who disagree with us are proposing.

When, on March 23, the Prime Minister spoke in the House of Commons, he repeated what has become a familiar Liberal refrain, that this debate is no different from the flag debate and that in time Canadians will forget what the government has done to them. Perhaps they will. Perhaps Canadians will forget that $6 million of their tax money was used for advocacy advertising campaigns to promote one man's policies. Perhaps they will forget that the Prime Minister had no mandate for his proposals. Perhaps they will forget that in the 1979 election he ran on a platform of constitutional change, and he was defeated. But where in the Liberal literature from the 1980 campaign do we find reference to major constitutional change as the central element in the package? Where does the Prime Minister have an endorsement from the Canadian people?

The Liberals say if Canadians do not like what is being done to them now, that in the next election they can elect a government which will move the Constitution back to Britain

and undo everything they have done. It is somewhat analogous to what could have happened to the Minister of Justice when he was in hospital earlier this year. What if his doctor had come to him and said "while you are here, I will take out your liver", to which he would have replied "I am not in favour of that". What if the doctor had argued and said to the Minister of Justice, "It does not matter what you think. If you do not like it after I take it out, you can get some other doctor to put it back in". That is wrong, Mr. Speaker. But perhaps, as the Prime Minister says, Canadians will forget that.

Perhaps Canadians will forget that the government acted unilaterally over the express opposition of 65 per cent of the Canadian people. Perhaps they will forget that the government tried to bypass the courts by ensuring that by the time the Supreme Court had a chance to rule on the legality of the proposals, they would already be law. Perhaps they will forget the many improvements to the charter that were rejected by the Liberal-NDP alliance, including the right to hold and enjoy property. Perhaps Canadians will forget the divide and conquer tactics so clearly spelled out in the Kirby memorandum and so clearly demonstrated here today in the speech given by the Minister of Justice. Perhaps they will even forget that the Prime Minister, who began this exercise by complaining of the humiliation of having to go to a foreign country to amend our Constitution, chose to do precisely that instead of bringing our Constitution home and amending it here.

Even if time obscures those bitter memories, permanent change will have taken place in our country that for all time will create first class and second class Canadians. People living in Ontario and Quebec will have a permanent veto on any future change to our Constitution. They will have that veto no matter whether the population in either province grows, remains static or shrinks, while Canadians from other provinces will not have that veto.

Every single time that this discriminatory amending formula is used to remind some Canadians of their second-class status, bitter memories will be recalled and the good will that provides Canada's constitutional glue will be weakened.

As I conclude my remarks, I say to you, Mr. Speaker, that I think this country will stay together. I pray that it will. The glue which has held this country together and has managed to overcome centrifugal forces, which have threatened to tear it apart for over a century now, has been good will, common sense and self restraint. Yet what we find in the government's actions is a denial of good will, actions in the face of common sense, and an attack upon the very federal system which has served Canadians so well.

Before we vote on these amendments, the government has the time to change its policies, and I ask in the name of Canada that the government take advantage of that opportunity.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Henri Tousignant (Témiscamingue): Mr. Speaker, I do not intend today to give an historical account of Canadian federalism. This has been done many times already. Even after reading many books and consulting numerous experts, I have concluded that everyone has his own interpretation of the facts. We must therefore consider the record of Canadian federalism and the initiative we are taking today in a much more general perspective. In my opinion, this record is certainly not as dismal as some would have us believe. Of course, it is difficult for us, 113 years later, to know what the Fathers of Confederation truly intended and if their original purpose has finally been achieved. Indeed, Mr. Speaker, the federalism developed by the Fathers of Confederation has served us well, and we have proof of this every day. How could we not recognize, for instance, that a small population of 23 million people scattered on such a vast territory has been able to achieve such a standard of living and provide infrastructures across the country, such as roads, telephone services, telecommunications, and so on. How is it that in spite of this geographic vastness which should give rise to numerous natural disparities among the various regions, we have been able to make these regions relatively and equally prosperous. The federalism of the Fathers of Confederation has served us well in spite of the limited means available to them at the time, such as the lack of information and communication services.

The constitutional discussions of 113 years ago were held with much less ceremony than today. No one can tell me that every Canadian citizen had detailed knowledge of every section of the constitution. Early in this century, very few people needed a public relations officer to tell them what they wanted. The Canadians of that time certainly had fewer opportunities to express themselves than today. Now, everyone wants to decide, everyone wants to intervene, many probably only for their own personal glorification. While we have managed quite well with what, it must be admitted, is a rather rudimentary framework compared with the one we have today, as concerns preparation, consultations, representations, legal notices, jurisprudence, and so on, I believe that the proposal now under consideration will be greatly refined, not to say a real masterpiece, compared with the one we were given 113 years ago.

Of course, some people will tend to question this brief and rough analysis, to indict our forefathers of 1867 and convict them without further ado. I would reply that only the weak prefer to quibble about past events. Some will say: "I told you so. It was to be expected. They should have acted otherwise, and so on." The formula used by the great architects who are building the future is obviously different and not as simplistic. However, we must face the facts. For some years, we have been hearing what I would call the glory boys of the cicada family tell us that the Canadian government needs to enhance its image in order to better seduce the Canadians and that it

should therefore make immediately in-depth changes to the Constitution as, according to them, this is absolutely essential for the welfare of all Canadians. We must admit that for many years serious attempts have been made to find grounds for agreement to the satisfaction of the Canadian people.

What were the causes of so many differences? They are quite simple, Mr. Speaker. First, we indulged in what I call acute idealism and thought the unanimity rule alone was essential. Ideally, discussions and negotiations in every area should lead to unanimous decisions. But, needless to say, in every day life things are quite different. Federal-provincial discussions are no exception.

We tried everything to involve the provinces in our process. But after first agreeing they turned round and tried to trade this patriation proposal for an unacceptable package deal that went beyond everything that was discussed last summer. I would even go so far as to say that the provinces were consulted and that they rally agreed to this measure on two occasions at least, in 1978 and during the Fulton-Favreau round of talks. Why do some of the provinces oppose this proposal, and why are they fighting it before the courts? In my view, this is beyond understanding.

They have a golden opportunity here to show their good faith, and it seems to me that instead of resorting to all sorts of chicanery before the courts, they would make a greater contribution to national unity by supporting the action we have initiated. It is a fact, Mr. Speaker, that 15 years ago the present Quebec premier was publicly supporting both patriation and an amending formula that was much less favourable to his province, at a point in time when talks were far less advanced than they are now. Today, he would have us believe that patriation is horrendous. I do not understand this, or rather, Mr. Speaker, I cannot stand that kind of political opportunism. Mr. Lévesque and his group want to wreck the building, as is well known, and in the same breath they hurry to support the walls of the building lest they crumble. How sincere they are! The premiers of the dissenting provinces are beginning to understand the subterfuge as they deal with the elusive Quebec premier. Why on earth trade off a measure that would benefit everyone against any sort of advantage? Do we have to remain the laughing stock of the whole world by being the only independent nation unable to amend ourselves our own Constitution? How odd, especially since this has been going on for 54 years! Let us therefore have the courage of our convictions; let us put aside our self-interests; let us show consistency and integrity. Commenting on the failures of the Adams statesmen in American political life, John Kennedy wrote, and I quote:

● (1650)

[*English*]

Yet their failures, if they can be called failures, were the result of their own undeviating devotion to what they considered to be the public interest and the result of the inability of their contemporaries to match the high standards of honour and rectitude that they brought to public life.

If we adopt this measure, Mr. Speaker, I think history shall judge our action.

[*Translation*]

In addition, the bill now under consideration includes an amending formula which can give us a gleam of hope that some substantial amendments will be made to the British North America Act of 1867. On the one hand, we are allowing ourselves a two-year delay to continue to operate under the consensus rule which has always been enforced. On the other hand, we give ourselves an amending formula and a means, the referendum, to break a deadlock and make changes without being unconditionally at the mercy of a few provinces or of a high-handed majority.

The delay granted before the implementation of the new formula will enable the various Canadian governments to reassess their constitutional positions and probably to agree on several points before that delay expires. The Leader of the Official Opposition (Mr. Clark) disagrees with our procedure or would have us believe that he disagrees. However, I must point out to him that he is mistaken by maintaining the position he took at the outset of this debate, because he is playing into the hands, if such is not his purpose, of the very ones who cause the division and the racial tension which have developed in the country, yet, he knows full well deep down inside that we are acting in the general interest. The dissenting premiers know it as well. However, why are they challenging us?

An hon. Member: For the sake of challenging!

Mr. Tousignant: For the sake of challenging, of course, as my hon. colleague said. The reason is quite simple. All those fine people are trying to protect short-term, immediate political interests. Is there a better electoral platform, Mr. Speaker, than to brandish all sorts of bugbears, claiming jurisdictions, natural resources and provincial autonomy, all of which could be seized by the big bad federal government? Such facile and I would even say demagogic arguments are certain to catch the people's imagination. However, reality is quite different and it is simple. Why are these people trying to make it complicated? For the sake of immediate political interests, Mr. Speaker, out of sheer selfishness.

If people had the intellectual and moral honesty to speak the truth, 99 per cent of the population of Canada would agree with our approach. But no, they would rather entertain confusion. It is politically profitable for the Official Opposition to spread all sorts of falsehoods, gossip and even hatred, particularly in the West. Some members opposite, Mr. Speaker, even carry demagogy to the point of associating the Prime Minister of Canada (Mr. Trudeau) with the metric system, mainly in the West. Can you imagine anything more ridiculous? One really has to be short of arguments to go that far, Mr. Speaker.

The half-leader of the official opposition—I am told he is two-thirds of it—understands full well and endorses the good old philosophy according to which in politics it is more profitable to support a respectable falsehood than an untested truth. We do not believe in such a thing. We know full well that as responsible administrators, we sometimes have to take decisions that could give rise to dissent or confrontation.

This happens quite often when municipal authorities must take an important and unpopular decision, for instance, when a city council decides to build water and sewer systems. Of course, there are arguments and discussions and a referendum is held, and then the matter is settled, and as far as I know, life goes on as before. The role of representatives, of public authorities, is precisely to express and to carry out within each period what is considered to be due justice in the collective consciousness.

● (1700)

Indeed, Mr. Speaker, we know full well that if all these people were telling the truth, 99 per cent of the population would fully agree. Of course, one could discuss ad infinitum about furnishings and decoration, about the colour of the walls or the best place for the sink and the toilet. One could also seek the advice of all the tenants who signed the lease and who are eagerly waiting to move into their new apartments. But in so doing, construction would be delayed indefinitely and one could never be sure to please future tenants moving in two, three, four or five years hence. So are we going to avoid or abstain from building for unfounded reasons? It is also ironical, and I would even say astonishing, Mr. Speaker, to find that the same persons who are dead set against our proposal, both in principle and in the name of the Canadian electorate, are showing such a lack of interest in their daily behaviour. Could it be that the store sign or the advertising do not truly reflect the contents?

An hon. Member: They do not know themselves!

Mr. Tousignant: Right, they do not know themselves. We have had to listen to a few inflammatory and racist speeches—

An hon. Member: Mostly that.

Mr. Tousignant: From some hopeless and diehard radicals with hoarse and sepulchral voices so befitting their party. As Lafontaine said, referring to the plague-stricken animals "of the tiger, of the bear nor of the other powers the least forgivable offenses".

The mini-leader has himself delivered a lifeless and unconvincing mini-speech under the dull eyes of a few bystanders forced to listen to him because of their party convention that was to be held during that weekend right here in the nation's capital. But where have they gone all those who yelled. "Death to the donkey." Yes, Mr. Speaker, as Jean de Lafontaine my favorite poet in college said, these people remind me of the plague-stricken animals. You will find here and there a somewhat learned wolf who will demonstrate thanks to his oratory talents that this damned animal, this bald and mangy animal from which all their evil stems should be devoured. Our sin, the Liberal sin is that we want Canadians to be proud of being Canadians. That is our cardinal sin and that is what we are being blamed for now. This sin is actually considered by the plague-stricken animals as an abominable crime.

Mr. Speaker, let us be objective, let us look more closely at the seriousness of our opponents. At the beginning of this debate the Progressive Conservatives told us they needed more time to debate this important issue and that consequently they would have several amendments to present. Yet up to this day, up to the last agreement between the parties, only one amendment had been submitted—

An hon. Member: And not receivable—

Mr. Tousignant: Not receivable as my colleague says and we have heard well over 80 speeches, yes, 80 speeches on only one amendment. Just imagine! At this rate, Mr. Speaker we will long be gone, we will all have retired by then and yet we will not have started the debate on the main issue. The worst part of it all is the fact that the mover of this amendment, the main spokesman for the Progressive Conservative party on constitutional matters, the member for Provencher (Mr. Epp) from Manitoba has decided that during these important discussions, he would travel to Africa and South America. Just imagine! How best to show the importance of this debate in the eyes of these people! I let Canadians be the judges of that, Mr. Speaker, and decide who is sincere in this House and who is faking—

An hon. Member: —and who is serious.

Mr. Tousignant: —and who is serious.

How can one take seriously those who, in front of TV cameras, shed crocodile tears when they do not even believe in what they advocate? We have been marking time long enough on this matter, Mr. Speaker. Everyone will agree that it is always with some apprehension that one sees the dentist's needle or knife, but what a relief when the bad tooth or the pain is gone!

It is the same with the constitutional issue. Let us act right now. Let us put an end to those endless discussions which are consuming us all. Let us give ourselves the tool, the key, the wrench to tune up our engine in order to avoid failures and needless delays. Often a new piece of equipment will cause much disruption and negative reactions among the people affected in a plant, for example. But after a while, those same people will swear by that new equipment. Likewise, our newly patriated constitution will enable us, with the agreement of the provinces and the people, to bring about the changes we deem necessary and advisable and to give ourselves a charter of rights designed to protect everything our fellow citizens hold

as most sacred so as to eliminate to the greatest extent possible any possibility of injustice just as were eliminated in the past, through good will, smallpox and the plague. Injustice is debasing just as racism is offensive to human dignity.

An hon. Member: True!

Mr. Tousignant: No economic situation whatsoever, as for the individual the want of a job, his age, the early loss of a loved one or a personal handicap, no event whatsoever can justify that such a thriving nation like Canada will not put all its citizens on an equaal footing and act accordingly. It would be unforgivable, Mr. Speaker, not to settle down to this task or, should I say, this noble cause.

An hon. Member: The hon. members opposite do not believe that.

Mr. Tousignant: To recall the words used by the Right Hon. Prime Minister when he was quoting Péguy, those who pride themselves on having clean hands, Mr. Speaker, are those who have no hands.

An hon. Member: Hear, hear!

An hon. Member: How true!

Mr. Tousignant: As far as we are concerned, Mr. Speaker, at least nobody will be able to accuse us of having shirked our responsibilities. We do not hesitate to set our hands to the plough and that is exactly what right-thinking Canadians expect of us.

I am glad to see that the parties in the House have agreed to seek the opinion of the Supreme Court about the legality. Still I deplore the fact that we have to operate against tradition and contrary to our responsibilities. As legislators our role is to enact laws since that is why we exist, and that is precisely why people elect us; the role of the courts is to judge only after the laws have been adopted by Parliament. However, we had to make a few concessions to the Leader of the Opposition. We gracefully accept knowing as we do how clever he is at always flying in the face of common sense.

An hon. Member: His electors will make him grow old.

Mr. Tousignant: In conclusion, as conscientiously and as honestly as I can, I want to pay homage—I think that the people across the aisle ought to listen carefully to these comments. Mr. Speaker, I want to commend several Progressive Conservative and NDP members who, from the outset of the debates, have demonstrated their objectivity and broad-mindedness and who have tackled this issue as intelligent people would.

An hon. Member: There are not many, but there are some.

Mr. Tousignant: There are several.

They are at peace with their conscience and they never did yield to partisan temptation and to chauvinism.

For instance, I have in mind the hon. member for Rosedale (Mr. Crombie), to name only one, but I could commend several others. They made sound and level-headed interventions and gave us their unrelenting support since the beginning. I want Canadians to know that we have had the support of several Progressive Conservatives and of most NDP members since the debates began. That is not what they would have the members opposite believe, for there are many divisions within that party. From the outset, Mr. Speaker, we have had the support of several Progressive Conservative and NDP members, unrelenting, open and honest support for this project, and their approach has been a precious and priceless contribution to the understanding and enlightenment of the Canada of today, for which we all entertain hopes, and of the Canada of tomorrow for the generations to come. All the great works which remained unpublished are not worth much more than the paper on which they were written. If we are responsible men and women, let us at least have the courage to afford future generations the possibility of judging us.

• (1710)

Mr. Dubois: Mr. Speaker, as—

[*English*]

An hon. Member: What the hell goes on now?

The Acting Speaker (Mr. Ethier): The Chair would like to be informed at this time of one or two things. Perhaps the Chair has been misled—not intentionally, I hope—but I thought there was an understanding when there was a switch a while ago from the hon. member for Témiscamingue (Mr. Tousignant) to the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty). I was informed that there was an undertaking by the two major parties that the two following speakers would be Liberals. If I am incorrect, I would like to be corrected by hon. members. I was told there was an agreement to that effect. If not, I will alternate parties, as I am supposed to do.

Mr. Collenette: Mr. Speaker, I explained what happened earlier. There was a bit of a mix-up; it does not matter who was at fault, but we allowed the hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) to speak even though, following our normal practice of rotation, it was the turn of the hon. member for Témiscamingue, a Liberal. Subsequent to that, I had a conversation with the hon. member for Burlington (Mr. Kempling), the Conservative whip, and I asked if it would be all right if, after the hon. member for Témiscamingue spoke, we could correct the order of rotation by having the hon. member for Lotbinière (Mr. Dubois) speak followed by a Conservative member so that the normal 50-50 ratio would be followed.

That was the understanding I had, and that is what I indicated to Your Honour. That was my understanding; we discussed it.

members, especially opposite, who at the time said most emphatically that the flag now standing on your right, Mr. Speaker, would divide the country. Quite the contrary: today one can say to the Canadian people, and the whole population of two other countries, that this magnificent flag has decidedly brought us great national pride and pride of independence compared to what we felt before. Finally, in 1980, the Parliament of Canada adopted the national anthem. I hope and trust that in the near future we shall pass an act making July 1 Canada Day. So, patriation of the Constitution, that is, the fact of bringing it home, becomes the last step on the road to full independence. That is why, Mr. Speaker, this situation is very important.

I feel, therefore, that those few remarks can answer the question of why we should patriate our constitution. Now, to the next question: Why renew our Constitution? It is quite obvious that the situation in 1867 was entirely different from what it is today. The constitution of 1867 allowed the Canadian federation to flourish in peace and freedom; it promoted the growth of the population and the economy as well as social and cultural development in all parts of the country; but our needs have changed, Mr. Speaker. It no longer meets our aspirations, our needs; it must be thought out anew, reshaped and reworded in keeping with today's reality. It still contains, doubtless, several good points that could be rejuvenated and combined with new elements to form a truly Canadian document that meets current needs.

What are the faults and weaknesses in our Constitution? Our written constitution is, to a large extent, made up of British parliamentary laws. We have not yet managed to bring back those laws to Canada, nor to update them; they somehow still bear the stamp of a colonial past. A large part of our Constitution is scattered throughout a multiplicity of acts, several of which are quite unknown to the Canadian people. Those are two weaknesses in our Constitution. The distribution of powers between the federal Parliament and the provincial legislative assemblies, as written in the British North American Act of 1867, is neither as specific nor as functional as we might wish it to be. There is no bill of fundamental civic rights and freedoms in the Constitution, Mr. Speaker. Finally, the language rights are not sufficiently guaranteed and the amending formula is not properly defined in the constitution, and we must always appeal to the British Parliament to have some sections amended. All this is therefore evidence to all Canadians of the reasons why we must renew our Constitution and really break away from our colonial past.

Another important matter, in my opinion, is the repatriation procedure. What was the situation in the past to allow the repatriation of our Constitution? Was something done? Were there actions or meetings in order to achieve this? Mr. Speaker, for close to 54 years, Canadian political leaders have been looking for an amending formula without which repatriation would be nothing more that a symbolic gesture. What have past positions been, Mr. Speaker? Is the present situation totally unprecedented or, if there have been previous attempts to bring about the unanimity which is said to be essential today, was our Constitution successfully repatriated and made a Canadian law through the various formulae that have been discussed, with the unanimity rule that many consider to be still valid today? There was of course the 1964 Fulton-Favreau formula which required unanimous consent for changes to some sections of the constitution, such as those dealing with power distribution.

Many other amendments could have been made with the consent of two-thirds of the provinces representing 50 per cent of the Canadian population. The Fulton-Favreau formula did not succeed in bringing about the required unanimity. We then had the amendment formula of the Victoria Charter in 1971 which required regional consent to amend the provisions of the Constitution, in other words, the assent of two Atlantic provinces, of Quebec and of Ontario, and of two Western provinces representing 50 per cent of the population of the region.

After the latest amendments introduced in the House, this formula is partly the one included in the resolution, Mr. Speaker, with some variations concerning the Atlantic provinces. The matters of 50 per cent of the population and the Western provinces are no longer mentioned. We also had what occurred in Toronto, in 1979, when the members of the standing committee of ministers on the Constitution asked that unanimous consent be required to change any amendment formula and any provision concerning provincial ownership of natural resources and provincial jurisdiction. For all other matters included in the Constitution, this formula required the consent of at least seven provincial legislative assemblies representing at least 85 per cent of the Canadian population. Finally, we had the Vancouver consensus which concerned a formula based on a proposal made by Alberta during the constitutional discussions of the summer of 1980. This proposal required the assent of Parliament and of the legislative assemblies of two-thirds of the provinces representing at least 50 per cent of the population. As for the questions related to the powers and the rights of a legislative assembly and the assets or properties of a province or its natural resources, the said province would have been able to opt out of an amendment which had not been approved by its own legislative assembly.

In spite of all this, Mr. Speaker, no agreement was reached. We have not been able to agree on patriation of our Constitution with an amending formula. There have been many exchanges and suggestions of giving certain powers to the provinces. For instance, there is the matter of family law. I am somewhat familiar with this issue as I was able to work in this field in my law practice. At first, we were told that there would be an agreement and that the provinces as a whole would agree to take over this field of jurisdiction. But once again, some of the provinces said: "We are not ready, we are

The problem is not actually with respect to the ratio between Liberal and Conservatives. The problem arose yesterday in accommodating my friends in the New Democratic Party and the subsequent speech this afternoon by the hon. member for Broadview-Greenwood.

However, I must insist at this point in time, after having informed the Deputy Speaker yesterday that we will be following our normal ratio of speakers, that the hon. member for Lotbinière must speak so that we preserve the normal left-right balance. According to the conversation I had with the hon. member for Burlington, the hon. member for Lotbinière will speak next, and when he finishes, a Conservative member will follow.

Mr. Kempling: That is right, Mr. Speaker. I confirm that that is the arrangement we have made so that we can return to the normal balance we had arranged previously.

[*Translation*]

Mr. Jean-Guy Dubois (Lotbinière): Mr. Speaker, now that everything is settled, I would like to address myself to a situation that goes back to 1927. Many of my colleagues on this side of the House as well as members from across the aisle have expressed their views on the Constitution and have tried to explain why they should or should not support the resolution.

As member for Lotbinière, Mr. Speaker, I too want to contribute to this debate, and ask and try to answer some questions with respect to the resolution which is now before Parliament. Fairly regularly for almost 54 years now, we have been discussing the Constitution, the changes that ought to be made, the amendments that ought to be included, the provisions that would so to speak eliminate disparities. It was high time, I think, that the debate on this resolution should come to a conclusion and action be taken with regard to our Constitution in order to make it a true Canadian Constitution and make Canada a truly independent nation.

An hon. Member: Speak the truth!

Mr. Dubois: That is exactly what I intend to do. I think we should ask ourselves a few questions with respect to this constitutional issue. Why patriate? Why renew our Constitution? Third, how should we patriate?

Fourth, what types of rights and freedoms should be protected? Why indeed should we patriate our Constitution? As citizens of an independent nation which has come to maturity, many Canadians believe that the time has come to patriate our Constitution so we do not have to petition the Parliament of another country every time we wish to amend it. I think that having to depend on another country whenever we want to change the fundamental law of our land, which contains the provisions that concern all citizens and regulate our Canadian parliamentary system, smacks of colonialism without giving that word a derogatory meaning.

We all know that the British North America Act is the constitutional basis of the Canadian federation. The resolutions binding together New Brunswick, Nova Scotia, Ontario and Quebec were passed by the delegates of those four provinces without the involvement of any British representative. The Fathers of Confederation decided on their own to ask the British Parliament to pass an act approving these resolutions. But whatever fulfilled the needs of Canada in 1867, Mr. Speaker, no longer, I think, corresponds to present conditions.

It is worth mentioning, and I have done so on a number of occasions to my constituents, that the British North American Act lists at least six areas which do not fall under the jurisdiction of the Canadian Parliament. It is really a somewhat special situation. Here we have Canada, a sovereign state which claims to have reached maturity and achieved independence, with a number of constitutional areas which do not fall under the jurisdiction of the Canadian Parliament. There are the powers of the provinces' legislative assemblies. Next, there are the rights and privileges granted to a provincial government or legislative assembly. Third, there is a minimum of rights guaranteed to both the French and English languages. Fourth, the right to separate schools. Fifth, the obligation for Parliament to sit at least once a year. And sixth, the obligation for Parliament not to sit for more than five years. To make changes in those areas, the government of Canada must obtain the assent of the British Parliament. The British Parliament, however, has never turned down any amendment wanted by Canada. In most cases, Canada has sought the advice of the provinces before asking the British Parliament to amend a provision of the British North America Act.

Now, what about the requirement to go through London to amend the Constitution? I think that this requirement weighs heavily on the pride of a great many Canadians, who feel that this is not only an embarrassment but an outright national shame. Let us examine the stages of our evolution as a country, which previous speakers have fully described in this Chamber and which I should like to summarize now, Mr. Speaker.

• (1720)

In 1931, Canada's independence was confirmed by the Statute of Westminster; in 1949, the Supreme Court of Canada became the court of last instance and the Parliament of Canada acquired the power to amend the Canadian constitution except in the six areas which I enumerated earlier. In 1952, a Canadian citizen was appointed for the first time Governor General of Canada; in 1965, Canada chose its national flag. Some hon. members who were already in the House at the time can bear witness to the intensity of the debate and to the fact that many situations were presented as causes of division in Canada.

The right hon. Prime Minister (Mr. Trudeau), in his speech on March 23, recalled some of the words spoken by hon.

not sure this should not stay within federal jurisdiction." Thus, this offer was made but no agreement was reached.

• (1730)

How could we, Mr. Speaker—

An hon. Member: They do not want to agree with anybody.

Mr. Dubois: How can we break the deadlock? Family law is but one example, and there could be others. How then can we break the deadlock? No previous suggestion has received unanimous consent from such a large number of organizations, trade unions, municipal councils or other bodies where decision-making is a collective procedure. Do we require unanimous consent to pass a regulation, a resolution or an act? In most trade unions, a 50 per cent majority is good enough. Some might say that such a comparison is unsound, since what is at stake in this resolution are our rights as citizens and the powers of the legislatures. But, generally, it can be said that nowhere is unanimous consent required. And some people still insist that unimous consent is mandatory. The government of Canada decided, therefore, to table before Parliament a proposed resolution for patriation with an amending formula.

The resolution says that all amendments to the BNA Act which can only be made in London at the present time, will have to be passed unanimously by Parliament and the legislative assemblies or governments of all the provinces, until an acceptable amending formula is decided along the lines of any of the three following manners. I want to point out, Mr. Speaker, to quite a number of Canadians and to my constituents that many people have been saying: "Good, the House of Commons is going to vote on the patriation of the Constitution." The text will be sent to London and then; a good many people thought that everything would be settled then, that there would be no discussions and no problem whatsoever thereafter.

Here is what we expect to do, Mr. Speaker. If the federal and provincial governments reach a unanimous agreement on a formula within the next two years, that formula will be adopted. To facilitate the reaching of such an agreement, a constitutional conference of prime ministers will be held each year until a formula is agreed upon and put into force. That is provided for in the resolution.

Should the provinces and the federal government fail to agree unanimously on a formula while seven or more provinces representing at least 80 per cent of the Canadian population—originally, the resolution asked for eight provinces, but the minister of Justice (Mr. Chrétien) proposed an amendment on that subject in January—agree, within the two years following the patriation of the constitution, on an amending formula that would meet the demands expressed in the resolution, that formula as well as another one resembling that of Victoria would be proposed to the Canadians who would have to elect one through a referendum. Some say that powers are taken away from or given to the federal government, but I think powers are given to the people of Canada when a referendum is held on a matter which would pit the provincial governments against the federal government. However, the federal government could then propose its own formula instead of a modified version of the Victoria formula. Finally, and that would be the third stage, should the provincial governments not have any alternative to present at that time, a formula resembling that of Victoria would automatically be put into force two years after the patriation of the Constitution.

Generally speaking, this formula would require that all amendments to the Constitution be approved by Parliament or provincial legislatures or, through a national referendum, by a majority of voters representing a majority of the provinces, that includes every province that at any time had a population of at least 25 per cent of the population of Canada, two or more provinces of the Atlantic provinces and two or more of the western provinces. That is the way, Mr. Speaker, the Canadian government has decided to break the stalemate. As I said earlier, Mr. Speaker, there will be three choices open following patriation: Consultation and discussions will take place for two years and if an agreement is possible, the amending formula will be accepted as such. Otherwise, there will be a referendum and eventually the implementation of the Victoria formula. As I said earlier, that is the way the Canadian government thought it could break the stalemate.

Now, with this Constitution and its patriation, what are the classes of rights and liberties that ought to be guaranteed? As mentioned in the resolution I think Mr. Speaker that some rights and freedoms must be protected by the federal and provincial governments. To name but a few: fundamental freedoms, democratic rights, mobility rights, minority language educational rights, judicial guarantee, rights to non-discrimination and another element that the Canadian government suggests is very important and I agree with that, is the right to use official languages, thus giving a status to French and English as well as equal rights and privileges as to their use in parliamentary institutions and within the Canadian government; making sure that the Official Languages Act is institutionalized, that it is enshrined in the Constitution, to me is very important. Some have said in certain cases that we should not have a charter of rights and only patriate the Constitution without an amending formula or even a charter of rights. As the Right Hon. Prime Minister pointed out on March 23 in his speech to the House, opinion polls have been conducted and they show the following results: On August 6, 78 per cent of the respondents stated they wanted Canada to have its own Constitution written and adopted by the Canadian people.

To this other question: "Should the Constitution protect fundamental human rights?", 91 per cent answered yes. Asked whether they wanted the Constitution to guarantee minority language rights, 81 per cent answered "yes". As far as the

charter of rights is concerned and this is very important, Mr. Speaker, I want to remind you that at the special constitutional committee hearings, out of 75 witness groups, 54 supported the entrenching of a charter of rights in the Constitution. Mr. Speaker, these figures speak for themselves and if they are not eloquent, I do not know what is. I do not know where one can find as high a percentage of people who support the entrenching of a charter of rights. Mr. Speaker, those are the few questions about the Constitution which I wanted to answer. Those are the ones I wanted to elaborate on.

As far as the text itself is concerned, obviously there were some clauses, some points which have been emphasized strongly. Let us go down the resolution clause by clause or let us consider the whole package of clauses before the House. For example, from clause 1 to 16, the question of fundamental rights, the freedoms of conscience, of faith, of thought, of press and other information media, the freedom to hold peaceful meetings are dealt with. But, Mr. Speaker, who, in this House, could be against such rights? Can one be against freedom of association? It is provided for in the proposed resolution. Can one be against democratic rights as provided in clause 3? Mr. Speaker, can one be against mobility rights in Canada?

Mr. Speaker, can one be against those legal rights under which everyone has the right to life, liberty and security of the person? Can one be against those rights, Mr. Speaker? But those rights are granted in the proposed resolution, Mr. Speaker! Can one be against those rights and say: Everyone has the right not to be arbitrarily detained or imprisoned? Can one be against those rights, Mr. Speaker, and say: Everyone has the right on arrest or detention to be informed promptly of the reasons therefor?

As a lawyer, as a representative of my riding, when I see that very important provision for Canadians, I wonder who could be against those rights that will be entrenched in the Constitution of Canada. To retain and instruct counsel without delay and to be informed of that right! Can one oppose that? Such guarantees are to be found in the proposed resolution, Mr. Speaker. Has anyone the right to object to the provision under which everyone has the right not to be subjected to any cruel and unusual treatment or punishment? Mr. Speaker, those provisions are to be found in the proposed resolution. Now, Mr. Speaker, I would like to deal with clause 31, the clause relating to equalization which says: Commitment to promote equal opportunities.

Mr. Munro: It has existed for 20 years!

Mr. Dubois: Very good if it has existed for 20 years, because the poorer provinces made the most of it. British Columbia or Nova Scotia might have benefited from it. What is the purpose of those things which can be institutionalized, enshrined in our Constitution? It it precisely to promote equal opportunities for all Canadians in their search for well-being. That is provided for in the resolution, Mr. Speaker.

I am coming to these sections to comment on the resolution in general. There might be flaws in our resolution. But if we look at it in general, at all the rights it guarantees, we can see that for instance section 31 provides that the Parliament and the provincial legislatures will be able to promote equality for all Canadians, to stimulate economic development, to reduce the inequality of opportunities and to provide an appropriate standard of living and essential services for all Canadians; it is all provided for in the resolution. Considering this section and sections 32 and 41 I mentioned a moment ago about constitutional conferences on an amending formula, I think that is, generally speaking, a package that I can accept and support.

In concluding, Mr. Speaker, I would like to point out that according to many people, we should have kept on debating the constitution. Now, there is a political situation and also a judicial situation. Courts have already judged two against one on the legality of the action. It was said, of course, that these judgments were also a kind of a political action. The Supreme Court will hear the case on April 28. Many people might have said: "Well, now Manitoba has judged the government right." And it was said about Manitoba: but it ended three against two, so it might not be that clear! Mr. Speaker, according to the little experience I acquired in eight years of practice, when a case is submitted to a court of five judges, a judgment rendered by three against two is still a judgment. Mr. Speaker, considering the whole of this resolution, I think it was time to do something about our Constitution and try to bring it home. Considering the whole resolution as it is, I for one say that we should support it and do what has to be done to make our country sovereign and independent.

• (1740)

[*English*]

Hon. Michael Wilson (Etobicoke Centre): The building of a Constitution should contribute to the building of a nation. The creation of a Constitution can and should develop the respect and pride in the whole of one country, something so necessary to a federal state. The principles of unity and loyalty which should naturally flow from a new Constitution are sadly lacking in this national debate.

We are, instead, being forced to fight a race against time to meet the Prime Minister's (Mr. Trudeau) deadline against the will of over 60 per cent of the Canadian population and eight of Canada's premiers.

We would be under an idyllic illusion if we tried to arrive at a unanimous point of view on all parts of our Constitution. We are a diverse nation in a fast and changing world; difference of opinion is our right and our privilege. That is the reason we need a flexible amending formula.

But we should not hold one level of government at a higher level in this federal state if we wish to achieve a sufficient degree of consensus that will give a new Constitution the

degree of support it must have among the partners in our Confederation. How can we expect Canadians to display loyalty for their country when they see one level of government imposing its will over the others? Canada is a federal state, not a unitary state. Alterations to the Constitution affecting basic relationships between the national and provincial governments will never be acceptable on a unilateral basis in a federal state. It is illogical. It ignores the reality of Canada. It is unacceptable.

A Constitution must bind people together, give them a common cause and provide a focal point for the sense of devotion to their country. This "imposed" Constitution will not provide that. It will not move this country to a greater sense of unity. It will commence its existence mired in controversy. Future progress toward agreement on matters of fundamental importance such as division of powers and new federal institutions will be delayed and possibly even thwarted by this stormy birth.

At a time when Canada needs a great store of good will on which to build our future, this Constitution will cause ill-feelings towards the federation of Canada.

Felix Frankfurter very wisely observed that "In a democratic society like the United States, change must come through an aroused popular conscience that sears the conscience of the people's representatives." Where are the consciences of the people's representatives today, particularly those on the other side of this House? This government is certainly not representative of all of Canada when it talks about the Constitution. It is moving far too hastily to unilaterally impose a law on this country, a law which should be the very basis and foundation of the laws in the country. It is a law which should awaken the consciences of Canadians to the greatness of our country, to the expanse of its potential. It must not be a law which Canadians must pass "holding their noses", in the hope that over time we will come to respect it. That respect must derive immediately from the law itself and the means of passage. It must not be seen as a symbol of dominance of one level of government over another. It must not be seen as the dominance of a distant government over the regions of the country. It must be passed with enthusiasm as a first step to a great future.

We have the choice today to make the constitutional proposals workable within our present federation. We can proceed with patriation, we can proceed with passing an amending formula which is acceptable to all of the provinces, and in due course we may proceed to a truly Canadian charter of rights respecting the many rights and freedoms which our country has today.

We have the opportunity today, because of the arduous work of many parliamentarians working on the constitutional committee and debating in the House of Commons, to allow the Prime Minister to take his responsibility to all Canadians seriously. I ask him to reflect upon the amendments presented by our party last night, which were introduced in this House of Commons to improve the constitutional proposals now before Parliament.

● (1750)

Our omnibus amendment to the constitutional proposals is based upon respect for our federation. Our amendment contains proposals to protect the federal nature of Canada and to strengthen the charter of rights and freedoms. We urge support of our amendments based on reason and through consensus of our population.

Rather than the divisive amending formula currently put forward in the constitutional proposals, we define the consensus necessary to bring home and change the Constitution as being the partnership of the federal Parliament and the legislatures of two-thirds of the provinces representing 50 per cent of the population.

We propose an opting-out formula that is limited to protecting provincial powers that have existed since confederation.

In our amendment yesterday, we proposed again the preamble of the Diefenbaker Bill of Rights affirming the supremacy of God, the worth of the individual, and the position of the family in a society of free individuals.

We propose and encourage all representatives to recognize the right of Canadians to enjoy property. This is a fundamental right and should be incorporated into a charter of rights. Recognizing the importance of property, the Diefenbaker Bill of Rights tried to ensure the right to own and use property and to ensure that no one could take property from individuals unless it was done legally with a fair hearing. The denial of this right has caused great concern among Canadians, including many of my constituents in Etobicoke Centre.

Why has it been omitted? It has been omitted because the NDP did not want it in as it might restrict the right of the government to expropriate property. Why has the government acquiesced? We have the clear example of why the government has acquiesced in a piece of legislation that is before us today, namely, Bill C-48, in which the government proposes to expropriate, without compensation, 25 per cent of the properties that have been developed by companies in northern Canada under the laws that existed at the time. It amounts to retroactive expropriation without compensation. That is why the government has not moved to put that proposal in the charter of rights as it stands today. I urge the inclusion of the right to own property in any charter of rights put before this House for a vote.

In our omnibus amendment and pursuant to the charter of rights, we proposed a section affirming that "notwithstanding anything in the charter, the rights and freedoms set out are guaranteed equally to male and female persons." This amendment should be readily accepted by all sides of the House. This injustice was corrected through an amendment in the other place by Conservative senators who clearly felt it urgent to correct this injustice prior to the constitutional proposals being rushed out of either chamber.

In a new section which we propose, questions of conscience should not be bound by this imposed charter of rights and, therefore, nothing in it should affect the authority of Parliament to legislate in respect of abortion and capital punish-

ment. These moral issues should be left to the legislators of the day to represent the views of their constituents and to reflect changing moral values in society.

We are asking this Parliament to add a new clause to Section 54 to recognize the monarch. The only means of amending the Queen's position within the Constitution would be through a proclamation issued by the Governor General and authorized by resolutions of the Senate and the House of Commons.

To improve the constitutional proposals, my party has proposed amendments which more clearly reflect the views of Canadians. It is obvious that we would have preferred the Prime Minister to continue to improve the proposal through ongoing discussions with the premiers or through a consideration, early in the process, of the amendments we put forward at the committee stage. This would have been more reflective of a confederation. It is clear that the Prime Minister, in his headlong rush to pass the Constitution, is not interested in bargaining, either with us or with the provinces. This unreasonable position will result in the balkanization and greater regionalization of our country.

The Prime Minister has repeatedly based his case for unilateral action on the constitutional convention that the British Parliament must act upon a request from the Canadian Parliament to amend the BNA Act. This is an important convention. When we look at the whole question of unilateral action, we must consider the legal side and the political side. I am going to deal first with the legal aspect.

Apart from that first convention, there is another equally important convention. In those areas of constitutional change which affect federal-provincial relationships, the consent of the provinces and the federal government is required. The basis for this has been clearly established through the years.

Two authorities, at least, tie the two conventions together. The first is the 1964 white paper on the amendment of the Constitution, the first principle of which was that action by the British Parliament should be taken only upon formal request by the Parliament of Canada.

The fourth principle set out in the white paper which is the second convention that I wish to refer to is that the Canadian Parliament will not request an amendment affecting federal-provincial relationships without prior consultation and agreement with the provinces. Clearly, realization of the second convention must precede the first.

Prime Minister Louis St. Laurent, speaking in 1949 of the need for an amending procedure in order to make amendments affecting federal-provincial relations, said:

> It will be much preferable to secure agreement on the method to make the future changes, and when we do secure that agreement we shall have to make one more pilgrimage to the Parliament at Westminster—
>
> If and when we can get agreement with the provinces we will have one last amendment made by the Parliament at Westminster—

It is true that there have been amendments made to the Constitution without the formal consent of the provinces. What is relevant is the nature of the amendments for which consent was not sought and whether or not consent was sought and given on amendments affecting federal-provincial relationships.

Let us examine the latter category. I have a couple of examples. In 1930, when the jurisdiction over resources was given to western provinces, the agreement of those provinces was obtained. A year later, in 1931, the statute of Westminster was specifically amended in Section 7 to protect the provinces from potential unilateral action by the federal Parliament. At that time, the federal solicitor general of the day said:

> We admitted the fact, suggested by the Premier of Ontario, that our Constitution was really an agreement made between the provinces after full consultation and discussion, and we consented that the provinces should be consulted before any amendment or imperial statute should be passed.

At the same time, the then premier of Ontario said that the confederation of the provinces of Canada was brought about by the action of the provinces; that our Constitution is really the crystallization into law by an imperial statute of an agreement made by the provinces after full consultation and discussion, and that the province of Ontario held strongly to the view that the agreement should not be altered without the consent of the parties to it.

My final example occurs in 1940 when unemployment insurance was transferred from the provinces to the federal Parliament. Again, consultation and consent was unanimous.

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

BUSINESS OF THE HOUSE

Mr. Collenette: Mr. Speaker, a point of order. Following the exchange that occurred after question period between the President of the Privy Council, the hon. member for Nepean-Carleton and the hon. member for Winnipeg North Centre, there have been discussions about not holding private members' hour tomorrow and instead, continuing with the constitutional debate between five and six o'clock.

Mr. Baker (Nepean-Carleton): Mr. Speaker, I gather that this discussion concluded affirmatively in favour of using that hour. I think that is the purport of what my hon. friend said and that is agreeable.

Mr. Knowles: Mr. Speaker, I suggested it and I still agree.

The Acting Speaker (Mr. Ethier): It is agreed, and so ordered, that private members' hour tomorrow be suspended.

Mr. Collenette: Mr. Speaker, I think we should thank the hon. member for Vaudreuil who forfeited his right to proceed.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order please. It being six o'clock p.m., this House stands adjourned until 2 p.m. tomorrow, pursuant to Standing Order 2(1).

At 6 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, April 23, 1981

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*Translation*]

HOUSE OF COMMONS

EXPRESSION USED BY MR. STOLLERY—REQUEST FOR WITHDRAWAL—MOTION UNDER S.O. 43

Mr. Ron Stewart (Simcoe South): Madam Speaker, I rise pursuant to Standing Order 43. The hon. member for Spadina (Mr. Stollery), the pinball player, has introduced the word "hatred" in the House. I do not hate any person or race, and I find the word "hatred" abhorrent.

I move, therefore, seconded by my friend the hon. member for Bow River (Mr. Taylor):

That the hon. member for Spadina, if he has not the courage to do so himself, be compelled to apologize for using this four letter word in the House.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

NORTHERN RESOURCES

CALL FOR ESTABLISHMENT OF JOINT COMMITTEE—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The Yukon, the Mackenzie Valley, the Beaufort Sea and Arctic Island hydrocarbon and mineral resources are being increasingly delineated. The ownership rights, further discovery and delineation, development and transportation of these vast resources to markets present Canada with a major challenge and will set the stage for the future well-being of the northern half of this nation. Therefore I move, seconded by the hon. member for Western Arctic (Mr. Nickerson):

That a joint committee of the Senate and the House of Commons be established to examine and report on the ownership rights of such resources, the programmed development of such resources, the appropriate transportation systems for delivery of such resources to markets, and the desirable nature of community development in the high Arctic.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL SECURITY

INQUIRY INTO ESPIONAGE ACTIVITIES—MOTION UNDER S.O. 43

Mr. Otto Jelinek (Halton): Madam Speaker, I rise under the provisions of Standing Order 43. Earlier this week the Prime Minister (Mr. Trudeau) refused to initiate an inquiry into ongoing espionage activities in this country in favour of his obvious band-aid, and hit and miss approach. His argument that the previous government should have dealt with the matter is an absolute cop-out since many new revelations, including the sudden disappearance of relevant documents, did not surface until he was back in office.

In view of these and other new revelations, including the arrest just this week of Norbert Scheinflug, an East German suspected of spying in both West Germany and Canada, I move, seconded by the hon. member for Edmonton North (Mr. Paproski):

That this House be instructed to initiate forthwith, a full-scale inquiry into espionage activities being conducted in and against this country.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIVE RIGHTS

SETTLEMENT OF LAND CLAIMS—MOTION UNDER S.O. 43

Mr. Peter Ittinuar (Nunatsiaq): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Yesterday the National Energy Board approved construction of the Norman Wells pipeline. In 1977 Mr. Justice Berger recommended a ten-year moratorium on the development of a pipeline in the Mackenzie Valley. The Dene nation has consistently opposed development before the settlement of comprehensive claims, and the government of the

Northwest Territories, the city of Yellowknife, and the Dene and Metis of the Northwest Territories have all expressed serious reservations about this project. Therefore I move, seconded by the hon. member for Beaches (Mr. Young):

That the federal government fulfil its responsibility to northerners by settling comprehensive claims in the Northwest Territories before approval of development projects such as the Norman Wells pipeline, to ensure that certain items are not pre-empted or precluded from claims negotiations by the existence of these projects.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

COMPENSATION FOR ONTARIO WHEAT PRODUCERS—MOTION UNDER S.O. 43

Hon. John Wise (Elgin): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the disastrous outbreak of vomitoxin which ravaged the 1980 Ontario winter wheat crop, resulting in a financial loss of some $17.4 million to some 15,000 producers in Ontario, I move, seconded by the hon. member for Huron-Bruce (Mr. Cardiff):

That the Minister of Agriculture instruct his officials to develop, as quickly as possible, an assistance plan which would compensate these producers for their financial losses from a disease over which they had no control.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

FOWL PROCEEDINGS—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise under S.O. 43 to speak on behalf of the 1.5 million innocent hens in Canada who face capital punishment for being overproductive, probably the only success story of increased productivity under the Trudeau administration. I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the Canadian consumer be made aware that:
A million and a half hens should pay for no crime
Because they are productive all of the time.
Off with their heads, ordered lean "Mean Gene"
For egg on his face could make him a "has been".

Some hon. Members: Oh, oh!

Madam Speaker: The hon. member has a knack of lifting the spirits of the House on motions under Standing Order 43.

• (1410)

METRIC CONVERSION

EFFECT ON SMALL BUSINESS—MOTION UNDER S.O. 43

Mr. Laverne Lewycky (Dauphin): Madam Speaker, I rise on a matter of urgent and pressing necessity. Whereas small businessmen in constituencies such as Dauphin and Selkirk-Interlake are faced with undue hardships under the proposed mandatory metrication procedures, and considering that the present Machiavellian legal sanctions and extreme Shylock-type penalties are discriminating to small businessmen and women, I move, seconded by the hon. member for Selkirk-Interlake (Mr. Sargeant):

That this government move immediately to remedy this situation for small businessmen and women.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

BUSINESS OF THE HOUSE

PROGRAMS AFFECTING MINORITIES—MOTION UNDER S.O. 43

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, pursuant to Standing Order 43 I seek the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

In view of the fact that in his annual report the Commissioner of Official Languages accused the government of having successfully distracted attention from the more than necessary reforms which are needed in the programs and essential services for the minorities, I move, seconded by the hon. member for Vancouver Quadra (Mr. Clarke):

That the government cease to delude public opinion in Canada, discard its constitutional package, and come to grips forthwith with the need to improve its programs and services to the minorities.

Madam Speaker: This motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

EXCISE TAX

EXEMPTION FOR FIBREGLASS PRODUCT—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I rise to move a motion under the provisions

of Standing Order 43. Schedule III of the Excise Tax Act exempts insulation products from tax if their "R" value is greater than 2.4, yet Fiberglas Canada Inc. advertises its super pink as having an "R" value of 2.1 and is tax exempt. I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the Minister of National Revenue explain in a statement on motions why Fibreglas Canada Inc. has tax exempt status for its product, even though it fails to meet the criteria but gets unfair advantage over its competitors.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

OFFICIAL LANGUAGES

RECOGNITION OF WORK OF LANGUAGE COMMISSIONER—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, I rise under the provisions of Standing Order 43 to ask for the unanimous consent of the House and introduce a motion dealing with an important matter of urgent and pressing necessity.

Following the publication of the tenth annual report of the Commissioner of Official Languages who stated that the performance of the Liberal government, and I quote:

—remains a mixed bag of piecemeal reactions—

and following the response of the President of the Treasury Board (Mr. Johnston) who considers that the conclusions of the report are exaggerated, I move, seconded by the hon. member for Winnipeg-North-Centre (Mr. Knowles):

That the federal government take all the necessary steps to implement a consistent language policy and that the ministers of this government take more seriously the excellent work performed by our Commissioner of Official Languages.

Madam Speaker: The introduction of such a motion requires the unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

THE ECONOMY

INCREASE IN INTEREST RATES—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Today the Government of Canada broke a new record with the new Bank of Canada rate being 17.40 per cent, the highest rate ever. This rate indicates that the government has lost control. I point out that bankers' acceptances in the United States yesterday were 14.9 per cent. We cannot even borrow money on "T" bills for less than 17.15 per cent. The same applies when we compare our "T" bill rate with the United States. Therefore I move, seconded by the hon. member for Vancouver Quadra (Mr. Clarke):

That the Minister of Finance, who is clearly incapable of financing the present deficit without paying higher and higher interest rates thus forcing up money costs to home owners and businesses and consumers, either present a new budget indicating a new way to come to grips with the economic problems of the country, or resign.

Madam Speaker: Is there unanimous consent for such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

NORTHERN IRELAND—HUNGER STRIKE BY ELECTED REPRESENTATIVE BOBBY SANDS—MOTION UNDER S.O. 43

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Considering that the impending death of IRA hunger striker Bobby Sands, who is now on the fifty-fourth day of his fast, would only serve to exacerbate an already explosive situation in Northern Ireland; whereas the response of the British government to rioting has already taken two young people's lives; and considering that Mr. Sands has been democratically elected to the Parliament of Great Britain, I move, seconded by the hon. member for Burnaby (Mr. Robinson):

That this House urge the Prime Minister of Great Britain to make maximum efforts to resolve this conflict and not make Bobby Sands yet another martyr to the Irish people.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1415)

ORAL QUESTION PERIOD

[*English*]

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE—STEPS TO PROTECT HOUSEHOLDERS

Hon. James A. McGrath (St. John's East): Madam Speaker, this morning at her press conference the Minister of

National Health and Welfare, in announcing a continuation of the ban on urea formaldehyde which she announced on December 17, said, and I quote, "The government is victimized by a lack of knowledge."

The minister knows that she was advised by a report of a committee that was given to her in June, 1980, of the health hazards of this product, and again in another report on December 8 on which the decision was based. The committee said:

> The committee is therefore not prepared to recommend any level of formaldehyde exposure as inherently safe.

That was the final report released today. My question therefore to the minister is this. What steps does she propose to take to protect the health of the quarter million or more Canadians who live in anywhere from 60,000 to 100,000 homes which have had this insulation installed, many of them under government licence through the CHIP program?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, we have estimated the number of Canadian homes insulated with UFFI at between 60,000 and 80,000. According to the data we now have, most of them are problem free. We will be making an assessment to determine the exact number of family units which may have badly installed foam. This will be done through a survey conducted by the Department of Energy, Mines and Resources by sampling 800 of these houses.

Mr. McGrath: Perhaps the minister might tell the House how she was able to determine that these homes were problem free before the sampling that she just announced is undertaken. How has she satisfied herself that these homes are problem free when the report states that any level of gas from this substance is dangerous, and when she announced in her press statement this morning, and I quote:

> —it can produce allergic responses in sensitive individuals. It has also been shown to produce cancer in laboratory animals.

That is a very serious problem. The minister knows that the state of Massachusetts has already banned it and that the United States government has taken steps. Now she tells us she has nothing to offer the one quarter million Canadians who are stuck holding the bag because she says she has been short-changed.

Miss Bégin: Madam Speaker, I do not think that shouting or looking emotional will help—

Some hon. Members: Oh, oh!

Miss Bégin: —anybody understand exactly the meaning of the ban we are confirming today. Canada is the first western world country to ban the use of UFFI in insulating houses. We announced it first as a temporary ban on December 17, based on the best knowledge we had and as soon as we received it.

The responsibility of the health minister is to inform Canadians of exactly what we know and what we do not know. The considered opinion of the committee of experts was that it was better to risk losing some jobs for Canadians and to announce a ban on the use of that foam. That is what we are doing.

As I stated in my first answer, the department received complaints before I announced the ban. Since the temporary ban of December 17, the problems have been extensively discussed through a lot of media coverage. This informed the public, who in turn told us of their problems, or made inquiries. That is how we know that the UFFI was properly installed in many homes and will not cause health problems.

REQUEST THAT NATIONAL SURVEY BE CONDUCTED

Hon. James A. McGrath (St. John's East): We are concerned and my colleagues will express concern at what has happened to the thousands of jobs that have been lost. But if I express any emotion, Madam Speaker, it is on behalf of the hundreds of thousands of Canadians whose health could be seriously threatened.

• (1420)

Some hon. Members: Hear, hear!

Mr. McGrath: Surely, Madam Speaker, that is the responsibility of the Minister of National Health and Welfare. I would ask her this question. She knows that the U.S. government has already started public hearings preliminary to announcing a ban; she knows that at least two states banned it over a year ago; she knows this problem was flagged about seven or eight years ago in the Government of Canada, and she knows there have been three different government departments involved in this, yet she has not acted, and today she tells us—

Madam Speaker: Order, please. The hon. member, especially on a second supplementary question, should ask a precise question.

Mr. McGrath: Madam Speaker, I would like to ask the minister what she can tell Canadians in about 60,000 to 80,000 homes who are exposed to this potentially dangerous gas? The only consolation they have is instruction from the minister to call their nearest regional health office. Is she going to undertake a national survey to determine just exactly the extent of the health hazard? That is a simple question, Madam Speaker.

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I want to correct again a few facts which are wrongly put forward by the hon. member. The United States has not banned the use of UFFI. The Consumer Products Safety Commission has only recommended prohibition, and we do not know what the new administration will do with that recommendation. I want the record straight. When the member speaks of a long period of time over which information was kept from the public, that is false. I want to put the record straight again.

As soon as we collected enough expert evidence that formed a body of knowledge for an opinion permitting us to ban, we immediately moved to action. There was one week of interval

between the report and the first announcement. I received the second report this weekend, and the announcement is made today. I am telling Canadians the symptoms they may suffer, and I repeat "may suffer". I have written an information letter to all doctors in Canada. I am asking the co-operation of the public and of everyone on this question.

WARNING ISSUED BY DEPARTMENTAL OFFICIAL

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, as a preface to my question to the Minister of Consumer and Corporate Affairs on this very serious subject, I should like to point out to the Minister of National Health and Welfare that several American states have banned urea formaldehyde foam insulation.

My question to the Minister of Consumer and Corporate Affairs is this, Madam Speaker. A warning was issued in 1978 by Dr. Richard Viau, head of the chemical and fire safety program in the minister's department, as follows:

> People should think quite carefully before installing this product in their homes . . . Formaldehyde is a very irritating chemical and exposure can lead to headaches, allergies and a whole gamut of other problems.

In view of that warning, can the Minister of Consumer and Corporate Affairs explain to this House why, when his department knew about this threat in 1978, the government proceeded to finance this home insulation program under CHIP grants, why was his official ignored, and why should the consumer now be left holding the bag?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, I do not quite understand the questions asked by the hon. member since the government has banned this product and since we have again today maintained this ban.

[*English*]

REQUEST FOR AID TO HOUSEHOLDERS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, the point of the question is that the minister's own department knew and issued a warning about the health risk of UFFI. The Minister of National Health and Welfare said during her news conference this morning that the government was victimized by a lack of knowledge about UFFI, and yet, as I pointed out, several American states have conducted extensive studies, and Canadian authorities did have knowledge of a potential problem with this stuff.

● (1425)

I ask the minister again: now that the government has proof that UFFI is a health risk, what leadership will the minister's department give to consumers to help Canadians determine whether they know or how they know their homes may be problem-free? Does the minister not believe that the government has, at the very least, a moral obligation to assist householders out of this mess, or is the minister just going to tell consumers, "You are on your own now"?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): I am sorry, Madam Speaker, I understood that in his preamble the hon. member had addressed his question to my colleague, the Minister of Consumer and Corporate Affairs. I shall repeat to him what I said earlier.

[*English*]

I never said that the government was victimized. I explained at the press conference, in answer to a question, that cases of chemicals about which all of us have limited knowledge will surely be on the increase in our complex society. I explained that the government in that respect did not have access to more knowledge than the consumers, and that there is no point in accusing people of having acted in bad faith. The important process of government involved here is to inform the public fully as soon as the information reaches the government, which is what we have done. I have explained that we did write a letter to doctors, that we have publicized extensively the symptoms of health conditions which are the result of living in homes insulated with UFFI. The National Research Council has put out booklets explaining ways of fixing such houses.

* * *

NATIVE RIGHTS

NORMAN WELLS PIPELINE DECISION—REQUEST FOR SETTLEMENT OF NATIVE LAND CLAIMS

Mr. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Minister of Energy, Mines and Resources. Yesterday the National Energy Board recommended that the Norman Wells pipeline be constructed along the Mackenzie River, which decision is completely contrary to the recommendations of the Berger report, which said that no such pipeline should be built until the land claims of our native people in that part of the country are settled. I would like to ask the minister to give the House the government's unequivocal assurance that no such pipeline will be constructed until those land claims are settled.

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I think the Leader of the New Democratic Party should be aware that we received notice of the National Energy Board decision almost contemporaneously with its press release announcing it. I have assured George Erasmus and the Dene Nation that once that press release announcing the decision of the National Energy Board was made known, I would be joining with my colleague, the Minister of Energy, Mines and Resources, in taking the matter to cabinet. There will be no decision to proceed until it has been decided by the government, and that process is just starting now. In the meantime, prior to proceeding to the cabinet for a decision on the matter, consultations will be held. I will be having consultations with the Dene and other people

in the Northwest Territories who feel seriously affected by this decision, during the month of May, probably about the middle of May.

Mr. Broadbent: Madam Speaker, the minister took three minutes not to answer the question. Will he now, after telling us about all the deliberations the government will undertake, assure the House and the native people who live in that part of our land and who had their expectations legitimately raised by the positive support given to the Berger recommendations by the majority of Canadians all over this land, that the government will not proceed with that pipeline until those claims are settled?

Mr. Munro (Hamilton East): Madam Speaker, I cannot give the hon. member that type of assurance because the matter has not yet gone to the government for a decision. I am sure the hon. member does not expect me to make a unilateral decision before the government has had a chance to be seized of the question.

As far as the land claims are concerned, we have appointed a negotiator to negotiate land claims settlements and, of course, the possibility exists, after the consultations come to a conclusion, that land claims may not be affected by this particular development at all. I think at least the opportunity should be explored to determine whether or not that is a fact.

• (1430)

REQUEST FOR GUARANTEE OF CLAIMS SETTLEMENT

Mr. Edward Broadbent (Oshawa): Madam Speaker, I would like to ask a question of someone who can speak for the government, that is, the Prime Minister. I hope he can speak for the government.

Given the importance of this issue and the past positions indicated by the government in previous debates, which tended to give support to the moral claims of our people in that part of our land, will the Prime Minister offer his assurances to the House and, to use an old phrase, will he give an ironclad guarantee which will stand up, that before we proceed with this pipeline the legitimate moral claims of our native people will be met in terms of a land settlement?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, when we appointed the Berger commission it was because we wanted to have many independent sources of information on this matter. We have that now. The matter has been before the country for several years, now, and I understand that the matter of the claims has made progress. As the minister said, it is in progress now. But we do not know when it will be settled.

I agree with the minister completely, we cannot just make an open ended statement of the kind that the Leader of the New Democratic Party requests. We will certainly attempt to pursue negotiations and bring them to a conclusion as soon as possible. I do not think we could undertake to wait forever. That should be clear.

HOUSE OF COMMONS

PRESENCE IN GALLERIES OF COMMONWEALTH SPEAKERS

Madam Speaker: I would like to draw the attention of the House to the presence in our galleries of the Speakers of the Commonwealth countries who are attending the Sixth Commonwealth Speakers' Conference, which Canada has the honour to host.

Some hon. Members: Hear, hear!

* * *

HAZARDOUS SUBSTANCES

TESTING OF UREA FORMALDEHYDE BY CANADA MORTGAGE AND HOUSING CORPORATION

Mr. Doug Lewis (Simcoe North): Madam Speaker, my question is for the minister responsible for housing and CMHC. At a press conference this morning the Minister of National Health and Welfare stated that the government was a victim of a lack of knowledge with regard to urea formaldehyde foam insulation. Surely CMHC must have done some testing on the product before approving its use under the Canadian Home Insulation Program. I would like to ask the minister responsible for housing whether CMHC was also the victim of a lack of knowledge? What testing was done by CMHC before unleashing this product on Canadian home owners?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, my colleague, the Minister of National Health and Welfare, has already addressed the allegation with regard to the word "victimizing", and I refer the hon. member to her answer on that point.

In so far as CMHC and testing is concerned, when the temporary ban was announced, of course CMHC no longer permitted or encouraged the use of UFFI in the Canadian Home Insulation Program. In so far as the tests up to that time are concerned, I think the minister indicated as well, and most people know, that the issue was one which was not settled and that on the basis of the information in that study, a temporary ban has been adopted by this government. I think I can add little more than that, except that the evidence at this point indicates to the government that it ought not to permit the use of this material.

Mr. Lewis: Madam Speaker, I would submit that the evidence indicates that CMHC ought not to have approved the use of this material. The Minister of National Health and Welfare stated that the government had no plans to compensate those people having problems with UFFI in their homes. The government's CHIP acceptance number gave this product credibility. Does the minister and his department not feel a sense of responsibility to Canadian home owners who have put this product into their homes, aided and abetted by federal government money and federal government approval?

Mr. Cosgrove: Madam Speaker, the hon. member began by answering the question with the answer given by my colleague, the minister of health. I can add nothing further.

* * *

THE ECONOMY

EFFECT OF INCREASE IN BANK RATE

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is for the Prime Minister. It touches on a matter of government policy. As the Prime Minister is undoubtedly aware, the bank rate at two o'clock today was set at 17.4 per cent, up 5.6 per cent since the last budget was introduced—a jump of almost 50 per cent as far as interest rates in this country are concerned. Would the Prime Minister indicate whether such a high interest rate structure was contemplated when the budget was brought in by the government last October? If so, would the Prime Minister indicate whether the government anticipated the tremendous hardships which have subsequently occurred as a result of his high interest rate policy, to home owners, consumers, small businessmen, and the farmers of this country?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, if the hon. member takes the trouble to reread the budget speech of the Minister of Finance, he will realize that the Minister of Finance realistically told all Canadians that the main enemy for the Canadian economy this year was inflation and that we had to unite our efforts to fight it. As far as the monetary policy is concerned, the approach of the Bank of Canada, which has the support of the Minister of Finance, is a gradual approach. We know that a new technique is being used to adjust the interest rate and that we have a floating rate which reflects inflationary pressures and forecasts when the rate is set at the auction every Thursday.

On the other hand, I would like the hon. member to note that the government clearly stated to the Canadian people that the fight against inflation was extremely important and that it was concerned about the unfavourable effects of inflation. This is why the Minister of Finance maintained indexation in this same budget, as it represents several million dollars more in purchasing power for Canadians. The government has also clearly indicated by increasing the guaranteed income supplement that it wants to help those who need it most and who suffer the most from inflation in our society. The government is therefore aware of this situation and is taking action to rectify it.

[*English*]

GOVERNMENT PLANS TO ALLEVIATE EFFECTS OF HIGH INTEREST RATES

Hon. Sinclair Stevens (York-Peel): Madam Speaker, if I may, I would like to go back to the Prime Minister, who apparently does not deign to speak to such lowly members of this House and who only deigns to speak to members at Westminster on questions of constitutions.

Perhaps the Prime Minister could deal with a more economic related subject. Would he not agree that it has now been demonstrated that his high interest rate structure is actually fuelling inflation and not dampening it? If he agrees that it is fuelling inflation, would he indicate whether or not it is the government's plan either to lessen the present level of interest rates in this country or bring in suitable measures to relieve the pinch being felt by the small businessman, the farmer, or those who have to buy homes or renew their mortgages.

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, the hon. member should tell us where he stands. The government has taken a gradual approach to decreasing the monetary supply precisely to reduce inflationary pressures. Would the hon. member want the government to have a much more radical policy to reduce even more quickly the M-1 fork and the money supply? Would the hon. member want us to reduce the deficit much more quickly, which would prevent us from helping those who need housing, such as our senior citizens, or those who need aid because their incomes are lower and would he want us not to apply indexation to family allowances? Would the hon. member want us to take radical action and make everyone suffer, or would he prefer that we have a more liberal approach such as the one we have used to try to help those who need it most while maintaining a realistic policy to fight inflation?

* * *

• (1440)

TEXTILES AND CLOTHING

DATE OF ANNOUNCEMENT OF NEW POLICY

Mr. Irénée Pelletier (Sherbrooke): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce.

The minister recently indicated that he intended to announce the government policy on textiles in the very near future. Does he really intend to announce the Canadian textile and clothing policy within the next few days?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, the new policy has to be determined by the government. We have already made considerable

progress and I trust we shall be able to announce the new policy within a few weeks.

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

STEPS TO IMPROVE COMMUNICATIONS WITH FIELD OFFICERS

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is directed to the Solicitor General. In testimony yesterday before the McDonald commission by former RCMP Commissioners Higgitt and Nadon, it was revealed that they and the then solicitor general misled members of the House of Commons as to RCMP practices relating to wiretaps in criminal investigations. As an internal document prepared then stated, there was a gaping abyss between policy and practice and in fact the law was being violated.

What steps has the Solicitor General taken to ensure that this kind of massive breakdown in communication, to put it in its best light, between the RCMP in the field and the Solicitor General will not occur today? What specific mechanisms has the Solicitor General in place to assure members of Parliament that they and the Solicitor General are not being misled by senior RCMP officials about matters of RCMP practice in the field?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, to begin with, as the hon. member knows, I will not comment on the day to day matters which are being reviewed by the McDonald commission. I am looking forward to the completion of its work which is scheduled for May 15, and which I continue to believe is the date on which the government will receive its final report.

An hon. Member: Oh, come on.

Mr. Kaplan: As to changes that have taken place in the organization of the relationship between the Solicitor General and the force, a great deal will depend on our consideration of the recommendations which will be coming from the McDonald commission. But in the meantime, as I have indicated frequently in the House and when I have appeared before the Standing Committee on Justice and Legal Affairs, I maintain the closest possible relationship between myself and the RCMP and the security service to assure that I am being kept fully informed about the operations of the force and the operations of the security service, to be sure that their activities are lawful, that they are appropriate, and that the operational policies which are in place and which I have constantly under review are in fact being obeyed.

SOLICITATION OF SUPPORT FROM PROVINCIAL ATTORNEYS GENERAL

Mr. Svend J. Robinson (Burnaby): Madam Speaker, some of us think that the relationship at times is a bit too close. It was also revealed yesterday at the commission hearings that RCMP commissioner Higgitt in 1973 was attempting discreetly to solicit provincial attorneys general for their endorsement of the RCMP's views on wiretap legislation then before Parliament.

My supplementary question is: in view of this clear attempt to do an end run around the then solicitor general and to subvert the parliamentary process at the time, will the Solicitor General inform the House whether the present commissioner or his officials have, either directly or indirectly, solicited provincial attorneys general for their support for RCMP views on proposed legislation on RCMP review, or mail opening? Will the minister tell the commissioner that any such activities are completely unacceptable to this Parliament?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, if I felt it were necessary, I certainly would tell that to the commissioner, because the RCMP should not be engaging in political advocacy. But I can assure the hon. member that their policy is not to do so, and I am satisfied from discussions we have had on the subject that they do not do so.

* * *

PIPELINES

NORMAN WELLS PIPELINE—IMPLEMENTATION OF NATIONAL ENERGY BOARD DECISION

Mr. Dave Nickerson (Western Arctic): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. It is on the same subject as that of the hon. member for Oshawa, namely, the NEB recommendation respecting the Norman Wells pipeline. My question is from a slightly different perspective.

Contrary to what the hon. member for Oshawa said, I can assure the minister and the House that this report was favourably received in the north and received a wide measure of public support.

An hon. Member: By whom?

Mr. Nickerson: Can the minister assure the House that he will proceed as expeditiously as possible to reach a cabinet decision to implement the NEB report? Can he give us an estimate of when that decision will be reached?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I heard the representations of the hon. member. It is obvious to the whole House that they are quite opposite to the representations of the Leader of the NDP. But my answer to the Leader of the New Democratic Party stands, that consultations will be held. Now that we know the decision of the National Energy Board, consultations will be held with all those people who feel seriously affected by this decision. After those consultations have been held, I will, combined with my colleague, the Minister of Energy, Mines and Resources, go to cabinet with an assessment of the situation for a decision by the govern-

ment. I am not sure how long those consultations will take, but I think they can be concluded probably in the month of May.

Mr. Nickerson: Madam Speaker, because the Minister of Energy, Mines and Resources seems to be stricken with a special dumbness today—

Some hon. Members: Oh, oh!

Mr. Nickerson: —I will direct my supplementary question to the Minister of Indian Affairs and Northern Development.

An hon. Member: What is your explanation?

Mr. Nickerson: First of all, I wonder if the minister could use his good offices, especially the recently established one in Yellowknife, to ensure that reports of this nature, which affect the area for which he has regional ministerial responsibilities are distributed simultaneously in the north as they are here in Ottawa.

Second, is the minister aware that in order to maximize the benefits, both by way of employment and entrepreneurial opportunities, for local people in the north, a decision must be made pretty quickly on this matter?

Third, in its report the NEB addressed itself to the problem of additional funding which is necessary for the government of the Northwest Territories to provide the proper territorial and municipal services that this type of development necessitates. Has the minister taken this into consideration?

Mr. Munro (Hamilton East): Madam Speaker, I assure the hon. member that all the factors he enumerated in the House today will be taken into consideration before the government makes a decision.

* * *

METRIC CONVERSION

OPPOSITION BY GROCERS AND SMALL BUSINESSMEN

Mr. Bill Domm (Peterborough): Madam Speaker, my question is directed to the Minister of State for Small Businesses and Tourism. It arises out of a question which I asked him on April 13, as reported at page 9199 of *Hansard*. I asked whether the minister would start to respond to the concerns of small businessmen in Canada against this forced march to metric. The minister responded by saying that he was convinced he spoke for Canadian small businesses, that his contacts indicated that they are in support of this, and that the Canadian small business sector "will benefit enormously from metric conversion in Canada".

In light of the fact that 4,000 members of the Canadian Federation of Retail Grocers and 3,800 members of the Canadian Organization of Small Businesses, not to mention all the corporate food chains in Canada, are opposed to metric, would the minister now retract his answer to my question on April 13 and agree that the majority of the people of Canada do not want metric on January 1, 1982?

Some hon. Members: Hear, hear!

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, not only shall I not take back the answer I gave earlier but I should like to inform the House that, as the hon. member probably did too, I had a very fruitful meeting with the president of the Canadian Federation of Retail Grocers as well as the president of the Canadian Organization of Small Businesses. The discussion we had in no way indicated that those two organizations were opposed to the metrication of balances in the retail food business; on the contrary, they said they recognized the inevitability of conversion. They simply asked that with them I look into the possibility of setting another time schedule and of finding other means of easing into conversion.

• (1450)

[*English*]

COMPOSITION OF METRIC COMMISSION

Mr. Bill Domm (Peterborough): My supplementary question flows out of the statement by the Minister of State for Small Businesses and Tourism that the march to metric is inevitable. I would like to address my question to the Minister of Industry, Trade and Commerce. I wonder if the Minister of Industry, Trade and Commerce would examine the structure of the food sector of scale conversion before it meets next Tuesday and confirm to this House at the earliest opportunity that that metric section is made up of a majority of foreign countries manufacturing metric weigh scales. There are more of them than those in the retail food business. After examining that, would the minister report to this House on why foreign multinational weigh scale manufacturers have more votes in the metric commission in deciding on this matter than do those in the retail food business?

Some hon. Members: Hear, hear!

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, my colleague, the Minister of State for Small Businesses and I are working closely together in the implementation of this program—

Mr. Baker (Nepean-Carleton): That explains the problem.

Mr. Gray: —in a way that is sensitive to consumer and small business needs and in the best interests of the Canadian economy. I am very happy to continue to support him in these efforts which will be in the long-term and short-term interests of the small business sector as well as of the economy, and will strengthen our over-all capacity in meeting competition in world markets.

[*Translation*]

OFFICIAL LANGUAGES

GOVERNMENT PLANS TO DEAL WITH FAILURES LISTED BY COMMISSIONER

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, my question is for the Prime Minister. In his annual report, the Commissioner of Official Languages states, and I would like to quote these two sentences:

—it is clear that in staking so much time and effort on the constitutional card, the Government not only produced a negative reaction in some quarters but effectively missed out on other opportunities for advancing minority rights. Indeed rather than using the occasion to lead by example and to work with the provinces to improve programs and services vital to the minorities, the federal government may have succeeded instead in diverting attention from much needed reforms.

My question is as follows: could the Prime Minister tell the House what he intends to do about the disturbing failures which the Commissioner of Official Languages pointed out in his report?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think that could be discussed in the appropriate committee, and I understand that our House Leader will move, on motions, that the report be referred to that committee. There are many things to be said about the report, and they will be said before the committee. But for the time being I find it surprising that hon. members should ask us our position with regard to this charge that we have not done enough to protect minorities. The charter contains all kinds of provisions to protect language minorities, to name only those. But I am happy to state now that, with the consent of the opposition, the next step could be to try to get Ontario to comply with section 133. I do hope that we will have unanimity in the House when the time comes to press for that.

Mr. Clarke: Madam Speaker, I am a member of the committee to which the Prime Minister referred. Does the Prime Minister intend to shelve this report next to the Pepin-Robarts Commission report?

Mr. Trudeau: Madam Speaker, I am very happy to see this renewed interest on the opposition's part in discussing matters related to the Official Languages Act. As I just said, in about five minutes we will move that this report be referred to the joint committee. I am delighted to know ahead of time that we can count on the active and positive co-operation of the official opposition with a view to improving the official languages situation in this country.

AIRPORTS

GOVERNMENT INTENTIONS RESPECTING APPLICATION OF NEW FUEL COSTS POLICY

Mr. Robert Gourd (Argenteuil-Papineau): Madam Speaker, my question is addressed to the Minister of Energy, Mines and Resources. Following statements by an official of the Department of Transport to the effect that Mirabel airport seems clearly disadvantaged with regard to fuel costs they charged to carriers compared to carriers using Toronto and western airports, can the minister tell the House whether he intends to implement a new policy on fuel costs designed to favour Canada as a whole without for all that putting the largest airport in North America, namely Mirabel, at a disadvantage?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, in his October 28 budget, the Minister of Finance indicated to the House that he intended to implement a tax on fuel used by all aircraft on internationl flights. This would put all Canadian airports on the same footing with regard to international flights. Within five minutes or so, I intend to table a ways and means motion designed to implement the decision announced by the Minister of Finance in his budget speech. This should deal fully with the problems raised by the hon. member and put Mirabel on exactly the same footing as any other airport in Canada. In fact, Mirabel was not the only airport concerned but all eastern airports were in the same situation which is somewhat different from that of airports west of Toronto.

* * *

[*English*]

PETRO-CANADA

METHOD OF FINANCING ACQUISITION OF PETROFINA

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I have a question for the Minister of Energy, Mines and Resources. It has been widely reported that the minister intends to implement a tax on gasoline in order to pay for the takeover of Petrofina. I would like to know why the Minister would choose to use that particular measure, given that it can only add to the already difficult to cope with inflationary spiral, given that it would add to the price of every single consumer product in Canada, given that it will add to the cost of transportation for every Canadian, instead of—

Some hon. Members: Oh, oh!

Madam Speaker: Order, please.

Mr. Baker (Nepean-Carleton): Flip-flop.

Madam Speaker: It would be helpful if the hon. member would not make a speech, but would just ask a question.

Mr. Deans: Why would the minister choose that approach rather than impose an excess profit tax on companies which are already ripping off the Canadian consumer?

Some hon. Members: Oh, oh!

An hon. Member: Tax PetroCan!

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the hon. member must have been absent from the House when the budget was read. In that budget we imposed an 8 per cent tax which is having a very significant impact upon the cash flow of oil and gas companies, as the hon. member knows.

Some hon. Members: Oh, oh!

Mr. Lalonde: We have never denied that. This was done because we felt that the national government was entitled to a greater share of the resources from the oil and gas companies than it was getting before, and we have done that. At the same time, we also indicated in the National Energy Program that we wanted to expand, very significantly, Canadian ownership in the oil and gas industry, and in particular also to expand the public ownership on behalf of all Canadians, and that in order to achieve this purpose, to pay for those acquisitions, a Canadian ownership charge would be imposed which would be paid by all consumers of oil and gas in this country, who would, in the end, be the beneficiaries from the larger Canadian ownership in the field. We intend to do this, and I intend to introduce a ways and means motion today to achieve that purpose so that Canadians will own a larger share of that industry.

• (1500)

Mr. Deans: As a supplementary question I would ask why it is that the Minister would not impose the tax at the gasoline pump to recover the money that was piggybacked onto the price of gasoline by those self-same oil companies at the time of the last increase, and use that method to recover the money for the Canadian consumer that is now going into the pockets of the oil companies that are already making record profits, rather than impose another tax that can only work a hardship?

Mr. Lalonde: Madam Speaker, if the hon. member has looked at the most recent quarterly reports of the various oil and gas companies he will have found that the rate of the profit is not a record. Last year there was a record rate. The taxes that have been imposed by the Minister of Finance in his budget on October 28 have made a significant bite into the profits of the various oil and gas companies. As far as we are concerned, we intend to introduce a Canadian ownership charge as foreseen under the National Energy Program and, contrary to the NDP, we do not believe that you can get something for nothing in this world.

Oral Questions

INCOME TAX

TREATMENT OF FISHERMEN ON EAST COAST

Mr. Mel Gass (Malpeque): Madam Speaker, my question is directed to the Minister of National Revenue who, on April 10 and 13, assured this House that the fishermen of Atlantic Canada would be treated fairly and reasonably in the method of collecting back taxes. The House will note that the minister gave his word just as the people of Cardigan, P.E.I., were preparing to vote in a byelection. Within days of that byelection, the fishermen of P.E.I. started receiving demands for payment in full within 15 days, or they would face legal action.

Considering the fact that 347 Newfoundland fishermen have had third-party demands of up to 50 per cent of their gross fishing revenue placed with the prossessors who normally buy their landings, and that writs have been issued by the Supreme Court of Newfoundland to seize land, homes and trucks—

Madam Speaker: Order, please. I thought the hon. member was telling me that he was just asking a question, but he went on with the preamble. It is the question we need.

Mr. Gass: These actions, Madam Speaker, were initiated by the hon. member for Grand Falls-White Bay-Labrador, who is the Minister of National Revenue—

Madam Speaker: No, no. When I ask the hon. member to put his question, he must do that right away.

Mr. Gass: Does the minister consider this fair and reasonable treatment of the fishermen of Atlantic Canada?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, when I hear the kind of question that is asked on that side of the House, it makes me even more proud that the electors of Cardigan had the good sense to elect a member to this side of the House.

Some hon. Members: Hear, hear!

Mr. Rompkey: I note they did that even though the audit was in progress.

The points that have been raised are a distortion. It is not true that a fixed amount of assets or income is set for any one fisherman. Every fisherman is treated differently, as every taxpayer is treated differently. The department tries to come to an accommodation for payment based on the means of the individual to pay. There have also been distortions from some politicians in Newfoundland that I do not intend to answer in this House, but I will at a later date.

Mr. Gass: Madam Speaker, the minister does not seem to be aware of what is going on in Newfoundland. He should read the papers in his home town tomorrow.

Will the minister assure the fishermen of Atlantic Canada again that they will be given sufficient time, and that is what they are asking for, to make orderly payment on their revised assessments, taking into consideration their other legitimate commitments, their ability to pay, and the economic hardship

that may result to the detriment of the individuals and the community as a whole? Will they be given time to pay?

Mr. Rompkey: Madam Speaker, I will repeat what I said before, that the fishermen will be treated fairly and squarely as are all taxpayers in Canada. I want to say again that their cause is not helped by members who distort the facts. I certainly intend to see that they get fair treatment, and they will.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Nepean-Carleton): Madam Speaker, this being Thursday, and because we will be leaving this evening after the House finishes business for the day to commence the Easter break, is the government House leader now in a position to indicate to the House the order of business for the first week of our return?

[*Translation*]

Mr. Pinard: Yes, Madam Speaker. As hon. members know, we will return here Tuesday, May 12 and, pursuant to the standing orders we have to set aside twelve opposition days between May 12 and June 30, which means that the government has to keep those opposition days in mind when planning House business. That is why in the first weeks after we return we will have no alternative other than to designate two days a week as allotted days. That is why as soon as we get back, even if it is only a four-day week, we have to designate Wednesday and Thursday as opposition days. On that Thursday we will hold a meeting such as the one we had this morning to try to set the order of business for Friday and the following week. As to the only day remaining in the first week after we return, a Tuesday, given the circumstances we thought it would be more practical to suggest that we complete the second reading debate on the bill concerning juvenile delinquents, Bill C-61, and if we have any time left on that first day, May 12, we will consider the bill to amend the Canada Elections Act to shorten electoral campaigns from two months to about a month and a half. That would be the proposed order of business for the first few days after we return; to sum up, on May 12, Bill C-61 followed by Bill C-58 if we have time. Then Wednesday and Thursday will be opposition days, and after that we will set the business of the House for the following days.

* * *

[*English*]

OFFICIAL LANGUAGES COMMISSIONER

REFERENCE OF REPORT TO SPECIAL JOINT COMMITTEE

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, before I sit down I should like to report that, further to our consultations earlier today, the House leaders have agreed to the following motion that deals with the report of the Commissioner of Official Languages that was mentioned during question period. I would therefore ask you to seek the unanimous consent of the House to the following motion:

> That the report of the Commissioner of Official Languages, tabled April 22, 1981, be referred to the Special Joint Committee on Official Languages and that a message be sent to the Senate to acquaint their honours thereof.

The arrangement is that this motion be agreed to without debate.

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, that matter was indeed discussed. There is anxiety on the part of all parties in the House of Commons that the report get to the committee for study, as was indicated today in question period, and we are prepared to concur.

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, we also agree to this motion and we agree to its being passed without debate.

I should like to put a question about House business after you ascertain the will of the House on this motion.

Madam Speaker: Does the House agree to give unanimous consent to the motion presented by the President of the Privy Council (Mr. Pinard)?

Some hon. Members: Agreed.

Madam Speaker: Agreed and so ordered.

Motion agreed to.

* * *

BUSINESS OF THE HOUSE

Mr. Knowles: Madam Speaker, to go back to House business, I suppose there is not a member in the House who could not predict the question that I want to put to the government House leader. We are going to be away for 18 days. That provides a number of opportunities for the cabinet to meet and approve of legislation to be introduced when we return. May we now have the assurance that one of the pieces of legislation to be introduced when we return will be the bill from the Acting Minister of Veterans Affairs regarding widows, and any other matters respecting veterans that may be in that legislation?

[*Translation*]

Mr. Pinard: Madam Speaker, the last time I indicated to the hon. member that his concerns had been conveyed to the minister responsible. Indeed I spoke with the minister responsible and I think that within a reasonable period after our return, we will be in a position to give a more definite answer and confirm to the hon. member for Winnipeg North Centre (Mr. Knowles) that his concerns are taken under very serious consideration.

THE ROYAL ASSENT

Madam Speaker: I have the honour to inform you that a communication has been received, which is as follows:

Government House
Ottawa,

April 23, 1981

Madam,

I have the honour to inform you that the Honourable Antonio Lamer, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 23rd day of April, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Madam,
Your obedient servant,

Edmond Joly de Lotbinière

● (1510)

[*English*]

Mr. Scott (Hamilton-Wentworth): Madam Speaker, I rise on a point of order so as to clarify the record at the earliest possible opportunity. My point of order arises from a quotation which my colleague the hon. member for Simcoe North (Mr. Lewis) and I used from the press conference given this morning by the Minister of National Health and Welfare (Miss Bégin). We suggested she had said the government was victimized by a lack of knowledge about UFFI. While I paraphrased what the minister said in my question, I am happy to place on the record now exactly what she did say this morning.

The minister was asked whether the government had a legal responsibility to home owners.

Madam Speaker: Order, please. This is really debate and I cannot allow it to be raised as a point of order.

Mr. McGrath: Madam Speaker, I do not want to anticipate what my colleague was going to say, but the point of order he was trying to raise was that the Minister of National Health and Welfare (Miss Bégin)—

Some hon. Members: Order.

Mr. McGrath: Perhaps, Madam Speaker, you will hear me out. Albeit inadvertently, the Minister of National Health and Welfare did mislead the House today when she denied having said what my colleagues quoted. That is a legitimate point of order; it is to correct the record.

Madam Speaker: It is not a legitimate point of order, it is debate. It is a different interpretation of what a member of this House had said. As it is not a legitimate point of order, I cannot recognize it as such.

Order Paper Questions

ROUTINE PROCEEDINGS

[*English*]

NORTHERN PIPELINES

Second report of Standing Committee on Northern Pipelines—Mr. de Corneille.

* * *

[*Translation*]

WAYS AND MEANS

TABLING OF MOTION RESPECTING PETROLEUM ADMINISTRATION ACT

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, pursuant to Standing Order 60(1), I should like to table a ways and means motion to amend the Petroleum Administration Act. These amendments will enable us to impose a levy which will be used to recoup the subsidies paid for fuel for international maritime and air transportation, as well as certain taxes which will be used to finance an increase in the Canadian public ownership of the gas and petroleum industry in Canada.

* * *

[*English*]

SUPERANNUATION AMENDMENT ACT, 1981

AMENDMENTS RESPECTING EARLY RETIREMENT OF AIR TRAFFIC CONTROLLERS

Hon. Donald J. Johnston (President of the Treasury Board) moved for leave to introduce Bill C-65, to amend the Public Service Superannuation Act and the Supplementary Retirement Benefits Act, in respect of the early retirement of air traffic controllers.

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

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,637, 1,703, 1,961, 1,983 and 2,124.

[*Text*]

CANADA PENSION PLAN—INVESTMENTS

Question No. 1,637—**Mr. Elzinga:**

1. What is the method of investment used to increase the Canada Pension Plan fund?

Order Paper Questions

2. What rate of interest are CPP funds, which have been invested in any way, currently receiving?

3. (a) Have any loans been made to the provinces from the funds and, if so (i) at what rate of interest (ii) what is the schedule for repayment (b) do any provinces owe money and, if so (i) by province, what is the debt owed, including interest (ii) have any asked that their debts or the interest thereon be forgiven and, if so, which ones?

4. What is the amount of readily available cash on hand in the fund?

5. What is the breakdown of (a) the annual interest owed on loans (b) investment of moneys from the fund for the fiscal year 1979?

6. Did the Department of National Health and Welfare carry out studies, either through their officials or with consultants, to determine if private pension plans are investing their funds in a proper manner and, if so (a) who carried out such studies (b) what were the conclusions?

7. (a) What rate of interest is being paid to private pension plans for moneys invested by them (b) is the average rate, in the department's opinion, a realistic one in today's economy?

8. What are the names of private sector businesses which offer pension plans whose funds are earning less than 5 per cent interest?

9. Is action being contemplated by the department to ensure that pension funds are properly managed and, if so, what is such action?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): 1. Canada Pension Plan contributions not immediately required to pay benefits and expenses are loaned to the provinces through the purchase of provincial securities. A province may borrow moneys from the fund to the extent of contributions received from that province.

2. The securities purchased by the Canada Pension Plan bear interest at the average market yield of 20 years outstanding obligations of the Government of Canada applicable at the time of issue of the security i.e., 12.5 per cent in October, 1980. The interest rate is published in the Canada Gazette upon the advice of the Minister of Finance.

The total investment of securities as at March 13, 1980, yielded an average interest rate of 8.4 per cent.

3. (a) Loans have been made to the provinces from the funds

(i) at the interest rates reflected in the list below, interest rate on investments purchased by month, calendar years 1966 to 1979.

(ii) the loans are for a term of 20 years.

(b) (i) The provinces owe funds as at September 10, 1980, including interest as follows:

Newfoundland	$ 352,845,000
Prince Edward Island	72,079,000
Nova Scotia	685,674,000
New Brunswick	511,395,000
Quebec*	85,552,000
Ontario	9,447,539,000
Manitoba	1,009,190,000
Saskatchewan	773,590,000
Alberta	1,757,931,000
British Columbia	2,578,140,000

* The amounts available to Quebec relate only to those federal employees, such as members of the Armed Forces, who are residing in the province but excluded by legislation from the Quebec Pension Plan.

(ii) No province has asked.

4. As at September 30, 1980, the amount of readily available cash on hand in the fund is $18,091,196,000 comprised of an operating balance of $681,968,000 and investment fund of $17,409,228,000.

5. (a) The weighted average rate of interest on securities issued during the fiscal year 1979 is 9.55 per cent. Since interest earned on investment made during the fiscal year 1979 has been fully collected, no breakdown is being provided.

(b) The investment of moneys from the fund for the fiscal year ended March 31, 1979, was as follows:

Newfoundland	$ 36,622,000
Prince Edward Island	7,537,000
Nova Scotia	68,176,000
New Brunswick	53,269,000
Quebec	7,324,000
Ontario	915,916,000
Manitoba	99,309,000
Saskatchewan	76,002,000
Alberta	185,459,000
British Columbia	260,506,000
Government of Canada	12,015,000

6. No studies were carried out or requested by the Department of National Health and Welfare.

7. (a) The Department of National Health and Welfare does not monitor the investment funds of private pension plans and so cannot comment on the amount or the appropriateness of interest rates paid.

(b) See part (a).

8. The department does not have the names of such funds for the reason given in the reply to question 7(a).

9. The department has no legal mandate to take such action and therefore none is being considered.

Interest Rate On Investments Purchased
By Month, Calendar Years, 1966 to 1979

Month	Year														
	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
	per cent	per cent	per cent	per cent	per cent	per cent	per cent	per cent	per cent	per cent	per cent	per cent	per cent	per cent	per cent
Jan.	—	5.61	6.44	6.92	8.17	7.54	6.76	7.26	7.47	8.63	9.14	9.02	8.98	9.82	11.24
Feb.	—	5.49	6.51	7.17	8.33	7.01	6.75	7.25	7.53	8.46	9.07	8.73	—	—	—
March	5.29	5.36	6.53	7.11	8.29	6.79	6.90	7.23	7.64	8.38	9.06	8.83	9.37	10.16	12.74
April	5.42	5.39	6.71	7.16	8.14	6.90	7.08	7.30	7.61	8.21	9.03	9.03	9.40	10.26	13.39
May	5.37	5.37	6.61	7.19	7.85	6.83	7.38	7.34	8.01	8.65	9.04	9.22	9.49	10.20	13.46

June	5.39	5.48	6.59	7.26	8.08	7.08	7.38	7.48	8.46	8.96	9.00	9.10	9.41	10.02	12.01
July	5.40	5.56	6.79	7.45	8.12	7.26	7.45	7.69	8.58	8.80	8.97	9.06	9.46	10.02	11.82
August	5.44	5.61	6.66	7.46	8.08	7.41	7.49	7.75	9.05	8.93	8.98	9.00	9.49	9.98	11.61
Sept.	5.48	5.61	6.44	7.47	8.00	7.54	7.50	7.52	8.92	9.16	9.07	8.99	9.36	10.22	12.55
Oct.	5.60	5.69	6.40	7.60	7.98	7.25	7.49	7.61	9.14	9.34	8.93	8.77	9.35	10.49	12.50
Nov.	5.51	6.14	6.62	7.94	7.91	7.14	7.51	7.58	9.25	9.48	9.25	8.88	9.46	10.68	—
Dec.	5.51	6.27	6.76	7.83	7.91	6.93	7.38	7.50	9.07	8.95	9.22	8.98	9.84	11.50	—

PERSONS DRAWING PENSION FROM PRIVATE PLANS

Question No. 1,703—**Mr. Herbert:**

What percentage of persons drawing pension from private plans are believed to be (a) fully indexed (b) partly indexed (c) on fixed pensions?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): There are no figures available on the percentage of private pensions-in-pay that are fully indexed or partly indexed.

Figures are available on the extent to which current contributors are in plans that provide indexation. In 1978, 32 per cent of all plan members were in plans that provided for automatic indexation: two-third of pension plan members in the public sector were in plans that provided automatic indexation compared to only 5 per cent in the private sector. Those in the private sector that were automatically indexed were generally limited to 2 per cent or 3 per cent annually. It must be emphasized that these figures relate to contributors only and do not bear any direct relationship to the number of pensioners currently receiving indexed benefits. Nor do they bear any direct relationship to the number of future pensioners who will receive indexed benefits.

MR. P. J. KIRKLAND—JOB DESCRIPTION

Question No. 1,961—**Mr. Cossitt:**

1. Did Mr. P. J. Kirkland, a deputy director of the Canada Labour Relations Board, write a memorandum to Mr. J. Drew, director general of the Canada Labour Relations Board dated November 26, 1980, furnishing at the request of Mr. Drew a description of his job and, if so (a) for what reason was such a description required (b) was Mr. Drew not aware of the duties of members of his staff (c) does the memo state in part "my apologies to you and Gerry for the delay" and, if so, who is "Gerry" and what is his job designation?

2. Is Mr. George Champagne connected with the Canada Labour Relations Board or any other branch of government and, if so (a) what is his connection and job designation (b) is Mr. Champagne mentioned in the memo?

3. Did Mr. Kirkland in his memo state in part "I put some emphasis on the northern part of my job . . . its a bit phony, inasmuch most of the good stuff we've done . . . in the past and won't be repeated" and, if so, what is a full explanation of this sentence and what are all the reasons that Mr. Kirkland would write a memo which he in part describes as "phony"?

4. Does the memo include the phrase "please feel free to tinker" and, if so, what was the recipient, Mr. Drew, supposed to "tinker" with?

Hon. Gerald Regan (Minister of Labour): 1. Yes.

(a) New position descriptions have had to be prepared for all management positions already classified at the PM-7 level of equivalent, for eventual conversion into the new management category, as per the announcement of the President of the Treasury Board, the Hon. Donald J. Johnston, on July 10, 1980.

(b) Yes he was. However, a well-known and classical way to elaborate a job description is to require the incumbent to prepare a draft of his own position.

(c) Yes. "Gerry" is Mr. Gérard Legault, deputy director, field operations (east), Canada Labour Relations Board, who holds a position and responsibilities in the eastern division of the board which are very similar to those of Mr. Kirkland. The apology by Mr. Kirkland was predicated upon the fact that the job description of both had to be filed at the same time and that of Mr. Legault was ready.

2. Yes and no. He is connected with the Canada Labour Relations Board but not with any other branch of government.

(a) Director, administration branch, Canada Labour Relations Board;

(b) Yes he is mentioned. His duties include participation in the co-ordination of the positions description, most specifically in the area of meeting and satisfying the requirements for format and wording of the Management Category Conversion Task Force and advising Mr. Drew, his supervisor, accordingly.

3. Yes; this sentence means that Mr. Kirkland and his staff have now completed two major projects the purpose of which was (i) to streamline the operational and adjudicative functions of the board with respect to the standardization of bargaining unit descriptions in the construction industry operating in the Yukon and Northwest Territories, and (ii) to determine the degree of compliance with Section 161.1 of the Canada Labour Code in the construction industry in the territories; Section 161.1 requires that unions operating hiring halls establish rules for the purpose of referring persons to employment, apply these rules fairly without discrimination and post the rules in a conspicuous area in the hiring halls; the use of the word "phony" was an unfortunate choice as Mr. Kirkland and his staff must now embark upon another major project which is similar in nature and which involves the determination of the degree of compliance with Section 161.1 of the code in the water transportation and longshoring industries in the west.

4. Yes. Mr. Drew was to ensure that the position description as drafted by Mr. Kirkland, accurately reflected the functions he is expected to perform on behalf of the Canada Labour Relations Board and then, to ensure, with the advice of Mr. Champagne and his staff, that the finalized position description met the specific requirements of the Management Category Conversion Task Force, and to make any appropriate

modifications to that effect. That is the extent of the "tinkering" referred to.

PERSONS DRAWING PENSION FROM PRIVATE PENSION PLANS

Question No. 1,983—**Mr. Knowles:**

1. How many persons are receiving pensions from private pension plans, such pensions being based on employment in Canada, and what is the average pension per month received by such persons?

2. Of those indicated in the answer to Part 1, how many (a) are having their pensions escalated annually at a rate equal to the rise in the Consumer Price Index (b) are having their pensions escalated annually at a lesser rate (c) receive no annual escalation of their pensions?

3. How many persons are contributing to or are enrolled in private pension plans based on their employment in Canada?

4. Of those indicated in the answer to Part 3, how many are in plans which provide (a) after retirement, for an annual escalation of their pensions at a rate equal to the rise in the Consumer Price Index (b) after retirement, for an annual escalation at a lesser rate (c) for no escalation, after retirement, of their pensions?

5. How many persons in Canada are receiving retirement benefits from annuities, insurance plans, retirement savings plans, or other schemes apart from employment-related pension plans, and what is the average amount per month received by such persons from such plans?

6. Of those indicated in the answer to Part 5, how many (a) are having such benefits escalated annually at a rate equal to the rise in the Consumer Price Index (b) are having their benefits escalated annually at a lesser rate (c) receive no annual escalation of their benefits?

7. How many persons in Canada are enrolled in retirement plans of all types other than employment-related pension plans?

8. Of those indicated in the answer to Part 7, how many are enrolled in plans which will provide, after the payment of benefits commences, for (a) an annual escalation equal to the rise in the Consumer Price Index (b) an annual escalation at a lesser rate (c) no escalation?

Hon. J.-J. Blais (Minister of Supply and Services): Statistics Canada is able to supply some information in response to parts 1, 3 and 4 of this question, but no data is available concerning parts 2 and 5 to 8 inclusive.

1. In the taxation year 1977 (the latest year for which data is available), benefits from private pension plans in Canada were received by 751,232 beneficiaries. The average benefit for 1977 was $3,185.00 per year (average monthly benefit is not available).

3. At the beginning of 1978 (the latest year for which data is available), participation in private pension plans in Canada was 4.2 million workers.

4. (a) 899,647 members participated in plans that provided for the annual escalation of pensions after retirement at a rate equal to the Consumer Price Index.

(b) 438,151 members participated in plans that provided for the annual escalation of pensions after retirement at a lesser rate.

(c) 2,855,446 members participated in plans that provided no escalation of pensions after retirement.

PRECIOUS METALS MARKING ACT—INSPECTORS

Question No. 2,124—**Mr. Nickerson:**

1. How many persons are presently designated as inspectors under the Precious Metals Marking Act and how many are customs officials?

2. How many assays are conducted annually by (a) the Royal Canadian Mint (b) other agencies or private firms in connection with the administration of the act?

3. How many (a) charges were laid (b) convictions were obtained, under the act during the last year for which figures are available?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs and Postmaster General): 1. There are 168 persons designated as inspectors under the Precious Metals Marking Act, none of whom are customs officials. A working relationship has been established between this department and Revenue Canada (Customs and Excise) for the administration of the act at Canadian points of entry.

2. In connection with the administration of the act, it is anticipated that the following approximate number of assays will have been conducted during the current fiscal year: (a) 400, (b) 100.

The above assays represent destruct analyses and do not include any screening tests, i.e., non-destructive scratch tests or acid tests performed by inspectors on a routine basis.

3. During the 1980 calendar year: (a) 88, (b) 32.

[*English*]

Madam Speaker: The questions enumerated by the Parliamentary Secretary have been answered.

Mr. Beatty: Madam Speaker, I indicated to the parliamentary secretary earlier today that at this time I would be raising question No. 1,852 with him. I placed this question on the Order Paper on December 9. It asks a simple question with regard to the chairman of the Canadian Film Development Corporation and his involvement with conflict of interest guidelines in the activities of his law firm. Last Tuesday night the chairman of the CFDC came before the parliamentary committee. He informed us that this information had been provided to the government some time ago but the government had not yet decided to table the answer in the House of Commons. I want to bring this matter to the attention of the parliamentary secretary. Could he tell the House when this question, which has been outstanding for over four months now, will be answered?

Mr. Collenette: Madam Speaker, following my conversation with the hon. member this morning, I am checking on the matter. I fail to understand why an answer has not been transmitted through the Privy Council office to be presented in the House. I will do my best to have it as soon as we return from the recess.

QUESTION PASSED AS ORDER FOR RETURN

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 2,036 could be made an order for return, this return would be tabled immediately.

Madam Speaker: Is it the pleasure of the House that question No. 2,036 be deemed to have been made an order for return?

Some hon. Members: Agreed.

Madam Speaker: Agreed and tabled forthwith.

[*Text*]

1981 CENSUS—HIRING PRACTICES

Question No. 2,036—**Mr. Dionne (Chicoutimi):**

1. What is the (a) name (b) classification (c) salary of each supervisory person in charge of the 1981 Census?

2. Is there a program for the hiring of the commissioners and, if so (a) who is in charge and to whom is the person responsible (b) how many will be hired in each province and at what salary?

3. What is the (a) language level (b) name (c) salary (d) classification of each census managerial employee?

4. Will the expenses incurred for the census be audited and, if so (a) who will be responsible (b) will the audit report be submitted to the Auditor General and, if so, on what date?

5. What is the (a) name (b) classification (c) salary (d) name of the immediate supervisor, of the person in charge of public relations for the census?

6. Were consultants hired and, if so (a) by whom (b) what is the (i) name (ii) reason for hiring (iii) salary (iv) additional benefit (v) qualification of each consultant?

7. Were advertising agencies hired and, if so (a) which agencies (b) how were they selected (c) what portion of the advertising budget will be allotted to (i) Quebec (ii) other areas of French-speaking Canada?

Return tabled.

[*English*]

Mr. Collenette: I ask that the remaining questions be allowed to stand.

Madam Speaker: The remaining questions shall stand.

GOVERNMENT ORDERS

[*English*]

THE CONSTITUTION

RESOLUTION RESPECTING CONSTITUTION ACT, 1981

The House resumed debate on the motion of Mr. Chrétien, seconded by Mr. Roberts, for an Address to Her Majesty the Queen respecting the Constitution of Canada.

And on the amendment of Mr. Epp, seconded by Mr. Baker (Nepean-Carleton)—That the motion be amended in Schedule B of the proposed resolution be deleting clause 46, and by making all necessary changes to the Schedule consequential thereto; and on the notices of amendments of Messrs. Knowles, Baker (Nepean-Carleton) and Pinard.

Hon. Michael Wilson (Etobicoke Centre): Mr. Speaker, when I spoke yesterday I referred to the amendments to the resolution we had introduced on Tuesday evening and how they were directed at bringing this country together, not driving it apart as the current resolution seems to. I was discussing the unilateral action being taken by the government as well as some of the legal aspects, and why we believe substantively this is wrong. This afternoon I want to discuss the impact this action will have on the much broader political element and on the rest of the country.

Just before completing my remarks on the legal aspects, I shall refer to a statement made by former Prime Minister St. Laurent in 1949. In explaining an amendment to the Constitution which affected only the federal sphere, he said:

> It has been felt that the amendment giving Parliament the power to amend its own Constitution—

He was speaking about its own powers. Mr. St. Laurent continued:

> —was all we could attempt to do without agreement with the representatives of the ten Canadian provinces, and that we should do at once everything we had the right to do.

In other words, to do only those things we had the right to do within the sphere of our activity. It is clear that amendments of a federal-provincial nature require the agreement of both levels of government. The government has argued that the proposed charter of rights would not involve any transfer of powers between the federal and provincial authorities. It would place certain limitations on both federal and provincial governments and legislatures. In fact, it would remove powers from provincial legislatures without their consent, and here I am referring to education, minority language rights, civil rights, mobility rights and some elements in the area of justice.

If the provincial legislatures are sovereign legislatures within their own fields of jurisdiction, then the federal government is asking Britain to remove powers from those legislatures without their consent. I submit this is wrong. I would also point out that the amending formula, whether arrived at unanimously, the Victoria formula or the Vancouver formula, is also a matter of federal-provincial concern.

I might just digress here on this question of the Victoria formula. The government said quite recently that the Victoria formula is the one which is being put before us through the constitutional resolution. But the Victoria formula has been changed on two different occasions in two different ways, so it is not the Victoria formula which was agreed upon in 1971. The government has made the point that the provinces did agree at that time. They did, but it was agreement to a formula different from that which is before us today. That is the concern I am putting forward here. The resolution, either through referendum or deadline, imposes on the provinces an amending formula without their consent.

In the Liberal amendment which was put forward on Tuesday evening, we have the incongruous situation where we have

to vote on one amendment, which includes the amending formula and the reference to the supremacy of God. This amendment is put forward by the same man who is complaining that the provinces are trying to bargain fish for rights. Now under the same amendment we have to make the distinction whether we are voting for this amending formula or for the supremacy of God. Members of this House should not be asked to vote on just one amendment, which is the case now.

• (1520)

Mr. Evans: There was unanimous agreement on that.

Mr. Wilson: I would like to address the point the hon. gentleman just raised. There was unanimous agreement, I agree. I am making the point that we are asked to vote on two matters which are totally unconnected. There is no linkage between them. It is important that in future we divide these two matters. Matters which have no linkage at all should be voted on separately so that members on both sides of the House—and I stress this—can express their point of view on each of the individual items separately.

It is for reasons relating to the division of powers that the Supreme Court of Canada must decide whether or not the resolution should be passed and submitted to the British parliament. It is for these reasons that I believe our party has performed a very valuable service to this country by forcing this government to acknowledge this discipline, since the precedent that will be established by the Supreme Court will be a historic one.

Let us not be bound only by the legal arguments and precedents. In a sense, these legal considerations are less important than the political considerations. The Prime Minister (Mr. Trudeau) has acknowledged that, but unfortunately he has failed to recognize the true significance of the political element under debate.

Let me again refer to the Premier of Ontario in 1931. He said "the confederation of the provinces of Canada" into the country of Canada "was brought about by the action of the provinces". We must not forget that. We must also not forget that the huge geographical mass that is Canada has developed important traditions and a history which are the foundation of the country we live in today. The action of the government in moving this resolution ignores that tradition. It disregards the history that shapes the attitudes and aspirations of many Canadians in distant parts of the country.

It is comforting to me as an Ontario member of Parliament, as I am sure it is to members opposite who are from the province of Quebec, to feel that our provinces will always have a veto over any future constitutional change. But it is also very degrading for those in other provinces for us to have this special status. It perpetuates in a very permanent and divisive way the sense of political power that has dominated this country for 114 years. It robs these other provinces of the possibility of achieving a more equitable balance in confederation.

It is not clear now what the impact will be, but over the next few years the impact is going to become very clear to us as we get further down the road in energy negotiations and negotiations regarding federal-provincial shared-cost programs such as medicare, higher education and pensions. If many provinces feel they were taken advantage of in this constitutional resolution, they are going to be that much more difficult to deal with when it comes to these very tough negotiations on energy and shared-cost programs. I can see where provinces such as Ontario and Quebec will suffer—not benefit—as a result of this constitutional reform because of the problems we will be facing when we get into those shared-cost negotiations.

I will try and illustrate what I have just said by a quote from Henry Kissinger's book "The White House Years". It is a reasonably long quotation, but I will read it because there is a lot of very sound thought in his words. I quote:

> Resolutions conducted in the name of liberty more often than not refine new tools of authority, Academics may define human freedom by concepts of human rights; historians understand that freedom resides not only in legal structures but in the general acceptance of institutions and the ease of human relationships. A society not scourged by irreconcilable schisms can practice tolerance and respect human dignity even in the absence of legally defined rights. Tolerance is inherent in its structure. Britain has never had a written constitution; civil rights are guaranteed by tradition.

This is the important point:

> But a nation driven by factions, in which the minority has no hope of ever becoming a majority, or in which some group knows it is perpetually outcast, will seem oppressive to some of its members, whatever the legal pretensions.

There is much wisdom in that paragraph and much for us to learn in Canada today. I draw from it the following lessons. First, it is essential for the Prime Minister and the government to move quickly to heal the wounds which have resulted from this debate. The west will feel permanently oppressed because of the unilateral action which has been taken here and the second class situation in which they have been placed. That applies to the east as well, but I think feelings are more strong in the west right now. The unilateral action lies not just in constitutional reform but in energy policy. That is going to be a festering sore until corrective action is taken by this government.

This problem has been reinforced by the nature of the amending formula, which now puts the government in a position where it can move in on the resources which are the heritage and foundation of the traditions of the western provinces. That is a very divisive element facing us head on today.

The second lesson is that the rights we have been talking about in this debate are the property of the people. Rights are given to governments, not the reverse. Governments invariably take rights away. We must be alert to this in the coming years as we better understand this charter of rights. There will be a temptation, since the charter has established certain rights in black and white in a statute book in Ottawa, to believe that we have a security blanket. We will feel that our rights are protected because they are written down somewhere, but that is wrong. The protection of our rights depends on the respect and tolerance of this society.

It also depends on the control of government by the citizens of this country. We must constantly be on guard against any intrusions on those rights in any sense. We need to have constant discipline and vigilance among ourselves to ensure that these rights are not taken away. That viligance and discipline will be the only lasting discipline we can be assured of in this country. If we ignore these simple lessons, we do so at our own peril and at the peril of this country.

It is ironic that in the past the roadblock to constitutional reform has always been the inability of the provinces to agree, or the desire of the provinces to demand more than the federal government is prepared to give. The Prime Minister has made this point on a number of occasions. Now the provinces are ready to agree on historic matter, to patriate the Constitution with a flexible amending formula. This would provide a sound, flexible means for evolving the change which we in this House and this country know must come to the Constitution as it now stands.

● (1530)

Now the roadblock to consensus on constitutional reform is the very Prime Minister who has been so spiteful and derogatory about the position of the provinces in the past. The shoe is now on the other foot, but the difference is that he has the power to bull through this constitutional resolution without the consensus that is so necessary—unless the Supreme Court rules otherwise.

The dangers to our country are great. Let me close by quoting Edward Gibbon in 1788, from his masterpiece, "Decline and Fall of the Roman Empire":

> The principles of a free Constitution are irrevocably lost when the legislative power is nominated by the executive.

I have just one more paragraph, Mr. Speaker, if you will bear with me.

We have a comparable situation in Canada today. The balances and checks to power in our country have traditionally been the official opposition and the provinces. Their power, which is nominated, is being taken over by the executive, the federal government, in this constitutional resolution through closure and unilateral action. We are in danger of losing the principles of a free Constitution before they have even been enacted.

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Mr. Speaker, I rise with some diffidence to participate in this debate in view of the many excellent speeches we have heard, especially those by the Prime Minister (Mr. Trudeau) and the Minister of Justice (Mr. Chrétien), both of whom have expressed for so many of us the nature of the Canada we are trying to build through this resolution. I am pleased to have the opportunity to make some comments as the debate proceeds to a conclusion, at least of this particular stage of the constitutional resolution.

The Constitution

The Concise Oxford Dictionary of Current English defines the word "canard" when used in English as meaning a false report or a hoax. Since this debate began last fall a number of canards have been perpetrated or concocted or, indeed, hatched, if one uses the French meaning of the word "canard". These canards are untruths which are uttered, repeated and then reshaped. Although untrue they take on an essence, a certain validity through constant repetition, an independent existence, so to speak, regardless of the truth which may not be found in the statements. It is surprising that even though this debate has lasted for months, the parliamentary joint committee has met, debate has proceeded in the House of Commons, and bushels of commentaries have been written, these canards still fly and find themselves repeated, even in the last days of the debate.

Let me give a number of illustrations. We hear it often, almost every day from the opposition and the press, that the Constitution Act is the personal obsession of the Prime Minister. As recently as Wednesday, yesterday, the Toronto *Globe and Mail* in an editorial said in a final sentence:

> Canada cannot afford to have one man's views written in stone.

Yesterday during the question period the Leader of the Opposition (Mr. Clark), following a well established habit, when he was asking whether the Prime Minister would convene yet another federal-provincial conference, said "He can put his charter there". Then in another part of the question period he made a similar comment when he talked about "Canada having to live with the unilateral decision of one man".

The hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) objected to the distribution of the Prime Minister's speech in this debate to Canadians and suggested that taxpayers' money was being used "to promote the views of one man".

I can only wonder at the motivation for the constant repetition of this theme. I wonder, and the people of Canada must wonder, why it is that throughout the debate the fiction has been constantly repeated that the Constitution Act, this great enterprise which is engaging the attention of us all, is the obsession of one man. Why would *The Globe and Mail* write, knowing better, that "Canada cannot afford to have one man's views written in stone"?

This is not a new tactic, certainly not on the part of the official opposition. I sat in the House when a similar theme was struck at the time of the flag debate; they labelled the present Canadian flag as the "Pearson pennant". Like the flag, I believe the Constitution will become in the minds of Canadians a national symbol, not the Constitution of any one person, not the obsession of the Prime Minister.

Whatever the motivation, the constant repetition by members of the opposition that this great effort of Constitution writing is the obsession of one man, is the work of one man, is untrue and insulting. It is insulting, first of all, to members of this party, members of the House of Commons and the millions of Canadians who have asked our party to take this step we are now nourishing in this debate.

I have only to look back at successive conventions of the Liberal Party of Canada to illustrate to members of this House and to Canadians that we have been at the forefront of constitutional reform. For example, here is a resolution from the 1970 convention:

> The Canadian Constitution should be repatriated and a suitable amending formula incorporated into it.

This is from the 1973 convention:

> The government act immediately to amend the Canadian Bill of Rights to ensure its supremacy over all federal legislation as it respects discrimination by reason of race, national origin, colour, religion or sex; and that measures be taken to have the said Bill of Rights entrenched in the BNA Act.

I just end on that note by quoting from the 1978 convention. There were then 22 resolutions put forward, ranging in sentiment from "that Canada remain a confederation" to recommendations for patriation, the insertion of essential rights and a charter of individual human rights, and recommendations for an amending formula and consultative mechanisms. So what the Prime Minister is doing, and what we are all doing, is carrying out the wish—certainly as expressed in our conventions for many years but particularly over the last ten years—to achieve the purposes which are contained in the proposed Constitution Act.

● (1540)

The repetition of this canard is not only insulting to me and to members of my party but also to most members of the New Democratic Party. It is insulting to the premier of Ontario. It is insulting to the Premier of New Brunswick. It is an insult to the groups of people who appeared before the joint House and Senate committee asking us for a charter and asking that their rights be additionally protected. This is not the obsession of the Prime Minister but a claim on the future of Canada, as they said before members of the joint committee.

I find it offensive to have this canard repeated because I know it to be untrue. I know the step-by-step decision-making process of this government since the breakdown of the constitutional conference in September. It certainly would have been wonderful, and much desired and applauded by all of us, if we had been able, in the series of conferences in the summer and climaxed in the fall, to reach an agreement with all the Premiers. We wanted to put it all together. It did not happen.

Then the question was what to do. There were various options which were open to the Government of Canada. They must have been obvious to members of the opposition. We discussed within our party and within our caucus these various options. We could, as the Premiers seem to have proposed—belatedly—have selected the option of patriation and an amending formula. That would be one option. We could have added to that option, for example, minority education rights in the provinces. That would have been an enriched option. Or we could have taken a further big step and included in the package the charter of human rights. It was not the Prime Minister who said in the cabinet or in the caucus, "I want my personal place in history; give it to me by including a full charter".

Mr. Stevens: How did he put it?

Mr. MacEachen: I will answer the hon. member for York-Peel (Mr. Stevens). It was the overwhelming force of the opinion in the cabinet, later supported overwhelmingly in the Liberal caucus—

Some hon. Members: Hear, hear!

Mr. MacEachen: —that said to the Prime Minister: "This is a historic opportunity; let us not miss this opportunity; let us go first class".

Some hon. Members: Hear, hear!

Mr. MacEachen: I must say that I am proud of the Prime Minister. I am proud because he listened to the will of his own party as expressed in conventions, in the cabinet and in the Liberal caucus. He is now leading us and, unhappily and unfairly, taking the flak as the leader of the Liberal party in carrying out the wishes which have been expressed to him by members of his party.

Mr. Stevens: Poor Pierre.

Mr. MacEachen: I think members of the opposition in the Conservative party should have more respect for their own party and for the leader of their party in the province of Ontario, Mr. Davis. Is it his obsession? Is he lining up with the Liberal government because he believes what we are doing is the obsession of one man? Not at all. He is doing it because he believes it is necessary for the future of Canada. Let me quote Mr. Davis.

Mr. Stevens: Tell us about the bank rate.

Mr. McDermid: Tell us about Claude Ryan and his stand.

Mr. Stevens: How about the 17.4?

Mr. MacEachen: I find it very interesting that suddenly members of the Conservative opposition erupt. I must be cutting close to the bone. I must say that their bones are very exposed.

Some hon. Members: Hear, hear!

Mr. MacEachen: Last week the Premier of Ontario, the Hon. William Davis, commenting on the results of the meeting here in Ottawa of the other eight Premiers, said:

> As a Canadian and as a Conservative, I believe that individual citizens must have basic protection from the unfair use of power by government, through means of an entrenched charter of rights.

Some hon. Members: Hear, hear!

Mr. MacEachen: Then he made what I thought was an even more important statement because it seems, in a sense, to clarify the difference between him and another group of Premiers, the group of eight. He said that the federal proposal protects fundamental freedoms "in a way that is basic to my view of this country". It is basic to our view of this country as

it enters the eighties that we must take steps to protect fundamental freedoms.

When the Prime Minister stands up tonight to vote in support of the resolution on the proposed Constitution Act, 1981, he will not be standing up in this House of Commons alone. He will be supported by all his Liberal supporters on this side of the House and by members of the New Democratic Party who freely have made up their minds. He will also be applauded by many millions of Canadians who are asking that this step be taken.

Some hon. Members: Hear, hear!

Mr. MacEachen: So much for that canard.

I want to mention another which has been developed in this debate, and it has been repeated so often that it has taken on a life of its own, namely, that a majority of Canadians are opposed to what we are doing in putting forward and advancing this resolution. Well, I do not find anyone knocking on the door of Parliament asking that we stop this process. I do not find anyone knocking on my door in my province asking that this government stop what it is doing.

Most polls which have been taken on this subject have been distorted. They have been unfairly interpreted to say that the views of the Canadian people represent opposition, when what they really do is express a preference most of us have and most of us share, namely, that it would be better if it were possible to make these advances with the consent of all the provinces. The people of Canada believe that, I believe that, the Minister of Justice believes that and so does the Prime Minister. But what one prefers is often not possible. Let us not continue to repeat the falsehood that the majority of the people of Canada are against what we are doing in this constitutional effort. I could quote so many polls, but this would take up a lot of time that is not available to me. I find it very interesting that recently the Premier of Ontario, who is a strong supporter—

● (1550)

An hon. Member: And a fellow traveller.

Mr. MacEachen: Someone opposite said that he is also a fellow traveller. He is a supporter of this package. He went to the polls explicit with the people of Canada about his support for the federal package, and he achieved a majority which had eluded him on two previous occasions.

Some hon. Members: Hear, hear!

Mr. MacEachen: I do not think hon. members opposite find that very unappetizing to swallow. Just yesterday we introduced into the House of Commons two new members of Parliament, both of whom are sitting on this side of the House, one from Ontario and the other from Prince Edward Island.

Some hon. Members: Hear, hear!

Mr. MacEachen: The people of those constituencies in two widely separated provinces had an opportunity to say "No; stop!" One can imagine that if we had lost those byelections the Leader of the Opposition would have said, "I now have a clear indication that what you are doing is wrong and unpopular".

Yesterday we received the results of the Gallup poll which was taken at the height of the hijacking of this Parliament, when members of the official opposition were doing everything possible to bring to the attention of the people of Canada that what we were doing was wrong and dishonourable and that we were breaking up the federation of Canada. On the very day that they were screaming out their questions of privilege in the House of Commons, the people responding to the polls were saying "We prefer the Grits. We prefer them more than we did in the last election."

Some hon. Members: Hear, hear!

Mr. MacEachen: I say let us not perpetuate the mythology that what we are doing is being opposed by the majority of the people of Canada.

I find it amazing that there is another canard being promulgated, and that is that the Parliament of Canada, by proceeding without the consent of the provinces, is establishing a new principle of confederation, or introducing a new principle into the Canadian federation. The Premiers are urging that nothing be done without their consent. It is not the Parliament of Canada or the Government of Canada which is attempting to build into our federation a new principle; it is the Premiers and their supporters who are now trying to create the view that the only way Canada can proceed is through some form of consent by the provinces.

On a radio program the other evening the hon. member for Yorkton-Melville (Mr. Nystrom) talked about the double majority being the way to proceed. It may be his preference but he will not find much support in the precedents and the law of Canada. Yesterday the hon. member for Etobicoke-Centre (Mr. Wilson) repeated the same line. I refer both hon. members to the speech made by the Parliamentary Secretary to the President of the Treasury Board (Mr. Joyal), the co-chairman of the joint committee, who in my opinion gave one of the most lucid presentations that I have ever heard in the House of Commons. It is a model of clarity, information and analysis. He said:

> Indeed, the Canadian Parliament is not required to consult the provinces and get their agreement before submitting a request to the British Parliament. The Chief Justice of the Manitoba Court of Appeal explained this quite well and substantiated it in an elaborate judgment given on February 3 last. In any case, long before this judgment was given, Canadian experts had already recognized this fact.

If hon. members want another authority, I refer them to a former prime minister of Canada, the late Right Hon. R. B. Bennett, who spoke in the House of Lords in 1946 and made a most revealing statement, the frankest exposition on this point that I have read. He said:

> There has been a good deal of discussion about an amendment of the Constitution being a political measure.

He might have added to that if he had heard this debate. I continue the quotation. He said:

Canada is the only one of the dominions in which a party majority can amend the Constitution. They cannot amend it directly, but they do it indirectly, because we have agreed that we will consent to pass any legislation that they may petition to have passed by this Parliament.

He is speaking there about the British parliament. Let us not have continued the repetition that we are creating a new principle by doing what we are doing. It is they who ask us to do otherwise who fly in the face of law and precedent, as the Parliamentary Secretary to the President of the Treasury Board said. But we will know more about that later on.

I have only a minute or two left, Mr. Speaker. I must say that I was somewhat taken, impressed, disappointed, whatever word you might wish to use, when I observed what happened at the meeting of the eight Premiers in Ottawa last week. I have respect for the Premiers; I know most of them. But I must say that my respect does not carry to the point of agreement with their points of view, and the Premiers in their conclusions of last Thursday revealed how deep the chasm is. They revealed how deep the division of opinion is between them and the majority of members of Parliament as to what the future of this country ought to be. If one wanted a clear signal that they have a somewhat different view of the future of the country and the society which ought to be built in our view, then just contemplate their conclusions of last Thursday.

The process that we have been going through has been not only contentious but enriching in many ways, certainly to me, as I have observed views being expressed on both sides of the House. I recall one particular incident when the Minister of Justice reported on the results of the joint committee of which the hon. member for Provencher (Mr. Epp) was a distinguished member. He told us about the results of the hearings of the committee, when representatives of Canadian women came forward and said that they wanted better protection in the Constitution. He told us about the aboriginal people, the Indian, the Inuit and the Metis who came forward. He told us about the handicapped and other ethnic groups who, as he said, are not part of the two main streams of our country. They all came forward and said that they wanted special recognition. They said "We want our rights and our place to be protected in the future". They were making their claim on their inheritance as Canadians. That was rather important.

Then the Minister of Justice in his report—and members opposite must remember what he said—stated that the charter makes specific reference to the multicultural nature of our society. Well, he was taking in all the groups and the committee took in all the groups, giving recognition to even poor Scots like myself; we were also included in that multicultural heritage. It seemed to me to be a rather magnificent demonstration of what was at work in the committee and what the House was doing.

● (1600)

I cannot forget reading the testimony given before the committee by the representatives of the National Association of Japanese Canadians. It was pretty touching and moving when they told us about their experiences for 70 years in Canada about when they had to pay taxes without even the right to vote. They went on to say:

Surely some guarantee of human and civil rights is mandatory in the light of the experience of Japanese Canadians.

Members of the committee must have heard their voice when they said:

A charter of rights entrenched in the Constitution to prevent what we have gone through is the least that Canada can do to make amends for what has happened to us and to ensure that such injustices will never be repeated again.

Why do I use such references to illustrate the difference in the concept of what Canada ought to be between the Premiers and those of us on this side of the House? Why do I mention what the Minister of Justice said? I mention it because Premier Lyon and Premier Bennett told us that at their meeting, when they were trying to reach an accommodation, they did not even discuss the charter of human rights.

Some hon. Members: Hear, hear!

Right Hon. Joe Clark (Leader of the Opposition): Mr. Speaker, it is interesting to find the Deputy Prime Minister and Minister of Finance (Mr. MacEachen) involved in debate. He usually comes in when the government is in trouble. I have heard the Deputy Prime Minister speak very aggressively, very much on the offensive and very much on the defensive. I find it hard to recall a time when his speech was more lined with defensive comments than was the case in the remarks he made in the House today.

They have a great deal to be defensive about. We are meeting now at the end of one phase of this debate. I must say for my party that we enter this phase of the debate with some pride, because we have waged a fight which has kept this question Canadian. The plan of the Prime Minister (Mr. Trudeau) was to have this measure out of Canada by Christmas, to have it decided in Britain before Canadian courts could consider its legality and before Canadian opinion could consider its propriety.

As we all know, this Parliament or this institution exists to enact and improve good measures and to stop or delay bad measures. My party and I are proud of the work we have done in having Parliament delay and improve this resolution.

Some hon. Members: Hear, hear!

Mr. Clark: It is very clear that this most basic Canadian question about our own Constitution remains in Canadian control today only because the Progressive Conservative party stood and fought in the House of Commons and in the country. We have not yet won the war to protect Canada's federal institutions, although we have made it possible for that war to be won, but we have demonstrated the strength of Canada's parliamentary institutions. The government used every available instrument, from media manipulation to dishonesty about our diplomatic exchanges, to bulldoze this measure through. This party, with no help at all from the New Democratic Party, proved that Parliament is strong enough to stop bad measures being forced down the throats of the people of Canada.

Some hon. Members: Hear, hear!

Mr. Clark: There is one other aspect of this phase of the debate of which I am particularly proud. At a time when Quebec is questioning whether it can find a full future in Canada, the Progressive Conservative party, whose greatest strength is outside Quebec, defended and argued the cause of Quebec when its own elected members chose to be silent.

Quebecers have reason to question the wisdom of trusting the Liberals, but, more important, they have proof now that Canadians other than Quebecers, from Alberta, Ontario, Newfoundland and elsewhere in our Canadian family, share and are prepared to fight for the federal principles which are essential to the survival of Quebec and Canada. The Liberal party may betray Quebec, but Canada will not betray Quebec.

[*Translation*]

I deeply regret the discipline which the Liberal party has forced upon the elected members of Quebec who, unfortunately, do not speak on behalf of that province in this House. Only the Liberal member for Montmorency (Mr. Duclos) has had the courage to put the interests of his province ahead of the instructions of his party.

Mr. Lalonde: Shame!

Mr. Clark: The minister says shame. Indeed it is a shame for the members from the province of Quebec to abandon their electors just as the Liberal members have abandoned the electors of the province of Quebec.

What an ordeal for the people of Quebec who see the members they have sent to Ottawa to represent their interest, who see their own members remain silent or behave like sheep instead of rising against a measure which threatens the federal system, a system which is so important for Quebecers and for the province of Quebec. Is it not ironic that all members of the National Assembly decried this measure, that all the provincial parties denounced this measure? And yet the members who were sent to Ottawa to make sure that federalism would enable Quebec to grow within the Canadian family, those members do not utter a single word against a measure which undermines federalism, genuine federalism.

[*English*]

I recall that the Minister of Justice (Mr. Chrétien) used to entertain thoughts about going to the province of Quebec to win a provincial election. Well, he has done that; he and his Prime Minister, by pushing this measure through, have gone to the province of Quebec and have won an election. They won it for René Lévesque and against Claude Ryan.

Some hon. Members: Hear, hear!

Mr. Clark: It is well for us to review what is at issue here. This resolution proposes bringing our Constitution home; that is a goal which everyone supports. It proposes a means to change the Constitution when it is at home, and everyone agrees that we need an amending formula, an amending process. It proposes a charter of rights, which all parties in Parliament support. Those are the goals.

But the issue is that the government has determined to pursue those goals in a way which ignores Canadian history, which abandons Canadian practice, which may violate Canadian law, and which very seriously threatens the future of a united Canada.

• (1610)

The Supreme Court of Canada will decide the narrow legal question, although it is worth noting that the Liberal government tried every trick in the book to keep that Canadian question from going before a Canadian court. The legal question is important and it is legitimate. My colleagues and I are pleased that the government failed in its attempt to deny Canadian courts the right to decide the Canadian legal question. However, the court is only part of the process. The court can tell us whether this resolution is legal according to past law and past practice; but only we in this Parliament can decide whether it is good law and good practice for the future of Canada.

Some hon. Members: Hear, hear!

Mr. Clark: That is a decision for legislators, not for judges. The Supreme Court will decide whether the federal government now has the power unilaterally to change the Constitution in areas of direct provincial jurisdiction. Our decision in this Parliament is whether we want future federal governments to have that power, for that will be the effect of passing this resolution in its present form and through the present process.

The Parliament of Canada will be asserting, as the newest and strongest precedent for future courts, that we have the power exclusively and arbitrarily to change any parts of the Constitution we want to change. That is the underlying principle of this measure and of this process, and it rips the heart out of a federal system.

Some hon. Members: Hear, hear!

Mr. Clark: That is not just my view. That is also the view of distinguished Canadian Liberals, who sit among other places in the Senate, where they exercise more freedom to speak their minds. I want to draw to the attention of the House and read into the record the comments, for example, of the former Liberal leader in the province of Ontario, Senator Andrew Thompson, who said on March 2, 1981:

> Putting it bluntly and simply, my question is: are we keeping our word; are we breaking the rules by which we agreed to govern ourselves in the federation? No matter how noble and worthy the purpose of this resolution—and I believe that what we are trying to achieve is worthy—the end does not justify the means.

[*Translation*]

Here is what former Liberal minister the Hon. Jean-Paul Deschatelets had to say, and I quote:

> This unilateral project goes against and negates everything in which I have believed, which I have supported and endorsed in all my years in Parliament. If it remains in its present form, I shall not be able to support it.

In my opinion, this unilateral proposal threatens to break up, for all practical purposes, the balance of powers which has always existed between our two levels of government.

That is the opinion of a Liberal Senator, Mr. Deschatelets.

[*English*]

Then I quote the remarks made last month by Senator George McIlraith, who served with such distinction for so long in this House, including as House leader on the government side:

I have served in Parliament now for the past 41 years. During that time the governments have been headed by five Prime Ministers. I have been a Liberal all my adult life. All of the political leaders I noted earlier in my remarks were leaders I respected and admired. With the exception of Sir Wilfrid Laurier and the Honourable Hugh Guthrie—whom I merely met but could not say I knew—they were friends of mine. Were they all wrong? Were all the leaders of the Liberal party in the past three-quarters of a century totally wrong, or could it be that our present government is wrong in taking a diametrically opposed course of action to the one all those leaders thought necessary and proper? Could it be that the present government is wrong in this attempt to make these basic amendments to our Constitution unilaterally, with a bare majority in the federal Parliament?

I want patriation but I cannot acquiesce in the wrong and dangerous course we are being asked to follow in most of the proposed legislation before us. In the exercise of my responsibilities as a senator, I have no alternative but to vote against this resolution in its present form.

Thus spoke Senator McIlraith.

Some hon. Members: Hear, hear!

Mr. Stevens: A great Canadian!

Mr. Clark: The Prime Minister has not listened to the Liberals in the Senate. He has not listened to the member of Parliament for Montmorency-Orléans (Mr. Duclos). He has not listened to Claude Ryan. He has not listened to Gordon Gibson. He has not listened to the long list of others in his party who are offended by what he is saying and what he stands for. He has not listened to the elected premiers of the eight provincial governments who oppose his measure.

He rejected our proposal in the fall to bring the Constitution home with the Vancouver formula. He rejected our proposal to split the resolution and to send the charter to the provinces for consideration. Now he indicates that he will accept none of the amendments we proposed to improve the charter of rights and respect the federal nature of Canada.

Instead of treating the Constitution as though it belonged to the whole country, he has acted as though it is his alone, to change in ways that are his alone to choose.

Some hon. Members: Shame, shame!

Mr. Clark: The Liberal party lets him get away with it, as does the NDP, sitting complacently back while the constitutional measure which is one man's obsession is forced through this Parliament. I do not begrudge the Prime Minister his place in history, but I would like him to leave us a country to live in when he is gone.

Some hon. Members: Hear, hear!

Mr. Clark: It is that country which his measure and his method deeply threaten. He has one more opportunity now to prove that his concern is for the country and that his motive is national and not merely narrow and personal.

[*Translation*]

The Prime Minister now has a chance to do his duty as a Canadian statesman. He has at least six weeks ahead of the Supreme Court ruling, six weeks in which to try to achieve a consensus. Once the Supreme Court decision is handed down and if the latter asserts the legality of the resolutions, at least as far as its format is concerned, the order of the House will provide the Prime Minister with two days of debate in the House, followed by speedy action in the Senate, and this will conclude the consideration of this proposal by Parliament. This time frame has been set, and we accept it. But it also allows the Prime Minister, without any delay whatsoever, to follow-up on the premiers' initiative.

In September, the ten premiers made him an offer. He failed to make a counterproposal. There are now eight premiers who are proposing a detailed amending formula. He does not have to accept it in toto. But we consider it a basis for serious round of discussions, in the same way that we consider the government resolution, including the charter of rights with the amendments we propose, as a basis for serious and reasonable discussions.

I maintain that the Prime Minister of Canada has the duty to call a meeting and the right to draw up its agenda. Why will he not call such a meeting? Why will he not respect the federal system? What is he afraid of? He has just been rejected by the people of Quebec. Is he afraid to face the Premier who has just served him a good thrashing? The Prime Minister of Canada should not be afraid of such a meeting. If it does not lead to any agreement, he could then follow up on his resolution unless the court finds it illegal. And if there is an agreement on the procedure to follow with respect to a charter of rights, an amending formula, and perhaps the application of Section 133 to Ontario, he and Canada as a whole will have gained enormously.

The Prime Minister should put aside his personal vanity and take advantage of this opportunity to gain so much for Canada. He has the absolute obligation to call a first ministers' conference.

[*English*]

We now have before us amendments from the three parties. I want to deal very briefly with the very skimpy amendments put forward by the Liberal party, by the government. Of course, they come in two batches: the official ones under the name of the President of the Privy Council (Mr. Pinard), and the unofficial Liberal amendments in the name of the New Democratic Party.

We want to congratulate the NDP on agreeing with our wording on equality for women in the amendment.

Some hon. Members: Hear, hear!

• (1620)

Mr. Clark: Of course, we shall be voting for that, even though it is tied to a so-called "aboriginal rights" clause which merely requires the provinces to approve amendments to aboriginal rights.

What of the official Liberal amendments? Because of our assistance and insistence, particularly that of the hon. member for Provencher, they are grudgingly putting the word "God" in the preamble to the charter. Not with the eloquent and inspiring wording from the Diefenbaker Bill of Rights, with accompanying references in that document, but not in this one, to "the dignity and worth of the human person and the position of the family in a society of free individuals and free institutions", but instead, words inserted as an afterthought. This is what I find especially reprehensible: they are saying we can have a little bit of God if we accept their amending formula.

They ask us to join them in making 70 per cent of the people of western Canada—the population of Alberta and B.C.—irrelevant so far as constitutional amendments are concerned.

Some hon. Members: Hear, hear!

Mr. Clark: They want us to join them in making those provinces third class in exchange for a reference to God. There is a better way to reflect the supremacy of God in the Constitution of Canada, and that is to accept the amendments in the name of my colleague, the hon. member for Nepean-Carleton (Mr. Baker). That package respects both God and the federal system. That is the way we should proceed in the Canadian Parliament.

The amendments which we put forward give proper recognition to the sovereignty of God, the worth of the person and, which is very important, the position of the family in a society of free individuals. The government rejects that approach. It rejects enshrining the right of Canadians to enjoy property.

It wants to allow the courts to decide conscience questions for Canadians. It wants the courts to be free to bar Canadians from deciding laws on capital punishment and abortion. For months the government has talked about the tyranny of unanimity and has practised the tyranny of unilateral action. In the amendments we have put forward, we have offered them a reasonable definition of consensus which we would join with them in supporting, a definition which includes seven provinces representing at least half the people of Canada, acting in concert with the Parliament of Canada. But the government is not interested in that. It is not interested because it does not want a Constitution or a charter of rights that anybody but the Liberals write. It deliberately keeps the charter hostage to a divisive process. It is trying to trade off rights for an amending formula.

When the eight premiers met in Ottawa they all dropped their packages and their conditions. The Liberal government does not want to drop its conditions. A Quebec government finally agreed to patriation but the government says, "who cares?". The government wants its agenda in its way, in its time. We will have nothing to do with a process of that kind which is wrong. It is a process which is deeply wrong and is deeply divisive. This government's preference and guiding star is to proceed unilaterally. It rejects proposals which respect the history and nature of Canada.

The government invents new phrases to condemn the enduring realty of a diverse Canada. If "checkerboard" means that different standards apply at different times, at different places, that has always been the case in Canada. That, indeed, was the political principle that allowed medicare to begin in this country. The same principle allows Quebec to enjoy a different pension plan, allows Newfoundland to have a school system different from that of British Columbia, and Ontario a system different from that of Quebec. Some of those differences date from before confederation; others, such as the Newfoundland school system, were specific conditions of entry into confederation. Of course there are differences in Canada. That is our history. That is our nature. To condemn it is to condemn Canada.

Some hon. Members: Hear, hear!

Mr. Clark: Indeed, one of the most alarming elements of this highly centralist Liberal position is the underlying assumption that difference is dangerous. The Fathers of Confederation believed the opposite when they wrote a Constitution which protected local identities. So did the British parliament well before confederation when it wrote laws which guaranteed the distinct identity of the French Canadian society in Quebec. So do those of us who today celebrate the excitement of multiculturalism, which is the incarnation of difference or respect for diversity, or those of us who cheerfully work to learn a second official language.

The Prime Minister and his colleagues like to suggest that they speak for Canada against the provinces. In fact, they speak for official Ottawa against Canada. The Prime Minister and the little clique that advises him will sometime learn, I hope, that there is a Canada beyond Ottawa, a Canada beyond official bilingualism, a Canada beyond a charter of rights. It is a Canada of diversity and emotion, of innovation and of proud identities. Those Canadians cannot all be shaped into the same mould. Mr. Speaker, they should not be, because were they so shaped they would lose the essence and value of this great and unique nation.

Our speeches are limited to 30 minutes in this debate, but there is one brief theme that I want to touch on because this has been one other common theme in our history. I refer to the need to have a national feeling that unites us. We know that laws are not enough to unite Canadians; there has to be a feeling of nationality. It is one of the most bitter of ironies that the means the Liberals have chosen with which to impose the centralist view has weakened the Canadian feeling of common nationality. A Constitution which should have been the source of Canadians coming together and growing proud together has instead become the source of division in this country. That is

entirely the fault of the way in which the government has proceeded.

Some hon. Members: Hear, hear!

Mr. Clark: When I hear the Prime Minister speak, as he does at length, and when I hear other members on the government side speak, one word recurs and that is the word "failure". The Prime Minister speaks of 54 years of failure in constitutional negotiations. He speaks of failure with the premiers. Mr. Speaker, the Prime Minister can find failure if he seeks it. The point that must be made is that we have also succeeded dramatically in this country. This has been a country of success when governments sought success. It has been a country of agreement when governments and leaders sought agreement.

We have faced much more complex questions in the past than some of the questions we face today regarding the Constitution. It was a far more complex matter for the Diefenbaker government to negotiate with the Sauvé government, a means by which federal funds could be made available to the province of Quebec. Yet that was done, overcoming decades of suspicion and reluctance, because there was a mutual will to make the federal system work.

It was far more complex to introduce and have accepted a system of medicare across the country, but that was done. And the Canada Pension Plan was accepted across the country because there was determination to seek agreement to go forward. Therefore, when the former government in Ottawa was prepared to seek agreement on a national energy policy, we were able to achieve agreement, something which has eluded this government for 22 months.

• (1630)

Some hon. Members: Hear, hear!

Mr. McDermid: The Prime Minister laughs. He has not been able to do it.

Mr. Clark: There is a secret to this. There is bound to be failure when a government ignores the nature of this country and runs counter to its nature. We have succeeded in Canada when we have respected the nature of Canada.

This proposal fundamentally attacks the basic federal nature of Canada. Even if it is upheld in the courts, it will create a legacy of bitterness and division.

Mr. Trudeau: What about the flag?

Mr. Clark: It is not necessary to go this way. We can bring our Constitution home. We can have a charter of rights. We can have an amending formula, and we can have it by agreement if we work within the Canadian tradition instead of abandoning it and if we follow the Canadian way to agreement.

I urge the government to accept those amendments and, just as importantly, to accept the federal spirit which inspires those amendments.

Some hon. Members: Hear, hear!

Mr. Roland de Corneille (Eglinton-Lawrence): Mr. Speaker, before I commence my remarks on the Constitution in general and on the amendments, I would like to say in immediate rebuttal to the Leader of the Opposition (Mr. Clark) that I was disappointed that he chose to denigrate and minimize the inclusion of an amendment to the Constitution by the government which calls for the inclusion of a reference to God. I did not think it was necessary for the Right Hon. Leader of the Opposition to try to turn this into a partisan, political issue.

Some hon. Members: Shame!

Mr. McDermid: Don't be so hypocritical.

Mr. de Corneille: Therefore, I must set the record straight for the public. Also I want to set the record straight for *Hansard*. It is bothering members of the opposition at the present time to have this brought to their attention. Nonetheless, I must persist in pointing out that there is a reference to God in this Constitution, one which is being proposed by the Liberal government.

This is not the first time the Liberal government has had a decision to make concerning a reference to God. Only recently, as a matter of fact, in the new text of "O Canada" the government departed from tradition and asked through this hymn: "God keep our land glorious and free!" This party proposed those words. Those words were a departure from the traditional text of "O Canada".

Incidentally, the Leader of the Opposition speaks about reference to God in the Diefenbaker Bill of Rights. It is ironic that the original text of the Diefenbaker Bill of Rights had no reference to God. In fact, it was a Liberal member of this House at that time, the hon. member for Windsor, who proposed that these words be included in the Diefenbaker Bill of Rights, and that proposal was accepted by the opposition. That is how these words in the proposal from the Tories were accepted—because of a suggestion made by a Liberal member of Parliament. There was another effort on the part of the government to include God in the proposed Constitution. The suggestion was made at last September's conference when representatives of the federal and provincial governments met to discuss the future of the Constitution. The Liberal government proposed an amendment to include a reference to God in the preamble to the Constitution.

I suggest it would be better if we did not try to be pious or pretend that we are superior.

Mr. Kilgour: Sit down.

Mr. de Corneille: Rather, it would be better to say that it is desirable to include a reference to God, for which I hope all parties will vote. This is something which the Liberal party has stood for in the past, which it stands for at present and will continue to stand for in the future at all times.

As we debate the resolution on the Constitution, a true perspective would show that we are participating in one of the greatest events in Canadian history.

[*Translation*]

First, by patriating our Constitution with an amending formula and provisions for eventually holding a referendum, we will enhance our sense of identity as Canadians. Second, by including a charter of rights and freedoms, we will check whatever appears to our minds to be acts of injustice and inequity. Third, proclaiming our values is ideal in a document which will serve as an example for future generations and would constantly remind other nations of the kind of people that we are and of what we believe in.

[*English*]

First, I said that by patriating the Constitution we will deepen our sense of identity as Canadians. At a superficial glance, patriation may seem to be only symbolic, ceremonial, or psychological. It is all of these at least. But throughout this debate and the events which will follow, Canadians are becoming far more aware of their history and their identity than they have ever been, at least for a very long time. Some are surprised, if not amazed, at how recent has been our emergence into nationhood and how precariously our human rights have been protected in the past.

Second, I said that by the entrenchment of the charter of rights and freedoms we are moving to eliminate what are recognized by most Canadians as injustices and inequalities, old and new. As parliamentary governments throughout the world have become more and more habituated to operate by government regulations, rules, orders in council and similar instruments, it becomes increasingly urgent and important to protect the individual through an entrenched charter with the fundamental right to appeal to the courts for redress against arbitrary government violations of personal rights and freedoms. Further, the charter will protect every Canadian individual and minority from the tyranny of the majority, a fact which is of vital importance in a nation so constituted as ours. One wonders what there is about the orientation of the official opposition in this House that makes its members so strongly resistant to granting such a charter now. Some say they are for a charter, that it is a great idea, but that we cannot have it now; perhaps two years from now, perhaps some time later, but not now. Others say they are opposed outright to the charter. Some of their arguments against it are most imaginative, if not downright ingenious.

One such argument we have heard quite often from the opposition is that our Canadian charter will not protect anyone anyway. If there is a will to circumvent the charter, they argue, it will be circumvented. Some of these opposition members illustrate this idea by pointing to the Soviet bill of rights which, they state, is a marvellous document on paper but is continuously and flagrantly violated in practice. They are correct when they say that human rights in the Soviet Union are flagrantly violated over and over again. However, in the heat of their opposition against the Canadian charter, they do not tell us the whole story. They fail to explain that the Soviet bill of rights is a "marvellous document" only if one totally ignores the fact that it provides the Soviet authorites with huge loopholes. They are so big they can talk about human rights with tongue in cheek and crossed fingers.

● (1640)

For example, in the Soviet document there is written in on purpose a basic and fundamental escape hatch; it is the provision that these rights are given in accordance with the interests of the people and "in order to strengthen and develop the socialist system". In other words, one has no freedom unless one supports the Soviet government. The Soviet bill of rights is not a marvellous document because it is not a sound document; nor does the Soviet Union support a just interpretation of it. We should dismiss such opposition arguments against a Canadian charter as baseless.

A second alleged reason given by some of the members of the opposition for their resistance to the charter of rights is even less convincing. This was alluded to recently by the Minister of Finance (Mr. MacEachen). The opposition maintain that they cannot support it because it is the current, singular and peculiar obsession of our Prime Minister (Mr. Trudeau). Now that is an amazing, prejudiced reaction by which to decide the affairs of state, even if the observation were true, which it is not. First of all, the charter is no current whim of the Prime Minister. In 1967 when he was minister of justice he published a book entitled "A Canadian Charter of Human Rights". I need hardly remind members that that was some 14 years ago, hardly a recent whim.

Second, the charter is not an original idea or unique to him. The entrenchment of a charter has been advocated by Liberal, New Democratic and Tory leaders well before our present Prime Minister. The assurance of basic human rights and freedoms for all Canadians was of paramount importance to the late Right Hon. John G. Diefenbaker, and to that fine parliamentarian, Tommy Douglas. If we must talk of obsession, then let us say that it has been the obsession of Canadians since 1927, following the Imperial Conference when the matter was first raised. It was the obsession of the Right Hon. Louis St. Laurent. It was the obsession of the late Prime Minister Lester B. Pearson when he wrote in January 1968 these words:

> As Canada enters into its second century of confederation, Canadians could take no more meaningful step than to entrench firmly in our constitution those fundamental rights and liberties which we possess and cherish. A Canadian charter of human rights would reflect and protect the high degree of freedom enjoyed by Canadians and the unique bilingual character of the country. I recommend to all Canadians the acceptance of a Canadian charter of human rights.

So it is not merely an obsession of our present Prime Minister. The charter has been a torch for the Liberal party and for many New Democratic and Tory leaders over the decades. Now it is borne proudly by the Liberal caucus, for with this torch of freedom, we hope to kindle the fires of justice and equality everywhere.

We rejoice, as pointed out by the Minister of Finance in his recent speech, that the overwhelming majority of Canadians support the entrenchment of a charter of rights and freedoms in the Constitution. We rejoiced on March 25 last when leaders of 18 minority communities came to Ottawa armed with petitions and resolutions from their organizations. They called for the immediate entrenchment of a charter of rights and freedoms on behalf of two and a half million Canadians who belong to minority groups.

I am sure it will not lessen the stature of our Prime Minister that he is attacked for being obsessed with human rights. What seems to me really to underlie the major opposition to the entrenchment of the charter of rights and freedoms is a lack of urgency or sensitivity on the part of some members in recognizing the lack of protection of rights for so many people across this country, both now and in the past. The opposition fails to realize how dangerous it is to continue to rely on the comfortable majority to protect frustrated or disadvantaged minorities. The hon. members for Provencher (Mr. Epp) and Rosedale (Mr. Crombie) can lean back and philosophize from now until kingdom come about how all these rights are inalienable—that therefore, in theory, these rights already exist. But just try telling that to the aboriginal people of Canada, to women, to the handicapped, or to may of our unprotected minorities. Theirs is too much of a laissez-faire approach which assures us that all will work out somehow, somewhere, some time, but not just now.

How can we ignore the fact so sagely observed by Dr. Walter Tarnopolsky that so far as the provinces are concerned, as of now, in 1981, although all ten have anti-discrimination statutes, only three provinces have bills of rights which cover political civil liberties, that is, fundamental human rights, and only one guarantees legal civil liberties. Tarnopolsky therefore concludes:

> Considering that the fundamental principle of the parliamentary system of government which applies in Canada is that the legislatures are supreme within their jurisdiction, there is absolutely no constitutional limitations on seven of the provinces from restricting fundamental freedoms, and nine of them from restricting legal civil liberties.

If those who oppose the immediate entrenchment of the charter had their way, the result would be not only a prolongation of certain injustices and a delay in the establishment of linguistic and mobility rights, the rights of the aboriginal people and the handicapped; there would be one more serious consequence that is often overlooked. This is my third point, that our Constitution and our charter will proclaim our values and ideals as a nation. By this charter, we declare to all Canadians and to all people everywhere that not only are we a democratic society, but also that, by enshrining the sanctity and freedom of the individual, we entrench very sweeping limitations on the power of the state and reject any and all forms of totalitarianism. The Canadian charter is a declaration of justice and compassion which is probably unequalled on this earth.

It has been developed in its present form by first being drafted on the basis of the finest tradition of the Canadian heritage of the British common law and the French code, and then by being perfected by passing through the refiner's fire of the testimony of Canadians who have fled from every form of oppression in every corner of the globe, and who have suggested, on the basis of their personal experiences, ways to advance still further the entire cause of human dignity. We underestimate the importance of this constitutional charter as a teacher to this and future generations.

● (1650)

Some reject the charter and would prefer to rely on public attitudes. They argue that you cannot legislate morality, that you cannot change bigotry by laws, that you have to wait for attitudinal change. That kind of mentality, which one hears often from the other side, is all too tragically reminiscent of the same point of view of the governors in the southern United States who stubbornly opposed federal civil rights legislation. They maintained that local popular acceptance was first required. They further claimed that federal civil rights legislation interfered with local states' rights.

Dr. Martin Luther King, as Gordon Fairweather has said, put the relationship between law and morality in stark terms when he said:

> It may be true that law cannot make a man love me, but it can keep him from lynching me.

Dr. King went further in pointing out that the law is also an important teacher of values. The law transmits from age to age.

Why do hon. members of the opposition so underestimate the importance of the written law, the codified law, as a teacher and transmitter of values? Why do they shrink from wanting to put it down in black on white in the charter? The ten commandments are laws. It is true that they are not always obeyed. People still, unfortunately, kill, steal and bear false witness against their neighbours; but the ten commandments and other moral laws are values which were and are inculcated into the minds of people. Does law not teach and change values? Is not the bible itself a codified book of laws? In some circles, in fact, it is known as the "volume of the sacred law". When the Presbyterian moderator of the Church of Scotland presents the volume of the sacred law, the volume of the bible, to the monarch at a coronation, the moderator makes the presentation with these words:

> Here is wisdom. This is the royal law.
> These are the lively oracles of God.

I say to my hon. friends that law changes attitudes, and so do many of the laws we pass here, as will the charter of rights and freedoms, to the benefit of the aboriginal people, the handicapped and all others whom this charter has been designed to protect.

Moreover, I believe this charter to be so essential that it deserves not only passage in this House but special treatment thereafter as well. Presently as chairman of the northern pipelines committee I serve on a standing committee with a permanent frame of reference to monitor and watchdog the progress of the Alaska pipeline. Surely the rights and freedoms of Canadians are as important to Canadians as the pipeline. I

would advocate not only passage of the charter in this House, but also the establishment of an ongoing House of Commons standing committee as a watchdog to monitor and uphold the principles and values for which this charter stands.

Finally, I plead with all members of this House, I plead with all Canadians, to remember the oppressed people who are suffering brutal violation of their human rights throughout the world. I have always been convinced that the struggle for human rights throughout the world is indivisible. That is why ten years ago, as head of a Canadian national human rights organization, I presented a petition to the federal government signed by thousands of Canadians and calling on our country, both nationally and provincially, to endorse Canada's signature to and ratification of, the international human rights covenants of the United Nations.

We presented that petition on human rights day, 1971, to the Right Hon. Prime Minister, who immediately assured us of his readiness to give federal ratification. It took five more years before all the provinces concurred, before Canada in 1976 was at last able to speak out on behalf of the oppressed in many foreign lands. For the sake of those oppressed as well as our own sake, we cannot afford to wait again.

I plead that we remember that Canada has a great and central role to play in international human rights commissions and courts. I wonder if we realize that, when we speak up on behalf of victims of oppression in the Soviet Union and elsewhere, we are often taunted with the accusation in international courts of justice and commissions: "Where is your human rights legislation to guarantee protection for all Canadians? What about the rights of your aboriginal peoples? Why is your Constitution totally silent on human rights?" Let us be able to reply to these taunts resolutely: "We have entrenched in our Constitution all these rights. Our hands are clean; now wash yours."

Mr. Edward Broadbent (Oshawa): Mr. Speaker, just a few weeks ago during this historic debate on the establishment of a truly Canadian Constitution I indicated why we were supporting the measure now before the House. I indicated then that among the reasons, first and foremost was the following. The action the Parliament of Canada is now taking would lead to a truly Canadian Constitution, one that would be here in our own land. Contrary to what some people have been saying, not only in the House of Commons but from coast to coast, this would be a Constitution made for Canadians, by Canadians right here in the House of Commons.

Some hon. Members: Hear, hear!

Mr. Broadbent: Secondly, the proposal before us contains a workable amending process, something this country has lacked throughout its history and which has led in fact to many of the divisions, both regional and within regions. We have lacked the process necessary to make needed constitutional change.

I say in passing that while the formula for amending the Constitution in this document is not perfect—indeed, if you look at the constitution of any federal state you will not find a perfect amending formula—it still remains a fact, as pointed out by members of my party and by others, that if the premiers in the next couple of years come up with a better formula, there is a process in this resolution by which a preferable formula can be selected by the people of Canada. That seems to me to be a very reasonable proposal indeed.

Thirdly, and very important to members of my party, this document we are debating contains a charter of human rights, something my party has been calling for throughout the land since the Regina manifesto. I am not going to dwell at length on the need for a charter of rights. I did that in my speech a few weeks ago, and it was again addressed very eloquently as a subject by two of my colleagues, among others, the hon. member for Burnaby (Mr. Robinson), who is our justice critic, and yesterday by the hon. member for Broadview-Greenwood (Mr. Rae).

● (1700)

We need a charter of human rights in a federal state which is diverse regionally and culturally. I repeat that we do not need to elaborate on the arguments; we have heard them already in the House and they cannot be ignored. Our country on the whole has had a proud history, but our country has also had moments of which none of us should be proud such as when we discriminated against the Japanese, against our native people, against the Chinese, and against women. With the accomplishment of the aims which are included in this charter and the fundamental rights which will be guaranteed, I hope we will never do that again in the future history of this country.

Some hon. Members: Hear, hear!

Mr. Broadbent: Having said that, I want to note certain particular aspects of the charter which are of particular importance to my caucus colleagues. First among these that I want to stress are the rights which will be established in all provinces for francophone Canadians.

[*Translation*]

As an anglophone it is very important to me at this moment in our history to see that the people who belong to a culture other than mine have the same rights, and it is very important in the province of Ontario, I want to emphasize this, that all francophones enjoy the same rights as anglophones have in the province of Quebec.

[*English*]

With this resolution it would not be true to say that we will have achieved that goal. As all members in this House know, we will not have achieved the same rights for francophones in the province of Ontario as anglophones have in the province of Quebec, and that is something about which we should all be concerned with respect to future action.

In mentioning that I want, through this body, to address particular comments to the Premier of the province of Ontario. The Premier of the province of Ontario has moved in accepting minority linguistic rights in schools and has done so by sup-

porting the measure which is before Parliament. These rights will be enjoyed by French-speaking Canadians in schools right across Canada. I say to the Premier of the province of Ontario that that is one important step, but before very long, if he has any sense of justice at all, he must do for all francophones in the province of Ontario what has long since been done for anglophones in the province of Quebec.

Some hon. Members: Hear, hear!

Mr. Broadbent: My colleagues are also pleased that in this charter we find protection for those of us coming from outside North America originally who are neither English-speaking nor French-speaking by ancestry; that is, the group we usually include in the term "the ethnic community", which makes up more than one-third of our population. It is indeed fitting for a federal state like Canada to note particularly the contribution that group has made to the history of our country and to have a section entrenched in our Constitution with particular reference to them.

I am also pleased at the inclusion of the handicapped, and I am pleased, as are my colleagues who have fought so hard in recent years in two major campaigns at the national level for women's rights, that at long last with this charter, and especially with the amendments which will be voted on later tonight, equality, at least in terms of the law and in terms of fundamental rights, will be provided for Canadian women. I say "at long last"; we still have a long way to go.

Some hon. Members: Hear, hear!

Mr. Broadbent: Finally, a particular group I want to mention is our native peoples. As is indeed true in the United States of America and in South America, we in this country have not been as generous to the original inhabitants of this country as have people outside this part of the planet to their original inhabitants. Let me put it more bluntly. We have all too often been cruel and indifferent and, indeed, at times murderous to the original inhabitants of this continent. At long last we will begin to redress a profound historical injustice by entrenching in the Constitution of Canada aboriginal and treaty rights.

Some hon. Members: Hear, hear!

Mr. Broadbent: In that connection I want to say that I am pleased that the government has decided to support an amendment tonight which will entrench those rights with the same degree of legal solidity, if that is a proper term, as all the other fundamental rights which will be entrenched in the Constitution.

I must say in passing that I was disappointed to hear the comment of the Leader of the Opposition (Mr. Clark) earlier today in giving such grudging acceptance to this notion. I want to say that it was members of my party—other colleagues in my caucus—and of the government party as well who worked very hard at the committee level and in private to obtain these rights, and there was no movement at all at that time in terms of determination by members of the official opposition. I resent their condescending attitude toward the important step we will be taking in voting for the entrenchment of aboriginal rights later on tonight.

I must also say that the Leader of the Opposition was somewhat disappointing when he said that he would support our amendment as it affects the equality of women too "because it was, after all, the wording which was selected by the Conservative party".

Mr. Benjamin: Hogwash.

Mr. Broadbent: If the Leader of the Opposition wants to be completely honest, he knows very well that the Conservative party had wording in an amendment in the Senate which was not nearly as effective as this wording, and it was only after this wording in the proposed amendment became public that the Conservative party carefully extracted it from some newspaper and included it among their own amendments. It is one thing to get up and say they are going to support something, whether it is women's rights, native rights or any other basic matter; but then to pass off in a rather cynical way that the idea was really their own is something I find just a little hypocritical and out of place in a debate as serious as this.

Since I last spoke in this debate there have been two developments on which I want to comment. One was the premiers' conference. I say—and I mean it when I say it—that when the premiers of the eight provinces who opposed the position taken by the Government of Canada and by my caucus got together, I hoped they would come together in Ottawa and present us with an amending formula which was better than the one we had thought was workable. I thought it would be better for Canada if the premiers came up with a formula which we could incorporate as an amendment to this resolution. Because if they had done that, then indeed it would have been accurate to say that the new Constitution that we will have—and I am confident we will have it—was not simply the result of parliamentary action but the result of serious, constructive participation by a majority of the provinces.

• (1710)

The premiers met, Mr. Speaker. Not only did they not come up with a better amending formula; they did not come up with anything that approached the notion of a charter of rights in any sense. Therefore, they failed on two important counts, since the essence of the resolution which is before us is to provide us with an independent Canadian constitution with an amending formula for the future, on the one hand, and, on the other hand, provide a charter of rights. The premiers failed to achieve an amending formula. They presented one which would create a patchwork or a checkerboard, whatever term one wishes to use, in which women would have rights in one province but not in another, in which native people would have rights in one part of Canada and not another.

I want to go on record as saying that my party does not object to an amending formula which, in some cases, could include, by agreement, opting out of special, non-fundamental rights areas. But how can anyone who seriously believes in the

notion of nationhood, who takes the concept of citizenship as a basic given right for a country, ever propose an amending formula, as the premiers did, which could result in Canadians having a different status of citizenship depending upon where they lived in our land? Our party can have nothing to do with such an idea.

Some hon. Members: Hear, hear!

Mr. Broadbent: In having failed to deliver when they came here, the premiers have legitimized, as nothing else could, what we are now in the process of doing in debating and voting on this measure. I meant it when I said that I regretted it, but that is one of the ironic and unintended consequences of that meeting. The vast majority of premiers made it clear that they do not believe in a charter of rights. The same premiers are heading governments in provinces where the vast majority of citizens in every province wants a charter of rights; the evidence is overwhelmingly clear on that. We represent Canada just as much as the premiers, if I may say so, since we too come from all parts of Canada.

Some hon. Members: Hear, hear!

Mr. Broadbent: If we want to take our responsibilities seriously and meet the needs and demands of the people of Canada who want a charter of rights, then I ask you, Mr. Speaker, what can we do? The premiers have come up with an amending formula which is unworkable in terms of a charter of rights, which they did not even discuss at their meeting. What they have done is exactly what some of us were saying last fall in explaining why Parliament had to act. What they have done is shown that only the Parliament of Canada can bring to the people of Canada the charter of rights which they need.

Some hon. Members: Hear, hear!

Mr. Broadbent: Before I conclude my comments on the resolution, I would again like to deal briefly with what I can only regard as the hypocritical stand of the Conservative party on the amendment standing in the government's name. In the government's amendment there are two key points. One recognizes the concept of God in the Constitution; the second aspect would put the western provinces of Canada on exactly the same basis as the Atlantic provinces when it comes to the amending process.

Mr. Kilgour: Second class!

Mr. Broadbent: On the one hand the Conservative party has talked about unity, about the Canadian way and how it is important that we should co-operate. On the other hand they have been going all across our land stirring up discontent, turning one region of Canada against the other.

Some hon. Members: Hear, hear!

Mr. Broadbent: I want to be honest about this, Mr. Speaker, specifically when it comes to the question of the prairie provinces. The Progressive Conservative Party of Canada has been running ads in the newspapers of the prairie provinces telling the citizens in those provinces that they are citizens in a third rate province.

Mr. Kilgour: Second rate.

Mr. Broadbent: Some ads have said second rate and some have said third rate.

Why are they doing this? They have said the prairie provinces have less powers than Prince Edward Island. Well, this very amendment will ensure to the prairie provinces that they have exactly the same powers as Prince Edward Island.

Some hon. Members: Hear, hear!

Mr. Broadbent: If the Tories were not the hypocrites that they are in this process, then they would be voting for this amendment tonight.

Some hon. Members: Hear, hear!

Mr. Broadbent: Not content with stirring up regional discontent in the prairies, which they have been doing for the last several months, they are now deeply concerned because we have an amendment which puts the prairie provinces on an equal basis with Atlantic Canada.

Some hon. Members: Oh, oh!

Mr. Broadbent: The Tories are getting a little excited. I listened with care to the Leader of the Opposition. I would like the Tories to listen now to what to I have to say.

Some hon. Members: Oh, oh!

Mr. Deputy Speaker: Order, please. The hon. member for Oshawa (Mr. Broadbent) has the floor.

Mr. Fulton: Quiet down, you half-baked dinosaurs!

Mr. Broadbent: I apologize to all the dinosaurs for that comment!

I was just saying that, not being content with stirring up regional conflicts on the prairies, which I frankly find despicable—they now have an amendment to remove that grievance—they have moved farther west. They are now saying that Alberta and British Columbia are being discriminated against.

Mr. Kilgour: It is true!

Mr. Broadbent: I predict that when this resolution is finally voted on, as it will be, and accepted by the people of Canada, Canadians will see the Tories for the hypocrites they have been.

Some hon. Members: Hear, hear!

Mr. Broadbent: As I suggested a minute ago, we are now near the end of this important process. I am confident about the Supreme Court's final decision. I am confident that the

divisiveness which has occurred during this debate with regard to our Constitution and our charter of rights, which is probably the best in the world, will soon be replaced by unit. I am confident, having said that, that this Parliament will have acted with historical foresight which will benefit future generations of Canadians.

Before I conclude, I want to say that while we have tried to do what was done in the 1860s, when people representing different political parties put aside some of their partisan differences and put up with silly, mindless abuse of the sort we have heard in this debate—since some parties happen to want to co-operate to build a better Canada—

Mr. Kilgour: Cross the floor, Ed.

Mr. Broadbent: There is the intellectual level of the Conservative party being demonstrated right now.

Some hon. Members: Hear, hear!

Mr. Broadbent: I say to the hon. member that if Sir John A. Macdonald had had the same attitude the hon. member has, then Canada would not exist today.

Some hon. Members: Hear, hear!

• (1720)

Mr. Broadbent: I have no regrets at all in saying that my party has worked very hard to improve a charter of rights and an amending formula to aid in the process of bringing home the Constitution from Great Britain to our land where it belongs. Equally I have no hesitancy in saying that surely some credit must be given to the Government of Canada. Also I do not hesitate to say that two parties were playing an important, historical role.

I conclude by noting that while we have worked in tough-minded co-operation to build the Constitution of Canada, there are important matters to which we must turn our attention. I refer to matters such as housing, energy, jobs for Canadians, pensions and declining family incomes—in short, matters which affect the economic well-being of Canadians—which this Parliament must now start to address in a serious way. I want Canadians to know that we have accomplished much together in developing the Constitution, but in the days and weeks ahead the Government of Canada can expect the New Democratic Party to be fighting as strongly as it ever has in the past to improve the economic well-being of our people from coast to coast.

Some hon. Members: Hear, hear!

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs and Postmaster General): Mr. Speaker, it is an honour to speak following the statesman-like address of the hon. Leader of the New Democratic Party (Mr. Broadbent). I congratulate him for his vision of what this country is all about; it is one that we on this side o the House share.

Canada in the 1980s is still a nation of young pioneers struggling to create a nation. Thankfully our country has always been blessed with statesmen who had vision, a vision of what Canada could be economically. I speak of those with the foresight to create railways to carry us to prosperity. Those trains carried to the north and to the west pioneers who bent their backs breaking the land, and the words "Dominion from sea to sea" rang true. We had statesmen with a vision of what our society should be—compassionate and egalitarian. Since all Canadians in every region contribute to the growth of our country, we should all benefit from that growth. Progressive legislators brought in pensions, family allowances and regional equalization payments. Curiously enough, they were all Liberals.

Our society is not founded on the theme of survival of the fittest; it is founded on equality, compassion and recognition of past contributions to the nation. We have achieved much and we have grown much in economic and social terms, but in political terms we are still, as the poet, Earl Birney, put it:

> . . . a high school land
> dead-set in adolescence;
> loud treble laughs and sudden fists,
> bright cheeks, the gangling presence.
> This boy is wonderful at sports
> and physically quite healthy;
> he's taken to church on Sunday still
> and keeps his prurience stealthy.
> He doesn't like books, except about bears,
> collects new coins and model planes,
> and never refuses a dare.
> His uncle spoils him with candy, of course,
> yet shouts him down when he talks at table.
> You will note he's got some of his French mother's looks,
> though he's not so witty and no more stable.
> He's really much more like his father and yet
> if you say so he'll pull a great face.
> He wants to be different from everyone else
> and daydreams of winning the global race.
> Parents unmarried and living abroad,
> relatives keen to bag the estate,
> schizophrenia not excluded,
> will he learn to grow up before it's too late?

Will he learn to grow up before it is too late? That is the essential question, and now is the time to answer it. It is time for us to grow up and leave behind our political adolescence, the "gangling presence". It is time to bring our Constitution home.

No longer will our birth certificate lie in a parent's purse; it will be in our own hip pockets. With it will be a charter of rights that testifies to our conceern for the well-being of all Canadians, not just the ones who can make it on their own. We will guarantee the rights of the disadvantaged, the minorities and people in the poorer regions of Canada.

There is opposition to this initiative. How does one explain it? How does one explain the antics of the premiers, the gang of eight? How does one account for the position of the official

opposition? In answer to the first question concerning the premiers, let me simply quote Michael Valpy of *The Vancouver Sun*, who wrote:

> The only conclusion to come to is that (the premiers) are a somewhat mediocre bunch whose meeting last week will be remembered as one of the funny curiosities of Canadian history—like the Canadian Army's 1920 battle plan to attack America.

What about the Tories? What about Her Majesty's loyal opposition? I want to be careful and charitable in answering these questions. First, we must look at the nature of our parliamentary system. There is an old British dictum that it is the duty of the opposition to oppose everything, support nothing, and defeat the government as often as possible. That is the system. If we on this side of the House were to stand in our places and say that two and two are four, hon. members opposite would find some reason to disagree.

I firmly believe that that fact of parliamentary life is behind much of the opposition to this constitutional proposal. Much of the overblown rhetoric, the nitpicking objections and the Chicken Little cries that the sky will fall if we go forward are rooted in the Tories' determination to oppose everything and support nothing.

We had a prime example of a Chicken Little speech in the speech of the Right Hon. Leader of the Opposition (Mr. Clark) a few moments ago. Even his Chicken Little speeches are wearing thin like watered-down chicken-noodle soup. I noticed that only half his colleagues were present in the House to listen to his speech; that was not very many.

Mr. Taylor: There are only 12 listening to you.

Mr. McCauley: I hear the hon. member opposite. Let me tell him that I do not happen to be the leader of my party.

Mr. Taylor: Thank goodness.

Mr. McCauley: Also I was interested in the Right Hon. Leader of the Opposition clothing himself as *fidei defensor*, or defender of the faith. The hon. member for Eglinton-Lawrence (Mr. de Corneille) pointed out the hypocrisy of his statements about the inclusion of God in the Constitution, so I will not repeat him. But I feel a great deal of sympathy for the Leader of the Official Opposition. At his best he is a decent man and a good man, but when faced with the question of how to bolster his position as leader of a very fractious party, he chose to do so by nitpicking away at this constitutional initiative. It was not, I fear, because he believed in his heart of hearts that there was anything basically wrong with it, but because he had to appear strong at a time when those in his party were ready to pounce on any sign of weakness.

• (1730)

So it is because of the nature of our parliamentary system and the peculiar circumstances of the Leader of the Official Opposition (Mr. Clark), that an attack was mounted, an attack having really nothing to do with the merits of the case, in my opinion. How else, then, does one explain the Tory amendments? At face value, most of them make little sense at all. Nothing in this charter affects the authority of Parliament to legislate in respect to abortion and capital punishment. Why just abortion and capital punishment? Why not the handicapped? Why not aboriginal peoples? Why not the kitchen sink? Why not? Because this amendment is simply a crass appeal to special interest groups, an attempt to win brownie points on moral issues.

On property rights, the Conservatives have been calling for the charter to include the right to property. At the same time, they are trying to present themselves as the protectors of the provinces. Yet it was at the request of the provinces that a guarantee of the right to property was left out of the charter. The provinces say inclusion of this right would put all laws on zoning and land neutralization in jeopardy.

Prince Edward Island has argued movingly against guarantees of property rights. Islanders have had the sad experience of watching their prime agricultural and recreational land bought up by non-Islanders. So they passed laws limiting non-resident ownership of property, laws they fear will be ruled unconstitutional if property rights are enshrined in the charter.

So not only does the Conservative amendment on property rights go against the wishes of the provinces, but it is also meaningless. The Tories know Canadians will have the same guarantees of property rights under the new Constitution as under the BNA Act. Property ownership will be subject to the laws of the land, as always.

On the amending formula, the Minister of Justice (Mr. Chrétien) eloquently demonstrated in this House yesterday that the Conservative proposals just will not wash.

I want to say a few words now about the charter of rights, in my opinion, the *sine qua non* of this initiative, hailed by many as the best charter of rights in the world. Without a charter of rights, the only protection for minorities is the good will of the majority, which is often lacking: just ask Canadians of Chinese descent, or Japanese, French Canadians, or English-speaking Canadians. Or take, for example, our native people. They are not power brokers. Governments could ignore their concerns with little political backlash in their non-native constituencies. But when we are at our best, deep in our hearts we know that our native peoples have been pushed aside for too long, that their plight must be our concern. So we have recognized their contributions to Canada and their rights in the Constitution.

It may be, Mr. Speaker, that you and I and the majority of people in our ridings will not need to call on the charter of rights to defend us from some arbitrary action; but maybe we will. Maybe it will protect us, at some point in time, from unreasonable search and seizure. Upon arrest, the police will have to inform us of our right to legal counsel, something they have no obligation to do now. We will have to be informed why we have been arrested, and be released if detention is determined to be unlawful.

Some people are concerned that ensuring such rights means weakening our laws, that the charter will aid offenders in eluding the long arm of the law. Those people forget that a

fundamental principle of our justice system is that everyone is innocent until proven guilty. Sometimes such fundamental principles are violated. I cite an example from my own province of New Brunswick. Section 33 of the fish and wildlife act deals with night hunting laws. It is worded in such a way that the onus of proof is shifted from the accuser to the accused. That is a basic perversion of our system of justice!

The prosecution has only to say that a certain person committed a crime, a certain offence at a certain place, at a certain time. No evidence is required to support the charge. A citizen is accused, and then the burden of proof is on him. If he cannot prove the charge false, the case is won by the Crown by default. A private citizen may lay the information and, upon successful conviction, collect half the fine for his trouble. Such informers may never have to appear in court or be known by any person outside the ministry of natural resources. In other words, they are secret witnesses.

Surely such a law is in direct contravention of the proposed charter of rights, because the charter is designed to protect our rights and to ensure that everyone is assumed innocent until proven guilty. It will ensure that all of us have certain inalienable rights which can only be taken away through a fair trial by just laws.

One would expect western Canadians in particular to support the charter for its guarantees of civil rights. The west, in large part, was settled by people from eastern European countries who fled the arbitrary and oppressive actions of totalitarian governments. If anyone knows the value of a charter of rights, westerners do.

Opponents say that the charter of rights is unnecessary and our present system of common law is good enough. They figure a charter of rights is an instrument of a republican type of government, foreign to our parliamentary system. But other members of the Commonwealth have bills of rights: India, for example, and the United Kingdom itself which has the Magna Carta, a bill of rights, and an act of settlement. Britain also helped draft the European convention of human rights and is subject to adjudication by the European court of human rights.

Other critics fear the courts will use the charter to declare legislation unconstitutional. They say it would be usurping Parliament's supremacy to have judges rather than legislatures deciding what is law and what is not.

First of all, the courts can already declare legislation ultra vires, in conflict with our present Constitution, the BNA Act. Since Canada is a federal state, the Constitution is the immutable law of the land and the courts must become the interpreters of the Constitution.

In the experience of other countries like the United States, courts rarely find legislation unconstitutional. That is because most legislators keep in mind their obligations under the charter of rights when drafting laws, the same way as now they keep in mind the limitations the BNA Act places on their powers.

The charter reflects the opinions of a vast cross-section of Canadians, past and present, as opposed to common law which tends to reflect only the opinions of those in the law profession.

The charter expresses the will of the people because it has had input from all segments of society, as has the entire constitutional resolution. It is arrant nonsense to claim, as does the Right Hon. Leader of the Opposition, that it is the work of one man, the Prime Minister (Mr. Trudeau).

Let me refer to what has happened in this whole debate. The proposed resolution debated in the House of Commons from October 6 to October 23. Seventy-four members spoke, of whom 33 were Liberals, 32 were Progressive Conservatives, and nine New Democrats. In the Senate, 34 speakers spoke on the resolution from October 14 to November 3, of whom 17 were Liberals, 15 Progressive Conservatives, and two Independents. Then the proposed resolution was referred to the special joint committee composed of 25 members of whom 15 were MPs and 10 senators. There were 15 members from the Liberal party, eight members from the Progressive Conservative party, and two members of the New Democratic Party.

In all, 170 senators and MPs served on the committee. From the House, 119 members served at one time or another. There were 50 Liberals, 43 PCs, and 26 New Democrats. From the Senate, 51 members participated, of whom 32 were from the Liberal party, and 19 from the Progressive Conservative party. The committee held 106 meetings on 56 sitting days, for a total of 267 sitting hours. Of the total number of hours, 176.5 hours were spent with witnesses, and 90.5 hours in clause-by-clause analysis.

As of February 2, 1981, 914 individuals and 294 groups had sent letters, telegrams and briefs to the committee. Of those who expressed the wish to appear before the committee, three special witnesses, 93 groups or associations and five expert witnesses attended.

Phase 3 of the debate commenced in the House on February 17. As of March 23, when the proceedings were interrupted by the hijacking of Parliament, 109 members had spoken, 35 Liberals, 58 PCs, and 16 NDPs. In the Senate to March 26, 36 speakers had been heard: 23 were Liberals, 12 PCs, and one independent.

● (1740)

Let us not be taken in by the silly argument that this constitutional initiative is the work of one man.

As I said at the beginning of my remarks, the time has come for Canadians to grow up, to move forward, to change. Change is part and parcel of our federal system. As Senator Maurice Lamontagne said: "One of the characteristics of federalism is that it obliges countries which adopt it to rethink their constitutional situation constantly and redefine intergovernmental relations in the light of their experience and development." Constitutional discussion will not end with this patriation package. It will continue as a constant process of rejuvenation.

We need to constantly encourage fresh, new ideas on how Canada should grow. Bob Dylan, that symbol of youth in the 1960s, said it best: "He not busy being born, is busy dying."

This constitutional resolution is the product of Canada's historical development, the end result of years of discussion and developing ideas. We are changing, and will continue to change in the future.

Society evolves. If it is alive, it evolves. We cannot write into the Constitution now all the social problems and possible solutions. We can only begin, recognizing that public attitudes will change, as they have in the past.

For example, people in New Brunswick have said they cannot believe that a Conservative premier would back bilingualism in the province. But that has happened. The times are a-changing. Canadians are becoming more sensitive to the aspirations, the hopes and dreams of other Canadians.

I am very disappointed that Ontario did not see fit to adopt institutional bilingualism but I can foresee it coming to Ontario some day, as it has officially come to New Brunswick.

This constitutional resolution before us with the amendments we will adopt this evening, is just and equitable. It is a blueprint for the future of this great land, founded on our past traditions and keeping in mind the kind of nation we want our children and grandchildren to inherit. Will we harness the momentum behind all these constitutional discussions and finally bring our nation to adulthood? Or will we simply let it wash by and drift off into the backwaters of history? Will we grow up? Or will we forever be gangling adolescents?

At the very beginning of his incredible, courageous cross-Canada odyssey, Terry Fox said, "Anything is possible . . . Dreams are made if people only try."

If people would only try! Let us realize some dreams for Canada, in Canada. Let us make some dreams come true—the dreams of Terry Fox and other handicapped persons, and the dreams of hundreds of thousands of Canadians for a fully independent and sovereign country with the rights and freedoms of all, guaranteed for all.

Some hon. Members: Hear, hear!

* * *

MESSAGE FROM THE SENATE

Mr. Deputy Speaker: Order, please. I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill C-42, an act to establish the Canada Post Corporation, to repeal the Post Office Act and other related acts and to make related amendments to other acts without amendments.

Mr. Knowles: Did they mail that to us?

THE CONSTITUTION

RESOLUTION RESPECTING CONSTITUTION ACT, 1981

The House resumed debate on the motion of Mr. Chrétien, seconded by Mr. Roberts, for an Address to Her Majesty the Queen respecting the Constitution of Canada.

And on the amendment of Mr. Epp, seconded by Mr. Baker (Nepean-Carleton)—That the motion be amended in Schedule B of the proposed resolution by deleting Clause 46, and by making all necessary changes to the schedule consequential thereto; and on the notices of amendments of Messrs. Knowles, Baker (Nepean-Carleton) and Pinard.

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, I hope you do not become so wrapped up in my remarks that you miss Black Rod pounding on the door!

I have one comment on the remarks of the hon. member who just spoke about dreams. His dreams may well be our nightmares. I have twice been prevented from speaking by closure or near closure. When one feels so strongly about an issue such as the Constitution, it is difficult to find that one may not have a chance to speak and that there are others who will not either because of the process by which this resolution is being put through the House. We fought for a change in that process and I am proud of the successes we have had. We won the right for Canadians to see members participate in the deliberations of the committee. We fought for time and were successful in having time granted to enable a number of members to speak before the committee, for provinces to deal with amending formulas, and so forth. As well, we fought for and won time for the Supreme Court to rule on the resolution.

If we had not fought for these things, this debate would not be taking place now and a number of members who are attempting to represent their constituents in this House, would not have had a chance to speak. Some will still not have that chance.

Even though we have opposed this process from the beginning, we are still caught up in it because of the majority that sits opposite. We were forced to deal with the resolution in committee and we were forced to move certain amendments in an attempt to improve the process.

As I see it, the process is the problem and I want to deal with that in a number of ways. The first problem is the unilateral action in bringing the Constitution home versus doing it by consensus. I think a consensus could have been reached and it would have made this a unifying process for Canada instead of one that may well engender disunity. The aboriginal peoples of this land who put a great deal of faith in the amendments that we were going to move in the House and in committee in order to protect their rights were forced to deal with the question within a matter of days and have been deceived by the process. They are now opposing that which has been proposed in the NDP amendment.

Many eloquent speeches have been made by my colleagues about the amending formula which is so offensive to the regions of this country. The premiers have proposed a formula

and a formula is proposed in our amendment which would be much more fair to the regions. But now we have a number of classes of provinces. Every time we have to face this amending formula in the west and the maritimes, we will remember this process.

The Constitution of our nation should be amended in such a way as to provide protection for those who are considered weaker. We in the west are only considered weaker in the sense that we have less population than other provinces. That is the manner in which we have grown and in which we have entered this federation which we call Canada. The amending formula produces strong provinces, Ontario and Quebec, and it gives them a veto. It produces provinces which have much less protection, the regions, the prairies, B.C. and the maritime provinces. Now we are faced with an amendment, an amendment which requires three provinces in western Canada to defeat an amendment and only two provinces to pass an amendment. I see the time coming when an attempt will be made by this government not so much to remove the resources of western Canada as to search for funds. An attempt will be made to take away the wealth of the area and to distribute it by an amending formula as we find it necessary to meet certain demands in this country. That is when we in western Canada will remember the amending formula and the process by which it was imposed upon us.

• (1750)

We have been forced to move various amendments. The speaker before me spoke about the many groups and organizations which have come to this House to attempt to tell members of Parliament about the problems they see in this resolution regarding property rights. I ask that hon. member whether he has ever had his property expropriated. He should talk to my neighbours and to me. I know the feeling. It is not a very nice feeling when you are in that position. I suggest this government should tell all Canadians that their property cannot be expropriated unless the due process of law is observed and proper compensation is made. That is not the case in many provinces of Canada. That is why that amendment is so important.

Amendments to include the supremacy of God, equal rights regarding men and women and the right to legislate as far as capital punishment and abortion are concerned have been moved. These are important amendments. But what do we face? Again, we face the problem of process. We are now forced to vote on an omnibus amendment.

Even the Prime Minister (Mr. Trudeau) asked how he could deal with this resolution when he had to trade off offshore rights versus human rights. He has put us in the same position tonight when we vote on these amendments. We shall have to trade off rights for native people, which I suggest are anaemic, versus equal rights for men and women; or the amending formula, which we find offensive to certain parts of this country, versus the supremacy of God. We support the inclusion of the supremacy of God. But who is going to be the Solomon tonight? Who is going to do the dividing in half? Perhaps some hon. members will remember the story in the Bible of a baby being brought before Solomon. Two women were claiming it. Solomon declared that the baby should be cut in half. The baby's mother objected and asked for the baby to be given to the other person. Although Solomon was able to rule on that point, how do we rule tonight? How do I vote tonight when I agree with half of the amendment and disagree with the other half? It is impossible. We are again put in a certain position by a process which is wrong from the start.

Some hon. Members: Hear, hear!

Mr. Schellenberger: I represent a riding in the province of Alberta. There is great disapproval for this resolution and the process by which we are imposing it. My constituents, my premier, the other parties in the province of Alberta, many provincial parties and governments in western Canada and the other seven premiers who oppose this resolution are doing so because they feel strongly about it. They are doing so in the only place they can, through the courts. They are doing so also through public opinion. If you believe the Gallup polls, the majority oppose the process of unilateral action. The feeling is so strong that it is not just a feeling of alienation any more, it is a genuine discussion of western separation. We are faced with the imposition of an amending formula which, in the future, may attack us in such a manner that we will not be able to accept it. When I speak on the issue, I do so as an Albertan representing Albertans, but I also speak on the issue as a Canadian representing Canadians. The two do not have to be in opposition to one another.

Some hon. Members: Hear, hear!

Mr. Schellenberger: In this entire constitutional debate, the greatest concern has been the process. Instead of the government and the people sitting down together to draft a new Constitution, a new document for this country with which Parliament can deal, we are left with the option of amending a package written by a few people in government and thrust upon this nation.

There are other ways. My leader has mentioned that when you seek unanimity, when you seek the right to deal with something and you seek that out, you can find it. That was proved by the late Right Hon. Mr. Diefenbaker.

I notice, Mr. Speaker, that you have also heard the traditional knock on the door.

THE ROYAL ASSENT

[*Translation*]

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

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

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

And being returned:

Mr. Deputy Speaker: I have the honour to inform the House that when the House went up to the Senate chamber, the Deputy Governor General had been pleased to give, in Her Majesty's name, the Royal Assent to the following bills:

Bill C-42, an act to establish the Canada Post Corporation, to repeal the Post Office Act and other related Acts and to make related amendments to other acts—Chapter 54;

Bill C-64, an act to amend the Auditor General Act—Chapter 55;

Bill S-17, an act to implement conventions between Canada and New Zealand and Canada and Australia for the avoidance of double taxation with respect to income tax—Chapter 56.

It being six o'clock, I do now leave the chair until eight o'clock this evening.

At six o'clock, the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

THE CONSTITUTION

RESOLUTION RESPECTING CONSTITUTION ACT, 1981

The House resumed debate on the motion of Mr. Chrétien, seconded by Mr. Roberts, for an Address to Her Majesty the Queen respecting the Constitution of Canada.

And on the amendment of Mr. Epp, seconded by Mr. Baker (Nepean-Carleton)—That the motion be amended in Schedule B of the proposed resolution by deleting clause 46, and by making all necessary changes to the Schedule consequential thereto; and on the notices of amendments of Messrs. Knowles, Baker (Nepean-Carleton) and Pinard.

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, before the dinner hour I was mentioning how we in my constituency and in western Canada particularly disagreed with the process. I suggested that if the Prime Minister wished to get agreement, it was possible. I pointed out how in the time of the Right Hon. John Diefenbaker there was agreement in respect of financing of education, under the Right Hon. Mr. Pearson there was agreement on medicare, and under the Right Hon. Joe Clark we were able to come to an agreement

on energy. It is too bad that for this nation we were not able to sign that agreement.

We constantly hear in the Prime Minister's argument about 54 years of failure. Let me refer to a little research I had carried out in respect of the last 54 years, and whether those 54 years could be considered a failure in terms of amendment to the Constitution.

In western Canada we certainly would not consider as a failure the conference in 1927, the start of the 54 years of which the Prime Minister speaks, because that was when we were first given legitimate rights to our resources. We spent some 62 days from 1927 to the present time at first ministers' conferences attempting to deal with amendments to the Constitution. From 1927 to 1931 we spent ten days dealing with the very important issue of returning resources to the provinces of Alberta, Saskatchewan and Manitoba. That was a most important issue to us and an issue about which we are still concerned today.

In 1934 we spent three days altering the Criminal Code so that the province of Quebec could conduct lotteries. That was very important, I am sure, at the time. In 1941, two days were spent dealing with the Raoul Sirois report. I could go on and on. The next conference was in 1950 and dealt with old age security, tax agreements and the amending formula. In 1964, some 14 years later, we dealt with the 100th anniversary of the conference in Charlottetown and attempted to bring about a repatriation formula and an amending formula for the BNA Act. Again in 1968, when the present Prime Minister took over and began his attempt to deal with a number of issues including provincial control of social services, income support payments, unemployment insurance, workmen's compensation, retirement income and on and on, all of which were put before the first ministers of this nation, agreements were found when agreement was sought.

Surely the underlying point to this whole process is that ten to 14 years passed between each conference; premiers changed, prime ministers changed, attitudes in this country changed as society progressed, so how can one say that in the last 54 years we have met with failure in amending the Constitution when many amendments were sought and accepted?

In modern days we have failed under the Prime Minister, and I suggest the reason is that instead of putting issues before the premiers, an issue such as patriation alone, an amending formula alone, offshore rights or resources, the Prime Minister has always put the whole bag of tricks on the table. It is very difficult for premiers not to do their utmost to protect their interests. That is what they are elected to do. Again I must say, we find the problem is in respect of the process.

Surely if the Prime Minister wished to find an agreement, he could have put patriation on the table with an acceptable amending formula. In that way, I suggest, agreement could have been found. We could then have dealt at other conferences with the other issues until we reached substantive agreement, and then brought the resolution before the House.

There is another way of approaching this, and other countries have used it. We even used this method at the time Newfoundland came into confederation. I refer to the constituent convention or the constituent assembly. There are various ways of doing this. Some countries elect their constituent assemblies and some appoint them. Surely that is the way to bring the Constitution into being in a unified manner.

I used Newfoundland as one example. Let me give some others. Many of us do not realize that the United States has used the constituent assembly. India, Norway, New Zealand and Australia are all mentioned in this document put out so professionally by our library. All of those countries used that process.

There is another process which is used in separate states of the United States called the town hall meeting process. This involves putting an issue before the people of the state. We could do the same here in Canada. We could put the issue of patriation or the charter of rights before the communities of our country. They could discuss the issues and the areas with which they want to deal and what they would like printed in the Constitution. Each community or each town hall would elect two or three people to attend a provincial town hall conference where all these suggestions could be brought forward and hashed out in committees until they came to an agreement on what they wanted to present to a national assembly. Each provincial assembly would elect two or three people to attend that national assembly. In this way the people of this nation would feel they had a part in amending our Constitution or bringing it home. They would feel they had some input and this would be a unifying process. Perhaps they would even be able to accept some things that under this process today may not be acceptable to some regions.

Some hon. Members: Hear, hear!

Mr. Schellenberger: During those conventions minority groups could present their opinions. At the same time the provinces through their first ministers could be discussing the issues. We could meld the two results and come up with an acceptable process, an acceptable amending formula, and an acceptable charter of rights for this country of Canada.

Some hon. Members: Hear, hear!

Mr. Schellenberger: I do not have much time left, but I want to spend some of it talking about our aboriginal people.

● (2010)

We had before us a process which, I believe, caught a group of people unawares and not knowing exactly how they wanted to entrench their important rights in this Constitution. Upon taking a second look and upon seeing the amendment put forward by the New Democratic Party, which was supposed to solve all their problems, native groups feel they have been deceived by the process.

I would like to take members of Parliament through a little history of how aboriginal people have come today to the point where they feel that their rights have to be entrenched in the Constitution for protection. Up until the 1960s they did not even have the right to vote. When this Prime Minister was elected, he said there were no such things as aboriginal rights, and the minister at the time, the present Minister of Justice (Mr. Chrétien), brought forward a white paper which said that the aboriginal people, or native people of this land, should be assimilated. Of course, they objected to that. The strength of that objection came in a court case, the Nishga court case. The judges ruled three for and three against, but the fact was that there was a ruling recognizing the term "aboriginal claim".

So the government had to accept that there was such a thing as an aboriginal interest. What did the government do? It decided to fund the Indians through political organizations in order to deal with the term "aboriginal interest".

Then there was the first modern land claim. When the government of Quebec wanted to build a power dam, aboriginal interests had to be dealt with. The matter went to the court, and the court ruled in favour of proceeding with the power dam. The first modern proceedings on a land claim extinguished aboriginal rights, and anyone who has sat in this House in the last number of weeks realizes just how far that land claim went because it has not been recognized by this government. It is no wonder that the native people feel they have to have their rights entrenched in the Constitution.

The process continued. Amendments had to be made in the committee to deal with aboriginal interests. I believe hon. members and native groups of this country sat down and made an honest attempt to put into the Constitution words which would protect aboriginal interests, but because of the time limits and the legal language in which these amendments had to be written into this Constitution in the couple of hours available, I would like to tell hon. members exactly what is in them and what are some of the concerns I have which I know are shared by the native people of this land.

The first concern is with respect to why clause 25 is written in the negative. Clause 27 dealing with multicultural heritage is worded positively as follows:

> This Charter shall be interpreted in a manner consistent with the preservation and enhancement of the multicultural heritage—

The wording with respect to aboriginal people is in the negative. It's provision reads in part:

> The guarantee in this Charter of certain rights and freedoms shall not be construed so as to abrogate or derogate from any aboriginal, treaty—

Subclause (a) says that this includes the Royal Proclamation. I want hon. members to know what the Royal Proclamation says. The Royal Proclamation dates back to 1763. It set up the colonial governments of Quebec, East and West Florida and the Islands of Grenada, St. Vincent and Tobago. However, the important statement in the Royal Proclamation is the following:

> —possession of such parts of our Dominion and territories as, not having been ceded to or purchased by us, are reserved to them or any of them as their hunting grounds—

We all realize that we do not have to have a deed to land to hunt on it. If I were an aboriginal person wanting ownership of land, I would be very concerned about my rights as written in

the Royal Proclamation, but what the Royal Proclamation does is to show that the British Crown recognized that there was such a thing as an aboriginal interest.

Then in subclause (b) there is reference to rights or freedoms that may be acquired by aboriginal peoples of Canada by way of land claims settlement. I just stated that it is no wonder that there are some doubts about this clause when we look at the modern settlement of James Bay in which aboriginal interests were supposedly extinguished. The Government of Canada was to provide various catch-up provisions with respect to housing, education, health care and so forth, because, as we heard in committee and in this House, of the plight of the native people there resulting from the government not implementing the spirit of that agreement. It is no wonder there is some doubt about that clause.

We then come to Part II. Clause 33(1) states:

> The aboriginal and treaty rights of the aboriginal peoples of Canada are hereby recognized and affirmed.

That is a positive statement in this Constitution, but I know that status Indians are very concerned about clause 33(2), which includes in the definition of an aboriginal person, all Indian, Inuit and Metis peoples of Canada. In effect, we are now using the term "native people".

The concern which is being expresed as to do with status Indians who need to catch up in society to become equal in their way of life to most of us in the southern part of this nation. The concern is whether the budget set aside to assist those people will now have to be shared by another 700,000 people.

The clause which causes the native people of this country much concern is clause 35. I realize that the Prime Minister could not put into the Constitution something which was not defined, so he put in a clause which sets up the procedure to define an aboriginal right. An aboriginal right will now be defined by the first ministers of the provinces, the Prime Minister and those people whom he, as Prime Minister, will invite to participate in discussions.

Mr. Manly: You left it in your amendment.

Mr. Schellenberger: For the first time the definition will be arrived at with the participation of the provinces of this country, so the New Democratic Party said it would assist by moving an amendment to solve that problem. Members of the New Democratic Party said that rather than dealing with one province, we will now deal with the whole amending formula; we will deal with all six provinces. The provinces have an interest in defining an aboriginal claim in a very narrow way because it means land within their boundaries, it means money. So rather than having one province deal with it, there will now be a gang of provinces. One can mess things up, but I know what a gang can do, and I can understand why the status Indians of this nation and the Native Council of Canada now oppose the amendment which the NDP is proposing. They asked to have a meeting with the leader. He refused to have a meeting with them to discuss this very important point, so we have lost that support.

Mr. Manly: Mr. Speaker, would the hon. member permit a question?

The Acting Speaker (Mr. Ethier): The hon. member for Wetaskiwin (Mr. Schellenberger) has been asked if he would permit a question.

Mr. Schellenberger: I have very limited time because of closure supported by the NDP, and I would like to continue my remarks. If there is some time left after my remarks, I would be happy to entertain a question.

Before my time runs out I want to come to a point which is very important to western Canada. As we face this amending formula and as we face the National Energy Program, many people in western Canada are asking whether their members of Parliament have the ability to represent them in this chamber because we are consistently being outvoted by the majority in the provinces of Ontario and Quebec. When our country was set up, the regions of this nation were to be protected by the Senate. The wise men of the nation were to protect our regions and our provinces. We know the history of that, particularly when one Prime Minister is in power for a long time. As a result, when a budget which has disparate effects on our regions is presented, or when a resolution such as the one we are debating is presented, the regions again are manipulated and outvoted. The Senate, which is supposed to protect them, is not doing so.

I must say that there are certain senators—and our leader has referred to them—who are attempting to protect the regions and the provinces, but again the majority is against us.

• (2020)

After we face this Constitution and push through the National Energy Program, in my opinion we must have a change in our institutions, particularly the Senate if we are to keep this nation together. I believe the Senate should be elected. It should have the power to stop certain of these bills which affect our regions, so that we in western Canada will have some protection against the majority populations in the centre, when we are faced with this kind of situation in the maritimes and western Canada.

Some hon. Members: Hear, hear!

Mr. Schellenberger: If we had started with this type of process, I think between the change in our institutions such as the Supreme Court, the CRTC, the Senate, and the town hall constituents assembly, we would have a great deal more unity in this nation.

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. gentleman but the time allotted to him has expired.

Mr. Stanley Hudecki (Hamilton West): Thank you, Mr. Speaker, for giving me the opportunity of making this first address, my maiden speech, during this important debate.

Some hon. Members: Hear, hear!

Mr. Hudecki: The sense of dignity I feel at this moment is solely imparted by the people of Hamilton West whom I represent. Hamilton West is a very special riding. It is a community of people distinguished for breaking new ground and setting high standards of achievement. On the industrial scene, tradesmen and managers from this riding who worked for Stelco and Dofasco, Canadian companies, have given other industrial nations in the world a lesson at making steel at a profit.

It was amidst our industrial heartland that the Association of Canadian Clubs was born. This national society is dedicated to fostering an interest in public affairs and cultivating an attachment to Canadian institutions. These are not our only claims to pre-eminence. In 1957, our representative for Hamilton West, the Hon. Ellen Fairclough, became Canada's first woman cabinet minister.

Some hon. Members: Hear, hear!

Mr. Hudecki: A decade later the voters of Hamilton West elected the first black person as a member of Parliament, the Hon. Lincoln Alexander.

The riding of Hamilton West is distinguished not only for its outstanding individuals but also for fuelling the growing sense of western pride. In 1935, the Winnipeg Blue Bombers challenged the Hamilton Tiger Cats for the Grey Cup. In allowing its first victory that year in Hamilton, we easterners established a trend which shows no sign of letting up. In the riding of Hamilton West we have situated the Canadian Football Hall of Fame which immortalizes football heroes from every corner of the country.

As a Hamiltonian, however, I take more heart in other achievements. In 1949, McMaster University established the first isotope laboratory in Canada. A decade later, the Right Hon. John Diefenbaker officiated at the start-up of McMaster's full-size research reactor, the first of its kind in the British empire. In Hamilton West we have the Canadian Centre for Occupational Health and Safety, providing information and advisory services to the working people of Canada.

Having briefly cited some of our local milestones, it is now important that I address myself to the constitutional debate. These are momentous days of national renewal, days in which we are redefining our common destiny as well as reaffirming our sense of national purpose. The task of constitutional renewal has been long and difficult. We hear that the process is divisive, that actions have been unilateral, that governments are self-interested and that people are misinformed.

In this atmosphere of apparent turmoil, it might be well that we remind ourselves of certain fundamental realities. The first is that although we are in the process of change, we are changing within the well-established guidelines of tradition and stability—the parliamentary process itself. This institution, of which we are all a part, has endured the test by its very design. It is a design for which we can be thankful. Within this time honoured framework change can take place, but it takes place slowly and with much discussion and compromise. Like a large seagoing vessel, the ship of state will creak and give with the changing weather and tides, but it must stay afloat. Parliament, acting as the centre of wide-ranging and diverse experiences of a vast nation, must also creak and give with the tides, but it must also endure.

As politicians from all parts of the country, we are often criticized for thinking only as far as the next election. But in this constitutional debate, we have been asked to take part in a process that has far-reaching and long-ranging consequences. In this endeavour, the members of this House have not avoided the responsibility of seeing that the needs of all are duly represented. This, after all, is our duty.

But now the subject of our deliberations has reached the point of decision. In this constitutional debate, we aspire to articulate the beliefs and ideals of the Canadian people; but we must not lose sight of the fact that we do so within the dynamic system of parliamentary democracy with its built-in checks and balances, framed by the judiciary and intergovernmental relationships and under the scrutiny of the people who, after all, are the final arbiters of all our decisions.

We Canadians have come of age. We have served notice that we no longer need a foreign power to act as a steward for our Constitution. For that reason, the Constitution will be patriated—about that there is no question. The constitutional package, with its appended charter of rights and amending formula, is essentially the draft resolution of a special joint committee of Parliament and the Senate, articulating the position and the aspirations of the Canadian people, after interviewing 97 groups and reviewing 1,280 written submissions. The proposed resolution has evolved through a process of enlightened compromise. The spirit of the document is praiseworthy. The style could be improved, but to do so we would have to commission poets to help lawyers and academics draft more ringing phrases to match its elevated intent.

● (2030)

At this stage, the government is criticized for acting unilaterally in bringing this proposed resolution to Parliament. The act of unilateralism has been described as uncivilized, divisive and undemocratic. This is a justifiable criticism, but it could be explained and attributed to the process. The conventional approach has been to seek the unanimous consent of all provinces. Historically, this has been ineffective because it has been practically impossible to reach unanimous agreement with the provincial governments on any issue. Even in the past week eight premiers could not convince Ontario and New Brunswick to accept an amending formula which required the agreement of seven provinces, representing 50 per cent of the Canadian population, with opting out privileges by a two-thirds majority of the legislature. To date the provincial input into this process is limited by the tyranny of unanimity; in the future this problem will be remedied.

For a period of two years, after patriation, the unanimous consent formula will remain in place and a search will be made for a less restrictive formula.

The federal government is proposing that future constitutional amendments be made on the basis of the so-called

Victoria formula which would allow change to the amendments with the approval of Ontario, Quebec, two Atlantic provinces and two western provinces without opting-out privileges. If the permanent amending formula is finally reached, then annual federal-provincial conferences will take place in which the provinces, using the accepted formula, will finally make their contribution in adjustments to the Constitution to meet the particular needs of their provinces.

The goal of the present government is to have strong provincial legislatures to look after and supervise the needs of their particular regions but to have strong national government to speak for the nation.

I personally will always accept the right of a provincial government to exercise jurisdiction in regional matters, but I cannot agree to the country being run by a weak association of premiers. To accept anything less in the way of a central government is to betray an appalling lack of understanding of the new world order.

The world is entering the post-industrial phase, characterized by the emergence of assertive super states, global cartels and powerful multinational corporations. If Canada is to play its rightful role in the new economic scheme, it requires a strong federal system. It is folly to believe that a loose association of provinces can compete in this league. We must have a strong, wholesome government to design a national economic strategy and to meet the exigencies of the nation. We need a unified country if we are to have a significant and respected voice in world affairs.

There is some concern by the official opposition about the reliance of a people's referendum on constitutional change. The proposed amending formula contains the surest device which any democratic government can employ to resolve a deadlock. The majority of Canadians were pleased with the clear results of the most recent referendum. Once the Constitution is patriated, there will be no one to turn to in the even of an unresolved dispute between governments, except the people of Canada who elected both levels of government. The use of referenda instituted by the federal govement or by the people of Canada is an appropriate vehicle to break a logjam in federal-provincial indecision. The referendum approach must always be used cautiously and prudently. The rules of implementation must be diligently followed in a non-partisan manner. Members opposite and dissenting premiers look at the referenda proposal suspiciously, as if it were a precursor to the imposition of a unitarian form of government. Such an inference is entirely without foundation.

One example which illustrates the historic division of powers and the critical role of a central government is the development of our health care service in Canada. As a medical doctor, the front line experience of practicing the art and science of surgery for some 30 years has given me a distinct perspective. I have seen the triumph of strong parliamentary democracy and federalism in the way the majority of Canadian citizens, medical institutions and governments have co-operated over the decades to establish a publicly financed health care system throughout the dominion.

In 1968, the national medical system was born with significant input from the medical profession and hospital services and provincial legislatures. The major co-ordinating effort or the driving force, however, came from the Pearson government which, through its initiative and funding, made the project possible. It was a strong, caring national government motivated by the needs of the people, applying the principle of equalization which made the project possible. An effective, strong central federal presence was necessary. There was no willingness on the part of the provinces to accept medicare, as the Hon. Leader of the Opposition (Mr. Clark) said this afternoon.

A recent health service review, headed by special commissioner Justice Emmett Hall, indicated that our Canadian health care system is, by world standards, one of the very best in existence today. Besides maintaining the vitality of the nation, it has the additional function of preserving the right of all citizens to enjoy unimpeded mobility throughout the dominion, a right which is often overlooked in the constitution of other democratic states. Whenever a resident moves from one point to another, he or she is assured of medical care in Canada. The national interest was served by a strong federal government. This system will be seriously at risk, if provinces are given opting out privileges in the constitutional proposals under the amending formula put forth by the eight premiers and our Conservative colleagues. I might make the observation that it is also at risk if physicians are not allowed to continue opting out privileges. The evolution of our health care system was not a historical accident; it was a culmination of a national priority.

• (2040)

The Canadian Medical Association was established in Quebec the same year as the British North America Act. While the terms of the act gave the province jurisdiction over health and education, doctors at that time crossed provincial boundaries in order to advance nationwide standards for medical certification.

There is a historical note which I would like to add. Parliament in that era was blessed with a much higher ratio of medical doctors to other professions and trades in the House. A staunch Cumberland Conservative member, Sir Charles Tupper, was the first president of the Canadian Medical Association. In recalling the past, I trust that he will be remembered more for that moment than for the fleeting distinction of having served as a prime minister of Canada in a Conservative government, which was in power for an even shorter period than the recent Conservative regime.

In 1920, again under the umbrella of the federal government, the Royal College of Physicians and Surgeons was founded and charged with the mandate to oversee education of medical specialities and to stimulate research in medicare on a national basis.

This challenge has nurtured and supported advances in the art and science of medicine. Let me list the names of a few Canadian medical pioneers and their discoveries: Wilder Pen-

field, an innovator in the field of brain surgery; Hans Selye and his studies of stress; Gordon Murray, Bill Bigelow and Bill Mustard, pathfinders in heart surgery; and Fred Banting and Charles Best who continued the refinement of the application of insulin in diabetes.

To date, the tradition of accomplishment continues into the future as advances in the field of health and health care will be made hand in hand with knowledgeable health care workers and doctors and an informed, caring, effective, national government which is ever mindful of the needs of the public.

This brings me to a personal note. I readily accept the recently proposed amendment by the Liberals, and I am satisfied with the wording of the proposed preamble in the Constitution which states: "Whereas Canada is founded upon principles that recognize the supremacy of God and the rule of law".

Some hon. Members: Hear, hear!

Mr. Hudecki: In the 1978 version of the constitutional package proposed by this government, the preamble included the following statement: "The people of Canada proudly claim that we are and shall be with the help of God a free and self-governing people".

In the new version of our national anthem, "Oh Canada", we have added the sentence "God keep our land glorious and free". We Liberals have always acknowledged the existence of God and have shown respect for the dignity and worth of the human person.

Some hon. Members: Hear, hear!

Mr. Hudecki: We have a deep awareness of the spiritual and moral values, and we identify with the important role of family life in the fabric of our nation. It is right and just that God's help be invoked in light of the ominous advance into our society of inhuman technology.

Before concluding, I must add my voice of anguish and sorrow to that of many members on both sides of the House on the subject of the flagrant abuse of our abortion laws. There is no question that the abuse is continuing and escalating so that nearly 65,000 innocent lives each year are destroyed, for the most part, for the sake of convenience. I do not accept the legal dictum that the act of birth is a dividing line between being a human and not being one. Life is a continuing process, and a new individual's existence begins at conception when it acquires a distinctive genetic pattern, making it a unique human being. It requires only time and nutrition to attain full human development.

The constitutional debate is not the forum to probe, examine or review existing abortion laws. This is a matter for Parliament, and should be and must be further debated in Parliament. I have sought and received assurance from the Minister of Justice (Mr. Chrétien), as recorded in *Hansard*, that the right to debate this fundamentally important social issue of abortion will remain in Parliament and will not be locked in the Constitution. Parliament must retain the unqualified right to amend existing provisions of the Criminal Code of Canada pertaining to abortion.

I close on a philosophical note. The debate of the constitutional proposals is approaching the last lap. It has evoked intense emotional responses from members of Parliament on both sides of the House. It has strained the goodwill and forbearance of many to a breaking point. Our legal fraternity has been drained of interpretations and opinions related to constitutional matters.

There is every expectation that the Constitution of Canada with a Canadian charter of rights and freedoms is about to emerge. It will define islands of discrimination, intolerance, injustice, real and perceived, and prejudices and biases in our society. This legal document cannot redress the wrongs of the past. It cannot undo the trials and frustrations of our ancestors, but it can, however, chart a course for a better future with better recognition of minority rights.

To have truly accomplished this lofty ideal, the Constitution will require an adjustment of our attitudes in our society. There must be a more receptive understanding of and empathy for the problems of the handicapped, the unborn, our native people, new Canadians, the poor, the aged and the underprivileged; and we must be prepared to meet and to react to the special needs of these human beings.

Therein will lie the success or failure of these magnificent debates, of the impressive manifestation of our parliamentary democracy in action, rather than in the eventual proclamation of these ideals in law.

I turn my thoughts now to the many contributors to this unbelievably complex constitutional package. These people gave generously of their skills and talents to prepare this document which will hopefully give us a more united and a more cohesive nation. I can think of no more apt quotation to describe their Herculean effort than the words of Hippocrates in his assessment of the art of medicine in his time which are as follows: "Life is short and the art long, the occasion fleeting, experience fallacious and judgment difficult." I myself feel that they faced this task with the spirit and the devotion of Louis Pasteur when he said, "Blessed is he who carried with him a God, an ideal of beauty, and who obeys it, for therein be the springs of great thought and great action; they all reflect light from the infinite."

● (2050)

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, I am very happy for the opportunity to participate in this important debate this evening. If we cast our minds back over the past few weeks, we will remember that debates were closed off on a number of occasions which made it impossible for some hon. members to participate. Once again, we have come to the point where the debate is going to be shut off and a number of hon. members will not be able to participate.

I want to discuss a great many issues tonight but because of the shortage of time I will just have to make references to them in the main. The order in which I deal with them does not indicate any range of importance.

I want to start by saying that there is no nation in the world where citizens have more rights, than in Canada. Some of the statements made by members on the other side of the House in this debate have been truly remarkable. To hear some of them, one would think that there are no civil or human rights in force today. In fact, the implication is that possibly we are living in a state similar to that of Uganda. A great many people feel that the approach we are taking these days will, in some respects, jeopardize many of the rights that Canadians already enjoy.

First of all, tonight I should like to challenge the whole concept of judicial supremacy in the area of human rights. The government is telling Canadians that they do not have any rights whatsoever at the present time, and then it lists some of them, saying that it is going to guarantee those rights!

The problem with that approach is that it says that governments are the guarantors of rights. That is not so at all. The people grant rights to governments. There is no one in any government, let alone the present government, who is wise enough, intelligent enough, or bright enough to list all the rights that Canadians possess today.

Some hon. Members: Hear, hear!

Mr. Patterson: The charter that has been placed before us certainly does not in any way meet the needs, the challenge of Canadians, or do for them what its promoters claim it will do. I think this brings into focus the main problem with charters of rights. They mislead people. They misrepresent facts. The Prime Minister (Mr. Trudeau) has travelled across the country with the Minister of Justice (Mr. Chrétien) and others, telling Canadians that they do not have any rights and that they are going to give them to us. They set themselves up as being able to change the whole situation and bring to the people of Canada a pride and an achievement and a declaration of rights such as they never had before.

In order to clarify one point, I should like to say that no matter what the charter of rights contains, it will not solve all the problems to which reference has been made in this debate. I refer again to countries that have charters of rights. I know some hon. members who spoke today took exception to this and I am sorry that I shall not have time to reply to them. As one illustration, we all realize that Japanese Canadians were treated in an unjust fashion during the years of World War II. Some people maintain that if there had been a charter of rights, it would not have happened. But, Mr. Speaker, the United States had a charter of rights and essentially the same thing happened there as in Canada. A charter of rights is absolutely no guarantee that the rights of the people will be assured just because they are written down on paper.

Another thing that should be emphasized is the importance of the supremacy of Parliament. I am not convinced that we would be doing the people of Canada a service by asking the courts of the nation to be legislators. I am not convinced that they should be asked to take on a function that has been performed well by the representatives of the people in Canada's Parliament and the provincial legislatures, or that giving that function to a group of persons in the Supreme Court, however wise and well-versed in the law they may be, is a good thing. Courts deal with laws. I believe that is the way things should remain.

A well known person has stated that the best guarantee of human rights is a vigilant legislature and the existence of a citizen body that is conscious that rights do matter and is willing, if need be, to fight for those rights. The person who wrote that was Harold Laski, author of "Parliamentary Government in England" in the year 1938.

I have serious reservations about trying to protect human rights by a charter such as that before us today. In the first place, the charter does not adequately protect the Indians of our nation. I think the Indian people were hoodwinked into the idea that certain clauses in the Constitution would guarantee the protection of their rights. When they had had an opportunity to look it over, they came to the conclusion that this was not so. I do not think many organizations of Indian people, if any, support the government's package, as far as their rights are concerned. Mr. George Manuel, the president of the union of B.C. Indian Chiefs, stated as follows:

> The constitutional resolution is unacceptable to us. It does not offer any prospect that lands and rights, which have already been taken from us, will be restored. It gives us no role in any future amendment process in which our residual rights may be at stake. The result is a 'dead-end' Constitution in so far as our rights are concerned.

As things stand now, we are faced with a resolution to support that particular reference in the package, when, all the time, the Indians are opposed to it. We also have a statement to the effect that the National Indian Brotherhood, which initially accepted this with open arms, turned against it and said that they were not going to support it when they found out what it was all about.

The second area of deficiency in this charter of rights is the protection of the unborn. I was very happy to hear the hon. member for Hamilton West (Mr. Hudecki), who preceded me in this debate, refer to this.

I have in my possession a legal opinion on the effect this charter will have on the abortion law. It contradicts what my hon. friend said a few moments ago. In short, this opinion says that the abortion law and the Criminal Code will be unconstitutional. Abortion would be available on demand and, what is more, if Parliament tried to enact either a new statute or an amendment to an existing law permitting the unborn the right to life and to assert such a right before birth, such a law would be declared unconstitutional.

That is an impressive legal opinion expressed by the Toronto law firm of Stephens, French & McKeown. It is well thought out and carefully reasoned. It claims that this charter will not respect the life of the unborn; indeed, it will permit abortion on demand. The law will then be beyond the reach of Parliament. The only way to change it will be through a constitutional amendment which will probably never take place.

This is a serious weakness in this proposition. I believe that the unborn should have rights and should be protected by law in this country.

Some hon. Members: Hear, hear!

Mr. Patterson: There is another matter which is of great concern, Mr. Speaker, and that is the potential harmful imbalance between individual and collective rights. This has to include religion and rights. In a brief sent by telegram to the Prime Minister, the Roman Catholic bishops of British Columbia and the Yukon said that while Section 2 of this charter guarantees the religious rights of the individual, it says nothing about the rights of the church.

● (2100)

If individuals are to have the opportunity of functioning and participating in the activities of the church, then some responsibilities are attached.

I shall just give one illustration in passing. For instance, when a church-related school or college are looking for teachers, it is necessary for the institution to advertise in Canada. No one from abroad can be accepted if there is someone in Canada who is qualified to fulfil that responsibility. This does not take into account that many church organizations and related organizations have a certain declared statement of faith and belief. There is no protection and no recognition as far as the law is concerned at the present time. The problem can be expressed in this way. If there is a position open and the institution wishes to engage a professor or someone from another church-related organization, they must advertise in Canada. No provision is made whatever for the particular doctrinal positions of the organization or their statement of faith.

I am very glad to say that as far as I am concerned, my representations to the Minister of Employment and Immigration (Mr. Axworthy) and to his officials have been very cordial. They have been very co-operative. They recognize that some attention must be paid to this facet if the doctrinal integrity of the church is to be maintained. I have had a good response from the officials in this connection. However, situations change, ministers and officials change and there is no guarantee this state of affairs will continue. This places church organizations in a very difficult position.

I want to speak now about property rights. One of the most astounding omissions from this charter is the omission of property rights. It has been a basic premise of social philosophy that all human beings have a fundamental right to property. Some theorists have put property rights in the category of "natural rights", those rights that accrue to man by virtue of his humanity. Indeed, the existence of a human being is contingent on his ability to claim things as his own. In the most primitive sense, this is food and shelter. I think that is reasonable. If you ask a farmer whether he appreciates land ownership, what do you think he would say? What about asking a fisherman whether he believes in the ownership of property? I am sure we will hear say yes, I want my boat. And so it goes. Property covers a wide range of issues.

Some hon. Members: Hear, hear!

Mr. Patterson: Therefore, to limit this provision is narrow thinking because it can cover anything a certain individual or a certain administration will want to read into it.

Property covers a multitude of rights, set out in "Social Principles and the Democratic State," at page 156, written by Benn and Peters. There is no way that I could possibly list all the property rights that we should have guaranteed. If certain ones are guaranteed, it means others are not accepted or not recognized. As a result, we can see the problems we are facing in all these different areas. The point is that the exercise of property rights is an integral part of the existence of all human beings. I believe property rights should be incorporated and not traded off for support from some other individuals and groups which have perhaps a rather twisted idea of what property rights involve and what they actually mean.

Another reason given by the Liberals for not including property rights is that some of the provinces were against it.

Mr. McCauley: All of them.

Mr. Patterson: This is nothing short of being hypocritical. Eight of the provinces are against this whole measure and yet the Prime Minister is proceeding with it. The measure is totally abhorrent to the concept of federalism. Yet the Prime Minister uses the excuse that he will not include property rights because a couple of the provinces are against the measure. I think this is inconsistent and dishonest. Property rights should be included in the resolution. As far as I am concerned, the whole thing is a mess. We are, however, trying to do something to improve it because it may eventually become the law of the country. We are trying to make the best of a very bad and sorry mess.

The latest representation I had concerning this issue came in the form of a telegram from the mayor of one of the districts in my constituency. I will not take the time to read it into the record. He was representing a great many who believe that property rights should be included in this resolution.

Reference has been made to the supremacy of God. I am very happy to see that the Liberals have consented, yielded and decided to include a reference to the supremacy of God. They have done it in a very casual way, sort of just tilting their hat to God and saying, "we are just mentioning your name". This is not worthy of the situation. It is far less than what is included in the Bill of Rights, now the law of Canada, proposed by the late Prime Minister of Canada, the Right Hon. John Diefenbaker. It reads, in part:

> The Parliament of Canada, affirming that the Canadian nation is founded upon principles that acknowledge the supremacy of God, the dignity and worth of the human person and the position of the family in a society of free men and free institutions;
>
> affirming also that men and institutions remain free only when freedom is founded upon respect for moral and spiritual values and the rule of law;

I want to deal briefly now with the matter of federalism. The Liberals, especially the Prime Minister and the Minister of Justice are fond of saying that this Parliament is the place that speaks for all of Canada.

An hon. Member: Right on.

Mr. Patterson: Someone said "Right on." I believe that it is, in a certain way which I will explain in a moment. There is another factor ignored by the Liberals, conveniently so because it would undermine the position of the Liberal party. That factor is that the provinces also speak for all Canadians.

Some hon. Members: Hear, hear!

An hon. Member: Nonsense.

Mr. Patterson: Canada is a federal state. It is made up of ten provinces of equal constitutional power and status. As Dawson states in "The Government of Canada", at page 82:

> The powers of the provinces are as full and as complete as those of the dominion within the areas allotted by the BNA Act and both dominion and provincial legislatures may delegate their authority to other bodies of their own creation but not to each other.

The problem with the proposal before us is that it takes from the provinces and gives to a federally appointed court certain matters which are within the exclusive jurisdiction of the provinces. What is worse, it is being done without the consent of the provinces.

• (2110)

We talk about property rights, educational rights and all these other things. At the present time they are under the jurisdiction of the provincial governments. Therefore I say that all the provincial governments speak on behalf of all Canadians within their jurisdictional rights and the federal government speaks on federal rights. I see an hon. member shaking his head. That is the problem with the Liberals; they are trying to centre everything in Ottawa.

I remember when the Prime Minister was minister of justice. He made the statement that he looked upon his role as minister of justice as charting the course of society for the future. I believe that we have to pay attention to that fact. It is a position that is denied and rejected by this whole package. It is breaking down the system of government we have in Canada where federal and provincial representatives deal with their own jurisdictional responsibilities.

I want to go on to the formula proposed and presented for our consideration in the matter of amending the Constitution. I believe, of course, we should not be dealing with this here at this time. We should be dealing with the patriation of the Constitution with an amending formula. However, as far as the rest is concerned, it should await the bringing back to Canada of our Constitution. That is the proposal we have made. It is the only reasonable and sensible one. The reason it is not being done is that the Prime Minister knows he would have great difficulty in getting some of his pet propositions through his Canadian Parliament.

The Prime Minister wishes to enshrine forever the inequality of provinces. We in western Canada are prohibited forever from sharing as equal partners in our federation. This is totally unacceptable to those in British Columbia and, as my friend from Wetaskiwin pointed out, in the province of Alberta as well. The proposed amending formula will discriminate profoundly against British Columbia because we find in the provinces of Alberta and British Columbia—British Columbia has 40 per cent of the population—their combined population is fully 70 per cent of the western population.

What this amending formula would do is to permit two western provinces containing 30 per cent of the population to bring about constitutional change that would be contrary to the interests of the other 70 per cent. This is unfair, unreasonable and discriminatory as far as British Columbia is concerned. The population projections for the year 2001 show that British Columbia will have 45 per cent of the population of the provinces of Western Canada. We find here the possibility of 77 per cent of the western population being dominated by 23 per cent of the population.

Further to this particular issue, we find the federal proposal is put forth in the form of a proposal to transfer the ownership of natural gas to the federal government. For approval, Manitoba and Saskatchewan, two provinces, would need to have only 16 per cent of the population in order to approve that proposition. Rejection would require three provinces. This is all up against the other proposition that the provinces of Ontario and Quebec have a veto. Each has a veto over the whole thing.

That shows the position in which British Columbia can be placed if a proposal is advanced by the federal government regarding the transfer of natural gas, for example. British Columbia will not accept that. If you think that alienation is growing in the west, you might as well understand why. Alienation in the west, if this goes through, will see a change into something far more dangerous than just a resentment or an alienation and a feeling that British Columbia is not wanted here, that all that counts is central Canada. That is not acceptable.

The Prime Minister has the view that whatever he does, even if it means the destruction of our country, is justified if he can obtain his own peculiar view of Canada. He stated on one occasion, "I came to Ottawa to save Quebec, someone else will have to save the west". Perhaps it will take God himself to do that.

Look at this Constitution. It shows what contempt the Prime Minister has for western Canada. No wonder he is not getting any members from there.

We feel that through negotiations in the spirit of fair play, we could solve these historic problems in a way that would permit British Columbia to be a full and equal partner in confederation. However, I warn the Prime Minister and the Minister of Justice that if they proceed on this dangerous course, British Columbians will not tolerate it. We do not want to be a region of second-class citizens behind the perpetual veto of Ontario and Quebec. We do not want to become third-class citizens behind Manitoba and Saskatchewan.

British Columbia did not come into confederation to become subservient to the rest of Canada in any way. We have to remember that British Columbia did not come into confederation when it was first established; it came in later. It came in

with an understanding that certain guidelines would be maintained and certain situations would continue. If the government is going to tear those things away, destroy them and say we are not going to get them, that it will not be held accountable and responsible for what was said in the terms of union, British Columbia will feel very angry about it. No one in their right senses could question why.

I appreciate the fact that I only have another one or two moments. I just want to emphasize once again the unfairness of the whole situation. This package which we are faced with today is a hopeless package. It is a miserable mess. Members opposite ask why then are we trying to improve it. As I said before, it is unlikely that it will ever pass, but if it happens to pass, we want it to be improved so that it will be less despicable and dishonourable than it is at the present time. That is why we are moving amendments. We trust the government will accept the amendments moved by this party and do something to at least solve the problem, heal the breach and make western Canada feel that somehow they are receiving co-operation, that they will at least be listened to and, hopefully, there will be some redress to the problems and injustices they have been facing over the last many years.

● (2120)

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Mr. Speaker, it is a great pleasure for me to be given this opportunity to take part in this historic debate on these important amendments. The constitutional question as it has evolved since last June has taught Canadians a great deal about their country. In the last year Canadians have come to know the difficulties of being governed in a country as geographically, culturally, politically and economically diverse as ours. The experience Canadians have shared this past year has proven that consensus and compromise is difficult to achieve within our national setting.

However, we have succeeded in reaching consensus and approval on many fronts. Opinion polls published over the last few months, and especially yesterday, have revealed that Canadians approve of what we are doing.

Some hon. Members: Hear, hear!

Mr. Bockstael: The premiers of Ontario and New Brunswick agree with us as did a majority of the groups and individuals who appeared before the special joint committee. The federal New Democratic Party has supported our resolution. The provincial courts in Manitoba and Quebec have rendered a decision to the effect that what we were doing was in fact constitutionally binding.

Some hon. Members: Hear, hear!

Mr. Bockstael: Eight premiers have disagreed with our actions. The Premier of Manitoba has steadfastly opposed the entrenchment of a charter of rights. The Premier of Quebec has said he would not agree with the entrenchment of minority rights. In spite of Premier Lévesque's and Premier Lyon's partnership stand, latest reports indicate that some premiers now see the wisdom of accepting the charter of rights.

It is rather ironic that at the time of the referendum in Quebec last May, several provincial premiers openly opposed Premier Lévesque in his attempt to break up this country. These same premiers have today aligned themselves with the Premier of Quebec in opposing the entrenchment of a charter of rights and freedoms for Canadians, a charter which is fundamental to national unity.

Premier Lyon of Manitoba has, over the last few months, been the chief spokesman for all the dissenting premiers who have advocated an opting out approach to confederation, which to me is no different than Premier Lévesque's unswerving drive toward sovereignty-association.

A poll conducted by the Canada West Foundation revealed that Manitobans by a wide majority are in favour of a bill of rights. In fact, 73 per cent of those surveyed indicated they were in support of this federal initiative. I am a Manitoban and I want a charter of rights and freedoms. The hon. member for Provencher (Mr. Epp) is also a Manitoban and he as well is on record as favouring a charter of rights and freedoms. Premier Sterling Lyon of Manitoba has said time and time again that he would never accept a charter of rights and freedoms. It is evident that Premier Lyon does not speak for me, he does not speak for the member for Provencher, and he does not speak for the interests of the majority of Manitobans who want a charter of rights and freedoms entrenched in the Constitution.

Some hon. Members: Hear, hear!

Mr. Bockstael: In 1949, the noted constitutional expert, Frank R. Scott, wrote:

> There is no freedom save under a system of laws safeguarded by a Constitution, and the prime function of governments under a democracy, while keeping themselves within their constitutional framework, is to protect and advance the fundamental freedoms and human rights of every individual by all legislative measures that seem appropriate.

Professor Scott also had the following to say about the federal government's responsibility in assuring these rights and freedoms for Canadian citizens:

> Under our system of government the responsibility for national decisions on matters of policy rests on Parliament and on the cabinet which is answerable to Parliament. If a program in defence of fundamental freedoms is to be undertaken then Parliament must make the decision.

The proposed Canada Act will provide all Canadians once and for all their fundamental freedoms, their democratic rights, mobility rights and equal rights for the handicapped, among others. The amendments being proposed by the New Democratic Party will assure equal rights for both men and women and will give to our native population the assurance that their aboriginal rights will only be amended under the prescribed rules of the Constitution.

As a member of the special joint committee on the Constitution I can give a first-hand account of the events which took place from November to February 13. I would like to relate that on January 30 the Minister of Justice (Mr. Chrétien)

announced that he was to incorporate aboriginal rights in the constitutional resolution. Everyone was going around patting himself on the back claiming the amendment proposed was his idea, trying to take credit for it. I would remind you, Sir, that it was the Liberal Party which introduced that amendment.

At the time the hon. member for Nunatsiaq (Mr. Ittinuar) said he had to thank the Prime Minister of Canada for agreeing to include that in the Constitution. I must acknowledge the native wisdom of our Indian friend, the hon. member for Nunatsiaq, who so rightfully asserted, while everyone was proposing we should celebrate, that he would not celebrate until the Constitution was officially brought back here to Canada. His attitude was vindicated the very next morning by the events that followed.

The chief spokesman for the Official Opposition explained that now that the committee has approved the first three chapters of the resolution, now that we have all agreed that Canada has to have its own Constitution, that the Constitution should be patriated, it goes without saying that the Constitution must have an amending formula because it cannot be brought back without such an amending formula otherwise we will have to go back to Britain for amendment. He said they agreed with the charter of rights; he had just finished agreeing on aboriginal rights, but then he said it was time to split the resolution, time to call a halt to the whole process and refer the matter back to the premiers of the provinces for their consideration. This was just another stalling tactic of the opposition, a technique to invoke opting out, an opportunity to resort to some kind of a veto which would rescind everything we have done and postpone indefinitely patriation of the Constitution and a charter of rights for which the people of Canada are waiting.

Let me review the amendments introduced by the hon. Minister of Justice. You must be well aware that it was a Liberal amendment which placed a reference to God in the 1960 Diefenbaker bill of rights.

Some hon. Members: Hear, hear!

• (2130)

Mr. Bockstael: When Canada adopted its national anthem last July, we ensured that the official text included the line "God keep our land glorious and free".

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): Parliament did that.

Mr. Bockstael: In our earliest negotiations with the provinces we proposed a preamble which recognized the authority of God, but regrettably some premiers would not accept such a preamble to our Constitution. For my part, let me confirm how pleased I am that the resolution in its final form on which we are about to vote acknowledges the supremacy of God and the rule of law.

At the special joint committee hearings, we were delighted to see adopted the so-called Henderson amendment for the Atlantic provinces. It stipulated that the approval of two Atlantic provinces, regardless of their size or the number of their citizens, would be sufficient to authorize amendments to the Constitution. To even things up with the Atlantic provinces, a second Liberal amendment will do the same thing for the western provinces. With this new amendment any two western provinces, regardless of their population, will have the power to approve amendments to the Constitution.

Last August in Dauphin, Manitoba, Premier Lyon said that any amending formula should protect all provinces not having as large a population as Ontario, Quebec or British Columbia. I am sure tonight this amendment will please Manitobans and will be welcome news to all western Canadians, for what it means in effect is that there are no more second-class provinces under the Constitution of Canada.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Munro (Esquimalt-Saanich): Can't you count?

Mr. Bockstael: The third set of amendments we are to consider is the catch-all omnibus amendment proposed by the Progressive Conservatives. While it may appear to them to have merit, we have to note that it only establishes a situation in which "you can't have one without the other".

Personally, I was disappointed that the right to life of the unborn was not entrenched in the Constitution, but I must point out that the proposed opposition clause which states "Nothing in this charter affects the authority of Parliament to legislate in respect of abortion and capital punishment" is absolutely superfluous, for it changes absolutely nothing.

We have been assured by the Minister of Justice that through the Constitution the government retains implicitly the right to formulate laws under the Criminal Code to regulate abortions and such related legal matters.

Turning to more positive aspects of the charter, our Canadian charter will seek to preserve and enhance the multicultural heritage of Canadians.

Mr. Fleming: Hear, hear!

Mr. Bockstael: I am ever grateful and I thank God for the privilege of having been born in Canada and of enjoying equality with all my fellow Canadians. In addition, I enjoy an ethnic background which broadens my horizons. I truthfully feel I am as anglophone as the majority of hon. members opposite, I am as francophone as every member on this side of the House, but first and foremost I am a Canadian.

Some hon. Members: Hear, hear!

Mr. Bockstael: I respect and uphold the bilingual and bicultural reality of this country. I am a fully integrated Canadian.

[*Translation*]

Mr. Speaker, my colleagues appreciate the fact that I am equally fluent in French and English, for I feel wholly immersed in both cultures.

From the early days of confederation the province of Quebec has acknowledged the right to English education for its minorities, Protestant as well as Catholic.

Manitoba was called to order by the Supreme Court and asked to honour the letter and the spirit of the Manitoba Act of 1870 and, of course, it has to abide by that act.

The Charter of Rights and Freedoms which we propose to enshrine in the Constitution will give the French and English minorities, wherever they may be, the right to education in the institutions of the linguistic minority, financed with public funds, when the number of children warrants.

I recall once again that the premier of Manitoba has always spoken against enshrining the educational rights of the official minorities. What we are doing now is to make sure that the linguistic minorities will have access to education in their mother tongue, whether they are Francophones outside Quebec or Anglophones inside Quebec.

Mr. Speaker, I want to dispel the false notion that our charter is not made in Canada. Opposition members have kept repeating that it is not a constitution made in Canada. I would suggest to those hon. members that a great many years have prepared us for that constitution. Ever since Quebec's referendum last spring we have joined the provinces in our quest for a Canadian constitution and, since last October, all the members on both sides of this House and the members of the Senate have been pondering over the Canadian constitution made here in Canada.

[*English*]

During the first phase of our debate, 74 members of Parliament and 34 senators were given the chance to speak out on the resolution. In phase two of the debate we opened the floor to the Canadian public. The committee held 106 meetings in the course of 56 days for a total of 267 sitting hours. We listened to 95 groups and five expert witnesses who came before the committee and we received letters from 914 individuals and 294 groups. Many of the recommendations these groups and individuals made were extremely helpful in our efforts to bring further amendments to the resolution on a Constitution made in Canada.

In this third phase of the debate, well over 100 members and senators have spoken on the resolution. It is evident, therefore, that we are not proceeding unilaterally to patriate the Constitution. We have given to all Canadians the opportunity to take part in this process.

Some hon. Members: Hear, hear!

An hon. Member: Horsefeathers.

Mr. Bockstael: I remind this House that from the beginning the Official Opposition has attempted to stall the process. The Official Opposition said it would do anything to slow down the process. Then members of the Official Opposition insisted that we needed public participation. We had to have television, so we gave them television. We had to listen to the public. We had to allow representations to be made. We had to hold public hearings. We had to have consultations so that there would be input by the citizens of Canada. We did this. It is really the asides one hears at such meetings which count. Members of the Official Opposition said, "We would keep you here until next Christmas if we could". The point is that they were not interested in giving Canada its Constitution. They preferred to retard and to withhold from the Canadian people a Constitution and a charter of rights.

• (2140)

I would like to contrast this with the premiers of the provinces. Who do they speak for? I gave the example of Premier Lyon a few moments ago. Who have the premiers consulted with? Talk about unilateral action! Look at the dissenting premiers who do not approach anyone, who do not consult with any of their electorate but who come forward and say that they are the spokesmen for the people of their province.

Some hon. Members: Hear, hear!

Mr. Bockstael: Time after time we heard the opposition say "Why do you not go back to those premiers one more time?" For what purpose? I can recall the comments, reported in the media, of the hon. member for Provencher (Mr. Epp) and the hon. member for Rosedale (Mr. Crombie), who were attending the leadership convention at the Chateau Laurier in Ottawa and who felt sure that Premier Lyon would be amenable to a charter of rights. A few days later in Winnipeg I heard Premier Lyon say "I speak for myself. The hon. members of the federal Conservative party do not speak for me and I will not approve a charter of rights."

How can they ask us to go back to the premiers who do not want such a thing, who want to withhold those rights from the Canadian people?

Mr. Taylor: Do you want unity in the country?

Some hon. Members: Oh, oh!

Mr. Bockstael: Mr. Speaker, once and for all we should let the Canadian people know that it is a myth that this unilateral action is not unilateral. It is the participatory action of the elected people of this country who represent all of Canada.

Some hon. Members: Hear, hear!

Mr. Bockstael: That includes the territories, not the private domain of each of the premiers who want to trade off rights for their privileges and resources.

Mr. Taylor: How many do you have in Saskatchewan, Alberta and British Columbia?

Mr. Bockstael: We have worked assiduously over a period of months to achieve what we have accomplished. We have improved the charter. We have improved the Constitution. It is now ready to be voted on and terminated tonight. But we have acquiesced to the demands of the opposition. They have said that legality is the question. They have said to take it to the Supreme Court. Thus, the resolution will be referred to the Supreme Court, and when it comes back we will deal with it expeditiously. We will send it for the seal of approval, which is no different than what we do here every day of the year. In this House we enact laws. We send those laws to the Senate where they are concurred in. Then the representative of the Queen, the Governor General, gives royal assent to it. All we are doing, once we have approved it here, is to perform our duties as parliamentarians. We are sending this resolution to England for that final royal assent, and hereafter we will be able to deal with our own policies, our own Constitution, our own rights in this country, by Canadians for Canadians.

Some hon. Members: Hear, hear!

Mr. Bruce Halliday (Oxford): Mr. Speaker, I realize that my time is short—

Some hon. Members: Hear, hear!

Mr. Halliday: I think I would be remiss if I did not say one thing, that is, that the pathetic scene we have just witnessed in this House now where, after a speech which was full of so much tripe, delivered by the hon. member for St. Boniface (Mr. Bockstael)—

Some hon. Members: Hear, hear!

[*Translation*]

The Acting Speaker (Mr. Blaker): Order, please. It being 9.45 p.m., it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the amendments, pursuant to the provisions of the order made on Wednesday, April 8, 1981.

[*English*]

The question is on the amendment standing in the name of the hon. member for Provencher (Mr. Epp).

Is it the pleasure of the House to adopt the said amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): All those in favour will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Blaker): Call in the members.

The House divided on the amendment (Mr. Epp) which was negatived on the following division:

● (2215)

(*Division No. 57*)

YEAS

Messrs.

Andre
Anguish
Baker (Nepean-Carleton)
Beatty
Blenkarn
Bosley
Bradley
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Coates
Cook
Cooper
Corbett
Crombie
Crosby (Halifax West)
Dantzer
Darling
de Jong
Dick
Dinsdale
Domm
Ellis
Elzinga
Epp
Fennell
Forrestall
Fraser
Fretz
Friesen
Gamble
Gass
Gilchrist
Greenaway
Gurbin
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hargrave
Hawkes
Hees
Hovdebo
Huntington
Jarvis
Jelinek
Kempling
Kilgour
King
Korchinski
Kushner
Lambert
Lewis
MacDonald (Miss)
MacKay
Malone
Mayer
Mazankowski
McCain
McCuish
McDermid
McGrath
McKenzie
McKinnon
McKnight
McLean
McMillan
Mitges
Munro (Esquimalt-Saanich)
Murta
Neil
Nickerson
Nowlan
Nystrom
Oberle
Paproski
Patterson
Reid (St. Catharines)
Robinson (Burnaby)
Roche
Schellenberger
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Shields
Siddon
Speyer
Stevens
Stewart
Taylor
Thacker
Thomson
Towers
Vankoughnet
Wenman
Wilson
Wise
Wright—98.

NAYS

Messrs.

Allmand
Althouse
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Benjamin
Berger
Blackburn
Blaikie
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Broadbent
Bujold
Burghardt
Bussières
Caccia
Campbell (Cardigan)
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Chénier
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
Deans
De Bané
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)

Messrs.

Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Fulton
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Ittinuar
Jewett (Miss)
Johnston
Joyal
Kaplan
Keeper
Kelly
Killens (Mrs.)
Knowles
Kristiansen
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Lefebvre
Lewycky
Loiselle
Lonsdale
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Manly
Marceau
Massé
Masters
McCauley
McRae
Miller
Mitchell (Mrs.)
Munro (Hamilton East)
Murphy
Nicholson (Miss)
Ogle
Olivier
Orlikow
Ostiguy
Ouellet
Parent
Parker
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Rae
Regan
Reid (Kenora-Rainy River)
Riis
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rooney
Rose
Rossi
Roy
Sargeant
Savard
Schroder
Simmons
Skelly
Smith
Stollery
Tardif
Tessier
Tobin
Tousignant
Trudeau
Turner
Veillette
Watson
Weatherhead
Whelan
Yanakis
Young—170.

● (2220)

[*Translation*]

Madam Speaker: The question now is on the amendment by Mr. Knowles, seconded by Mr. Ittinuar:

That the proposed *Constitution Act, 1981* be amended by

(a) adding immediately after line 40 on page 9 the following section:

"28. Notwithstanding anything in this Charter, the rights and freedoms referred to in it are guaranteed equally to male and female persons.";

(b) renumbering the subsequent clauses accordingly;

(c) adding to clause 54 immediately after line 20 on page 20 the following paragraph:

"(*c*) the rights of the aboriginal peoples of Canada set out in Part II;" and

(d) relettering paragraphs (*c*) to (*h*) of clause 54 as paragraphs (*d*) to (*i*).

[*English*]

Is it the pleasure of the House to adopt the said amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

Madam Speaker: All those in favour of the amendment will please say yea.

Some hon. Members: Yea.

Madam Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Madam Speaker: In my opinion the yeas have it.

And more than five members having risen:

Madam Speaker: Shall we dispense with the ringing of the bells?

Some hon. Members: Agreed.

The House divided on the amendment (Mr. Knowles) which was agreed to on the following division.

● (2225)

(*Division No. 58*)

YEAS

Messrs.

Allmand
Althouse
Andre
Anguish
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Baker (Nepean-Carleton)
Beatty
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Benjamin
Berger
Blackburn
Blaikie
Blais
Blaker
Blenkarn
Bloomfield
Bockstael
Bosley
Bossy
Bradley
Breau
Broadbent
Bujold
Burghardt
Bussières
Caccia
Campbell (Cardigan)
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Cardiff
Carney (Miss)
Chénier
Chrétien
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Coates
Collenette
Comtois
Cook
Cooper
Corbett
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Crombie
Crosby (Halifax West)
Cullen
Cyr
Dantzer
Darling
Daudlin
Dawson
Deans
De Bané
de Corneille
de Jong
Demers
Deniger
Desmarais
Dick
Dingwall
Dinsdale
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Domm
Dubois
Duclos
Dupont
Dupras
Duquet
Ellis
Elzinga
Epp
Erola (Mrs.)
Ethier
Evans
Fennell
Ferguson
Fisher
Fleming
Flis
Forrestall
Foster
Fox
Francis
Fraser
Fretz
Friesen
Frith
Fulton
Garant
Gass
Gauthier
Gendron
Gilchrist
Gimaïel
Gingras
Gourd
Gray
Guilbault
Gurbin
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hargrave
Harquail
Hawkes
Hees
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hovdebo
Hudecki
Huntington
Irwin
Isabelle
Ittinuar
Jarvis
Jelinek
Jewett (Miss)
Johnston
Joyal
Kaplan
Keeper
Kelly
Kempling
Kilgour
Killens (Mrs.)
King
Knowles
Kristiansen
Kushner
Lachance
Lajoie
Lalonde
Lambert
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)

Messrs.

Lapointe (Beauce)	Munro (Esquimalt-Saanich)	Rose
LeBlanc	Munro (Hamilton East)	Rossi
Lefebvre	Murphy	Roy
Lewis	Murta	Sargeant
Lewycky	Neil	Savard
Loiselle	Nicholson (Miss)	Schellenberger
Lonsdale	Nickerson	Schroder
Lumley	Nowlan	Scott (Hamilton-Wentworth)
MacBain	Nystrom	Scott (Victoria-Haliburton)
MacDonald (Miss)	Ogle	Shields
MacEachen	Olivier	Siddon
MacGuigan	Orlikow	Simmons
Mackasey	Ostiguy	Skelly
MacKay	Ouellet	Smith
MacLaren	Paproski	Speyer
MacLellan	Parent	Stevens
Malépart	Parker	Stewart
Malone	Patterson	Stollery
Maltais	Pelletier	Tardif
Manly	Penner	Taylor
Marceau	Pepin	Tessier
Massé	Peterson	Thacker
Masters	Pinard	Thomson
Mayer	Portelance	Tobin
Mazankowski	Rae	Tousignant
McCain	Regan	Towers
McCauley	Reid (St. Catharines)	Trudeau
McCuish	Reid (Kenora-Rainy River)	Turner
McDermid	Riis	Vankoughnet
McGrath	Roberts	Veillette
McKenzie	Robinson (Burnaby)	Watson
McKinnon	Robinson (Etobicoke-Lakeshore)	Weatherhead
McKnight	Roche	Wenman
McLean	Rompkey	Whelan
McMillan	Rooney	Wilson
McRae		Wise
Miller		Wright
Mitchell (Mrs.)		Yanakis
Mitges		Young
		Yurko—265.

NAYS

Messrs.

NIL

● (2230)

[*Translation*]

Madam Speaker: I therefore declare the amendment carried.

Amendment (Mr. Knowles) agreed to.

Madam Speaker: The question is therefore on the amendment of the hon. member for Nepean-Carleton (Mr. Baker), seconded by Mr. Clark:

That Motion Number 36 in the name of the Minister of Justice, be amended as follows:

(a) by deleting Clause 1 of Part I and substituting the following therefor:

"1. Affirming that

(*a*) the Canadian nation is founded upon principles that acknowledge the supremacy of God, the dignity and worth of the human person and the position of the family in a society of free individuals and free institutions, and

(*b*) individuals and institutions remain free only when freedom is founded upon respect for moral and spiritual values and the rule of law,

the *Canadian Charter of Rights and Freedoms* guarantees the rights and freedoms set out in it subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society."

(b) by deleting Clause 7 of Part I and substituting the following therefor:

"7. Everyone has the right to life, liberty, security of the person and enjoyment of property and the right not to be deprived thereof except in accordance with the principles of fundamental justice."

(c) by adding after Clause 27 of Part I the following new Clause:

"28. Notwithstanding anything in this Charter, the rights and freedoms set out in it are guaranteed equally to male and female persons."

(d) by adding after new Clause 28 of Part I the following new Clause:

"29. Nothing in this Charter affects the authority of Parliament to legislate in respect of abortion and capital punishment."

(e) by deleting Clause 35 of Part IV and substituting the following therefor:

"35. (1) No later than two months after the coming into force of this Act, the Prime Minister of Canada and the first ministers of the provinces shall constitute a permanent conference to be designated the "Constitutional Conference of Canada" hereinafter referred to as the "Conference".

(2) The conference shall examine all Canadian constitutional laws and propose amendments necessary for the development of the Canadian federation.

(3) A conference convened under subsection (1) shall have included in its agenda an item respecting constitutional matters than directly affect the aboriginal peoples of Canada, including the identification and definition of the rights of those peoples to be included in the Constitution of Canada and the Prime Minister of Canada shall invite representatives of those peoples to participe in the discussions on that item.

(4) The Prime Minister of Canada shall invite elected representatives of the governments of the Yukon Territory and the Northwest Territories to participate in the discussions on any item on the agenda of a conference convened under subsection (1) that, in the opinion of the Prime Minister, directly affects the Yukon Territory and the Northwest Territories.

(5) The conference shall meet at least twice each year.

(6) The conference shall be assisted by the Continuing Committee of Ministers on the Constitution."

(f) by deleting Part V.

(g) by deleting Clause 45 of Part VI and substituting the following therefor:

"45. (1) An amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by

(*a*) resolutions of the Senate and House of Commons; and

(*b*) resolutions of the legislative assemblies of at least two-thirds of the provinces that have in the aggregate, according to the then latest decennial census, at least fifty per cent of the population of all the provinces.

(2) Any amendment made under subsection (1) derogating from the legislative powers, the proprietary rights or any other rights or privileges of the legislature or government of a province shall require a resolution supported by a vote of a majority of the members of each of the Senate, of the House of Commons, and of the requisite number of legislative assemblies.

(3) Any amendment made under subsection (1) derogating from the legislative powers, the proprietary rights or any other rights or privileges of the legislature or government of a province shall not have effect, financially or otherwise, in and for any province whose legislative assembly has expressed its dissent thereto by resolution supported by a majority of the members prior to the issue of the proclamation, provided, however, that the legislative assembly, by resolution supported by a majority of the members, may subsequently withdraw its dissent and approve the amendment.

(4) The provisions of subsections (2) and (3) do not apply to the *Canadian Charter of Rights and Freedoms*."

● (2235)

(h) by adding after Clause 48 of Part VI the following new Clause:

"49. An amendment to the Constitution of Canada may be made by proclamation under section 45 or section 47, as appropriate, without a resolution of the Senate authorizing the issue of the proclamation if, within one hundred and eighty days after the passage by the House of Commons of a resolution authorizing its issue, the Senate has not passed such a resolu-

tion and if, at any time after the expiration of those one hundred and eighty days, the House of Commons again passes the resolution."

(i) by deleting clause 49 of Part VI and substituting the following therefor:

"49. (1) The procedures for amendment prescribed by subsection 45(1) and section 47 may be initiated by either the Senate or House of Commons or by the legislative assembly of a province.

(2) A resolution authorizing an amendment made for the purposes of this Part may be revoked at any time before the issue of a proclamation.

(3) A resolution of dissent made for the purposes of this Part may be revoked at any time before or after the issue of a proclamation."

(j) by deleting clause 54 of Part VI and substituting the following therefor:

"54. An amendment to the Constitution of Canada in relation to the following matters may be made only in accordance with the procedure prescribed by section 45(1):

(*a*) *The Canadian Charter of Rights and Freedoms;*

(*b*) the commitments relating to equalization and regional disparities set out in section 34;

(*c*) the powers of the Senate;

(*d*) the number of members by which a province is entitled to be represented in the Senate;

(*e*) the method of selecting Senators and the residence qualifications of Senators; and

(*f*) the principles of proportionate representation of the provinces in the House of Commons prescribed by the Constitution of Canada."

(k) by adding after clause 54 of Part VI the following new Clause:

"55. An amendment to the Constitution of Canada in relation to the following matters may be made only by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and the House of Commons and by the legislative assembly of each province:

(*a*) the office of the Queen, the Governor General and the Lieutenant Governor of a province;

(*b*) The right of a province to a number of members in the House of Commons not less than the numbers of Senators representing the province; and

(*c*) any of the provisions of this Part." and

(*l*) by deleting clause 63 of Part VIII and substituting the following therefor:

"63. (1) This Act, or any provision thereof, shall come into force on a day or days to be fixed by proclamation to be issued by the Governor General under the Great Seal of Canada where so authorized no later than July 1, 1983 by resolutions of the legislative assemblies of at least two-thirds of the provinces that have in the aggregate, according to the then latest decennial census, a population of at least fifty per cent of all the provinces.

(2) A resolution made for the purposes of this section may be revoked before the issue of a proclamation authorized by it."

The House divided on the amendment (Mr. Baker (Nepean-Carleton)) which was negatived on the following division:

● (2240)

(*Division No. 59*)

YEAS

Messrs.

Andre
Baker (Nepean-Carleton)
Beatty
Blenkarn
Bosley
Bradley
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Coates
Cook
Cooper
Corbett
Crombie
Crosby (Halifax West)
Dantzer
Darling
Dick
Dinsdale
Domm
Ellis
Elzinga
Epp
Fennell
Forrestall
Fraser
Fretz
Friesen
Gamble
Gass
Gilchrist
Greenaway
Gurbin
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hargrave
Hawkes
Hees
Huntington
Jarvis
Jelinek
Kempling
Kilgour
King
Korchinski
Kushner
Lambert
Lewis
MacDonald (Miss)
MacKay
Malone
Mayer
Mazankowski
McCain
McCuish
McDermid
McGrath
McKenzie
McKinnon
McKnight
McLean
McMillan
Mitges
Munro (Esquimalt-Saanich)
Murta
Neil
Nickerson
Nowlan
Oberle
Paproski
Patterson
Reid (St. Catharines)
Roche
Schellenberger
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Shields
Siddon
Speyer
Stevens
Stewart
Taylor
Thacker
Thomson
Towers
Vankoughnet
Wenman
Wilson
Wise
Wright—93.

NAYS

Messrs.

Allmand
Althouse
Anguish
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Benjamin
Berger
Blackburn
Blaikie
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Broadbent
Bujold
Burghardt
Bussières
Caccia
Campbell (Cardigan)
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Chénier
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
Deans
De Bané
de Corneille
de Jong
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Fulton
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hovdebo
Hudecki
Irwin
Isabelle
Ittinuar
Jewett (Miss)
Johnston
Joyal
Kaplan
Keeper
Kelly
Killens (Mrs.)
Knowles
Kristiansen
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Lefebvre
Lewycky
Loiselle
Lonsdale
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Manly
Marceau
Massé
Masters
McCauley
McRae

Messrs.

Miller
Mitchell (Mrs.)
Munro (Hamilton East)
Murphy
Nicholson (Miss)
Nystrom
Ogle
Olivier
Orlikow
Ostiguy
Ouellet
Parent
Parker
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Rae
Regan
Reid (Kenora-Rainy River)
Riis
Roberts
Robinson (Burnaby)
Robinson (Etobicoke-Lakeshore)
Rompkey
Rooney
Rose
Rossi
Roy
Sargeant
Savard
Schroder
Simmons
Skelly
Smith
Stollery
Tardif
Tessier
Tobin
Tousignant
Trudeau
Turner
Veillette
Watson
Weatherhead
Whelan
Yanakis
Young—175.

Amendment (Mr. Baker (Nepean-Carleton)) negatived.

Madam Speaker: The question is on the motion by Mr. Pinard, seconded by Mr. Chrétien:

That the proposed Constitution Act, 1981 be amended

(a) by adding immediately after the heading "CANADIAN CHARTER OF RIGHTS AND FREEDOMS" on page 3, the following:

"Whereas Canada is founded upon principles that recognize the supremacy of God and the rule of law:"

(b) by striking out in clause 11 of the French version, line 36 on page 5 and substituting the following:

"déclaré coupable et puni;"

(c) by striking out subclause 33(1) of the French version at lines 27 to 29 on page 10 and substituting the following:

"33. (1) Les droits, ancestraux ou issus de traités, des peuples autochtones du Canada sont, par les présentes, confirmés."

(d) by striking out in subclause 45(1), lines 20 to 24 on page 16 and substituting the following:

"inces.".

Is it the pleasure of the House to adopt the said amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

Madam Speaker: In my opinion, the yeas have it.

Call in the members and we shall dispense with the ringing of the bell.

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

● (2245)

(Division No. 60)

YEAS

Messrs.

Allmand
Althouse
Anguish
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Benjamin
Berger
Blackburn
Blaikie
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Broadbent
Bujold
Burghardt
Bussières
Caccia
Campbell (Cardigan)
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Chénier
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
Deans
De Bané
de Corneille
de Jong
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Fulton
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hovdebo
Hudecki
Irwin
Isabelle
Ittinuar
Jewett (Miss)
Johnston
Joyal
Kaplan
Keeper
Kelly
Killens (Mrs.)
Knowles
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Lefebvre
Lewycky
Loiselle
Lonsdale
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Miller
Mitchell (Mrs.)
Munro (Hamilton East)
Murphy
Nicholson (Miss)
Nystrom
Ogle
Olivier
Orlikow
Ostiguy
Ouellet
Parent
Parker
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Rae
Regan
Reid (Kenora-Rainy River)
Riis
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rooney
Rose
Rossi
Roy
Sargeant
Savard
Schroder
Simmons
Skelly
Smith
Stollery
Tardif
Tessier
Tobin
Tousignant
Trudeau
Turner
Veillette
Watson
Weatherhead
Whelan
Yanakis
Young
Yurko—173.

NAYS

Messrs.

Andre
Baker (Nepean-Carleton)
Beatty
Blenkarn
Bosley
Bradley
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Coates
Cook
Cooper
Corbett
Crombie
Crosby (Halifax West)
Dantzer
Darling
Dick
Dinsdale
Domm
Ellis
Elzinga
Epp
Fennell
Forrestall
Fraser
Fretz
Friesen
Gamble
Gass
Gilchrist
Greenaway
Gurbin
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hargrave
Hawkes
Hees
Huntington
Jarvis
Jelinek
Kempling
Kilgour
King
Korchinski
Kushner
Lambert
Lewis
MacDonald (Miss)
MacKay
Malone
Mayer
Mazankowski
McCain
McCuish
McDermid
McGrath
McKenzie
McKinnon
McKnight
McLean
McMillan
Mitges
Munro (Esquimalt-Saanich)
Murta
Neil
Nickerson
Nowlan
Oberle
Paproski
Patterson
Reid (St. Catharines)
Robinson (Burnaby)
Roche
Schellenberger
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Shields
Siddon
Speyer
Stevens
Stewart
Taylor
Thacker
Thomson
Towers
Vankoughnet
Wenman
Wilson
Wise
Wright—94.

● (2250)

Madam Speaker: I declare the motion carried.

The Constitution

[*English*]

I would like to wish all hon. members a well-earned holiday. As is customary before we break, I would like to invite hon. members to room 16 for a drink, where apart from sharing in the good cheer, they will have occasion to meet some of the Speakers of the Commonwealth countries who are also invited to meet some of the members.

It being ten o'clock and pursuant to order made Thursday, April 9, 1981, this House stands adjourned until Tuesday, May 12, 1981, at two o'clock p.m., pursuant to Standing Order 2(1).

At 10.50 p.m. the House adjourned until Tuesday, May 12, 1981 at 2 p.m.

HOUSE OF COMMONS

Tuesday, May 12, 1981

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

GRAIN

COST OF PRODUCTION—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas the Canadian Grain Commission has given notice that grain handling tariffs will be increased from 10 per cent to 50 per cent this summer, and whereas farmers are already seriously feeling the pinch with regard to higher costs for everything they buy, including machinery, unnecessary increases due to metric, along with high interest rates and unprecedented inflation, I move, seconded by the hon. member for Athabasca (Mr. Shields):

That the Government of Canada provide some leadership by finding ways and means of keeping the cost of production down by increasing the returns to producers and by eliminating unnecessary costs, tariffs and taxes before the industry is completely destroyed.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

INCREASE IN FOOD COSTS—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I rise on a matter of extreme urgency under the provisions of Standing Order 43. According to recent figures from Statistics Canada, what a dollar would buy in the way of groceries in 1971 now costs the Canadian consumer $2.85. As well, in light of the fact that food prices have risen astronomically since the government took office, forcing many Canadians to try to subsist on a "dollar diet", which is almost the price of a simple loaf of bread, I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the heartless, do-nothing Minister of Finance inform this House of the immediate measures he intends to take to assist Canadians who are finding it increasingly difficult to feed their families.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FARM CREDIT CORPORATION

CALL FOR INCREASED FUNDING—MOTION UNDER S.O. 43

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas interest payments now account for more than 15 per cent of total farm costs, or between $1.5 billion and $2 billion; and whereas farm bankruptcies are increasing at an exponential rate, being up 78 per cent between 1979 and 1980 and continuing up at a rate of over 70 per cent during the first quarter of 1981 compared to the first quarter of 1980, I move, seconded by the hon. member for The Battlefords-Meadow Lake (Mr. Anguish):

That this House instructs the Minister of Agriculture to take action immediately to increase funding available to the Farm Credit Corporation by $150 million and to make possible the reinvestment of funds in the Farm Credit Corporation by retiring farmers.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

NATIONAL UNITY

REQUEST THAT MEASURES BE TAKEN TO OFFSET ALLEGED PÉQUISTE PROJECTS—MOTION UNDER S.O. 43

Mr. Marcel Dionne (Chicoutimi): Madam Speaker, under the provisions of Standing Order 43 I seek the unanimous consent of the House to move a motion concerning an urgent and important question.

Considering that, according to an article signed by Normand Girard and published in the *Journal de Montréal* last May 6, the Parti québécois is unofficially committed to achieve separatism, and considering that the people are being told about the deceiving manoeuvres to which the Parti québé-

cois plans to resort with a view to fulfilling its aims, I move, seconded by the hon. member for Abitibi (Mr. Gingras):

That the Canadian government take the necessary steps to thwart the plans of the Péquistes.

Madam Speaker: Order, please. The presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

VETERANS AFFAIRS

SUGGESTED APPOINTMENT OF FULL-TIME MINISTER—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Today, more than ever, veterans deserve better treatment from the government. They are now faced with an inflation rate of 12.4 per cent, an increase in gas prices of 52 cents per gallon, heating oil increases of $1.12 per gallon, food cost hikes of 15.2 per cent, and a do-nothing budget. On top of all this they are being administered by a department which is receiving no leadership and is taking up to two years to process their pension applications. There is also the fact that some veterans are dying before they receive their pensions. Therefore I move, seconded by the hon. member for Red Deer (Mr. Towers):

That this House instruct the Prime Minister to appoint a full-time Minister of Veterans Affairs immediately and that this new minister launch a full-fledged investigation into the totally unacceptable conditions in the Department of Veterans Affairs.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NATIONAL ENERGY PROGRAM

RESIGNATION SOUGHT OF MINISTER OF FINANCE—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Whereas the absolute disaster and unbending stupidity of the government's National Energy Program have been well demonstrated by the delay in excess of $20 billion of investment in heavy oil and tar sands development in northeastern Alberta which coincides with the loss of thousands of jobs throughout Canada and severe damage to the entire national economy, and whereas approval of these major energy projects, with a more realistic National Energy Program in place, would improve the investment climate in Canada and relieve the pressure on our dollar, which is currently producing record high interest rates, I move, seconded by the hon. member for Red Deer (Mr. Towers):

That this House condemn the Minister of Finance for his repeated stonewalling of the Canadian public and demand that he produce a new budget and energy program and, if he is not capable of doing so, that he tender his resignation immediately.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1410)

HOUSING

CALL FOR REPLACEMENT OF MINISTERS—MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, when mortgage rates were at 14 per cent a family needed to earn $28,200 in order to carry their $50,000 first mortgage. Today, less than one year later, the same family must earn $32,213 to carry their home at the present soaring mortgage rate of 18 per cent, which puts home ownership out of reach of the vast majority of young Canadians since the average family income is $26,000. I move, seconded by the hon. member for Simcoe North (Mr. Lewis), under Standing Order 43:

That the Prime Minister immediately relieve the minister responsible for housing and CMHC and the Minister of Finance of their present responsibilities and replace them with individuals who are genuinely concerned, if he can find any, about the plight of the home owner who has to renew his or her mortgage and of those who wish to own their homes but now find the dream out of reach.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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SMALL BUSINESS

CLOSING OF CANNING FACTORIES IN PRINCE EDWARD COUNTY, ONT.—MOTION UNDER S.O. 43

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, I rise under the provisions of Standing Order 43. These past few years have seen the closing of seven canning factories in Prince Edward county, leaving only three small canners, plus one large operation. With the exorbitant interest rates now being charged there is a real possibility of further closures, leaving the farm community completely unprotected. I

therefore move, seconded by the hon. member for Northumberland (Mr. Hees):

That the Minister of Finance take heed of the remarks of the Minister of Agriculture and immediately institute reasonable rates for small businesses, and particularly those in the agricultural business.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NATIONAL MENTAL RETARDATION WEEK

SUPPORT FOR AFFLICTED PEOPLE—MOTION UNDER S.O. 43

Mr. Jesse P. Flis (Parkdale-High Park): Madam Speaker, I seek the attention of all hon. members of this House on a matter of urgent and pressing necessity, under the terms of Standing Order 43. Whereas this week of May 11 to 17 is officially proclaimed National Mental Retardation Week and whereas this same week has been proclaimed "Mental Retardation Awareness Week" in many municipalities across Canada, I move, seconded by the hon. member for Brandon-Souris (Mr. Dinsdale):

That this House urge all Canadians to offer their understanding to mentally retarded individuals and to become aware of their potential and capabilities so that the mentally retarded can enjoy as full a life as possible and share in the work and recreational experiences of our society.

Madam Speaker: I am sure the House shares the sentiments expressed in this motion and will do whatever is possible, but I do not think it can be taken under Standing Order 43.

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MUNICIPAL AFFAIRS

LOW COST LOANS FOR MUNICIPALITIES—MOTION UNDER S.O. 43

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, interest rates which affect the cost of capital borrowing by municipalities across this country are a matter of urgent and pressing necessity because they increase the property taxes of every Canadian. In the Ottawa-Carleton regional area, for example, only one and a half months ago the executive committee was talking about a borrowing rate of 14½ per cent for their capital necessities. Today the rate is over 16 per cent. Therefore it will cost three and a half times as much by the time they pay back the debt. Winnipeg is another example. Under present interest rates, the average householder will have to pay $30 to carry the capital costs of local public works. I therefore move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the government immediately implement a program of low-cost loans for capital purposes to municipalities.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

EFFECT OF HIGH INTEREST RATES ON SMALL BUSINESSMEN AND FARMERS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is to the Minister of Finance. It concerns the government's interest rate policy and the highest interest rates in Canada's history. No one needs to be told that these interest rates are causing untold hardship, but the minister considers the hardship in cold statistical terms rather than in human terms.

Some hon. Members: Question.

Miss MacDonald: I want to ask him whether he is aware of the anguish among the many small businessmen who are being forced into bankruptcy by the high interest rate policy, and in fact who are lying awake worrying at night because they must tell their employees in the morning they will have to lay them off because they cannot pay them? Is he aware of the distress among hundreds of farmers who are being forced to sell their farms which have been in their families for generations, because of the high interest rates? The minister seems to be interested in taking his pound of flesh in human terms—

Madam Speaker: Order.

Miss MacDonald: I would like to ask the minister—

Madam Speaker: Order. Order, please. I do have to ask the hon. member to ask a question.

Miss MacDonald: I should like to ask the Minister of Finance what he proposes to do in the face of these disastrous events which are hurting so many people, and will he please not tell us that it is beyond his control?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am quite conscious of the effect of high interest rates on various members of the community, including the groups which the hon. member has mentioned. I am also aware of the even greater danger which will fall upon the over-all Canadian economy and all the people in the country unless we persist in our efforts to reduce over-all inflationary pressures. That is the chief enemy on which the hon. member ought to be focusing. High interest rates are symptoms of this high inflation and, unless we succeed in reducing inflation, much more difficult situations will occur.

But I must say I was surprised when the hon. member referred to lay-offs which she alleges are occurring in the Canadian economy. I would remind her that in the month of April we had the lowest unemployment rate in this country we have had in five years.

Some hon. Members: Hear, hear!

Mr. MacEachen: We have, in addition, created more jobs. We have at the same time created about 330,000 jobs year to year in Canada, an increase in employment of 3.3 per cent. No other industrialized country in the world can compete with that job-creation record in the last year.

Some hon. Members: Hear, hear!

EFFECT ON PEOPLE WITH FIXED INCOMES

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I can tell from the minister's response that he has not been talking to any of the people who have been hurt all across this country by his high interest rates. This does not just apply to the small businessmen and the farmers I mentioned; the interest rates are hurting all the people in this country he spoke about because they are fuelling inflation and causing the prices of everything we buy to go up. I would like to ask the minister if he has looked at even the most basic, essential goods which people have to buy, including food? Is he aware of the fact that milk has gone up 73 cents for a three-quart bag since interest rates started spiralling, that potatoes are up $1.30 for a ten-pound bag, that butter is up 40 cents a pound, that sugar is up $1.40 a bag, and that bread is up 18 cents a loaf? On top of that, is he aware that—

Madam Speaker: Order, order.

Miss MacDonald: —home heating fuel has risen 36 cents a gallon?

Madam Speaker: Order, please. Order. I am sure the hon. member is quite conscious of the fact that she is making a speech. The question period is designed to ask questions. If the hon. member requires some information, she now has the opportunity to ask for it.

● (1420)

Miss MacDonald: I will put my question to the minister, who has said in recent days that these increases will have to be absorbed by the people. I would like to ask him quite simply how the people who are trying to live on fixed incomes, the elderly, single parents, and people who are disabled, are supposed to absorb the price increases I mentioned.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has misinterpreted what I said in a recent speech when I said that I believed that the Canadian economy at the present time must absorb increases in energy prices. I believe that. There is no way by which these energy prices can be transferred to any other group in the community. I believe that, but I am surprised that the hon. member would stand up in the House of Commons and pretend to take a sympathetic view about increasing prices when recently at her party's national convention she approved an increase in energy prices to 75 per cent of the world level, which would add a much greater burden on the consumer price index than anything we have seen to the present time.

REQUEST FOR AID FOR HOME OWNERS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, the minister might talk about people pretending, but he has been pretending to act as the Minister of Finance for some months now. That is all he has been doing, pretending.

Some hon. Members: Hear, hear!

Miss MacDonald: I would like to ask the minister if he has talked to any of the hundreds and thousands of Canadians who are now being forced out of their homes because of the high mortgage rates. Have any of his backbenchers been talking to these people? A year ago the minister said that the federal government would consider special assistance to home owners if interest rates soared under the floating rate. He said that he would take action, and since he is supposedly an honourable man, I would like to ask him what he is going to do to honour that commitment.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, we have been through this particular question before. It is true that when interest rates increased very rapidly a year ago I undertook to take special account of the home owners in Canada who were renegotiating their mortgages. That was done, and we found that in a very high proportion of the cases, first, because of increases in incomes home owners had experienced and, second, because of the appreciation in the value of their homes they had experienced they were able to bear the burden of these increased mortgage payments. That is the fact.

The fact of the matter is that during that very difficult period almost all of those who renegotiated their mortgages were able to meet the problems, and that small percentage which had a higher proportion of debt to income than is normally carried was helped by special arrangements made by the minister responsible for CMHC in order to carry them through that difficulty. So there is no point, as we go through this difficult period, for the hon. member to be creating more false situations and false issues in the country than exist at the present time.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

ENERGY

REQUEST FOR CHANGE IN POLICY

Hon. John C. Crosbie (St. John's West): Madam Speaker, the Minister of Finance is crucifying Canadians on the Cross of higher interest rates and, like Pontius Pilate, he washes his hands of it.

Some hon. Members: Hear, hear!

Mr. Crosbie: He washes his hands. The Bank of Canada rate was 11.76 per cent before the minister brought down his budget in October. It is now 18.71 per cent, a 7 per cent increase. That is the result of the minister's budget. My question to the minister is this: the Bank of Canada and the minister say our interest rates have to go up, primarily because U.S. interest rates had to go up and the Canadian dollar is weak. Will the minister now change the new energy policy, so-called, which is anti-business, anti-private sector, anti-provinces, and is weakening the Canadian dollar? Would he change that policy and get an agreement now with the oil producing provinces to start us out of this slump and put us in a position where interest rates can be brought down? Will he do that, or will he force the Minister of Energy, Mines and Resources or the Prime Minister to do that?

● (1425)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member quite correctly related the very high interest rates we are experiencing in Canada to the very remarkable increase in rates that has occurred in the United States in the last week. As was pointed out by the Bank of Canada last Thursday following the auction on treasury bills, short-term interest rates in the United States rose by two percentage points or more in the last week, having risen strongly in April. I might add that since mid-April interest rates in the United States have risen by two percentage points more than they have in Canada. There is no doubt that the pressure of U.S. interest rates on Canada is real and evident, and that the pressure is occurring on the exchange rate and on interest rates themselves. I am glad that the hon. member is aware of that.

In reply to his question, I want to tell him that of course it is the intention of the government to reach an agreement with the province of Alberta as quickly as possible. The Minister of Energy, Mines and Resources has already had meetings. Last week further discussions were held with the province of Alberta. It would be our hope to reach an agreement as quickly as possible, and it is something that we are working toward very energetically.

FINANCE

ACTION TO STRENGTHEN CANADIAN DOLLAR

Hon. John C. Crosbie (St. John's West): Madam Speaker, the Canadian dollar would not be weak were it not for the actions of the government in the last ten years and neglect of the Canadian economy.

Some hon. Members: Hear, hear!

Mr. Crosbie: My question to the minister is this: what action is he taking to strengthen the Canadian dollar so we are not completely dependent on the U.S., which is the position his government has put us in? What action is he taking to do that? His advice to the Canadian people is like the male chauvinist—if you are going to be raped, relax and enjoy it.

We want to know what action the minister is taking to reverse the weakness of the Canadian dollar, and we want to ask the minister this: will he give this House a solemn commitment that he will not permit the Bank of Canada to raise interest rates one jot or tittle further, and that this is as far as they are going no matter what happens to interest rates in the United States? Will he do that?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker. I, like the hon. members opposite, regret the rise in interest rates in current circumstances which, in my view, are unavoidable. I know that the members of the opposition parties have indicated they intend to debate the economy today, tomorrow and the next day. I will be looking forward to their views as to what they have to recommend in current circumstances. But I ask the hon. member to reflect on his request at the present time, and the effect that his request, if administered by an irresponsible minister of finance, would have on—

Mr. Crosbie: We have one!

Mr. MacEachen: —would have on the inflation rate in Canada and on the exchange value of the Canadian currency. The hon. member knows perfectly well that his proposal really borders short on complete irresponsibility.

* * *

THE ECONOMY

IMPLEMENTATION OF GOVERNMENT ELECTION CAMPAIGN PROMISE

Mr. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Prime Minister. The Minister of Finance has just said that the current high interest rate policy is unavoidable. On November 9, 1979, the Prime Minister, then Leader of the Opposition, moved a motion of non-confidence in the Conservative government of the day on the grounds that "its acceptance of record high interest rates" was unacceptable. Interest rates then were at 13 per cent.

Some hon. Members: Oh, oh!

Mr. Broadbent: Considering that the prime rate is now 19.5 per cent, considering that mortgages are approaching 20 per cent, and considering that the cost of living is now higher by 12.5 per cent, I would like to ask the Prime Minister, instead of continuing with these ruinous high interest rate policies, why does he not deliver on the promise he made in the last election campaign to the people of Canada?

Some hon. Members: Hear, hear!

• (1430)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, you will recall that in the context of that campaign we indicated that high interest rates and slow growth did not make sense. That is why we campaigned against them.

Mr. Broadbent: And now they do?

Mr. Trudeau: The Leader of the New Democratic Party is now showing his ignorance. If he had listened to the statistics given by the minister he would have realized that we are now in a period of high growth and high employment.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Madam Speaker: Order, please. I am afraid hon. members have accumulated too much energy over their break, but so have I and I intend to keep them straight.

Mr. Trudeau: Madam Speaker, you must be as bewildered as I at the groans when I mention high growth. Surely an 8 per cent real growth rate in the last quarter and a 4 per cent to 6 per cent real growth rate in the present quarter are, indeed, a high growth rate. If they suspect anything different, they are ignorant of the facts.

Some hon. Members: Hear, hear!

ANNUNCIATION OF GOVERNMENT POLICY

Mr. Edward Broadbent (Oshawa): Madam Speaker, speaking of ignorance, I would point out to the Prime Minister that I asked him a question about interest rates and the cost of living, and nothing to do with job creation. If the promise made sense in November of 1979, when the Prime Minister was Leader of the Opposition, it surely makes sense to implement it now, when he is Prime Minister of Canada.

The government is continuing to mislead the people of Canada. The minister responsible for housing has indicated that he would like a shelter allowance provided to the people of Canada; the Minister of National Health and Welfare has talked about increasing the tax exemption for children and other ministers want to change the Bank Act, especially the Minister of Agriculture who wants to help farmers. With regard to each of these instances the Minister of Finance has said that the idea is ridiculous, or he has done nothing about them. I would like to ask the Prime Minister: who speaks for the Government of Canada? Is it these ministers who are making promises to the people of Canada, or is it the Minister of Finance who is turning them all down?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I cannot understand the attitude taken by the Leader of the New Democratic Party when he says I talk about high employment and high growth. Surely these issues are linked, as he knows. If you want to fight inflation at all costs, you can follow the route followed by other industrialized countries which have brought inflation down very drastically but at a cost of very high rising unemployment and at a cost of zero or negative growth in their economies. Surely as erudite a man as the Leader of the New Democratic Party would understand that there is some linking between these concepts. I say that on balance, which is the position we took in the last campaign, we prefer to see employment growth and economic growth. That is our choice, rather than stagnation. I am surprised that we do not have the support of the New Democratic Party.

Mr. Broadbent: Madam Speaker, we have not decided to join with the conservatives in this country or with those south of the border in terms of implementing the kind of reactionary economic policy that the Liberals are forcing on the people of Canada.

REQUEST FOR IMPLEMENTATION OF LOW INTEREST RATE POLICY

Mr. Edward Broadbent (Oshawa): Considering that the Prime Minister argued in the fall of 1979 that a low interest rate policy made sense then, and considering that we in this party and many economists in the country believe it makes sense now, will the Prime Minister instruct the Minister of Finance to implement what he promised to the people of Canada in the last election campaign and instruct the Governor of the Bank of Canada to bring down interest rates? If the Minister of Finance does not do this, will the Prime Minister fire him?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have indicated in my answers that, in my view, the question is one of over-all management of the economy, not separately attacking interest rates and employment as though they were unrelated.

In answer to the specific question as to the effect of in some way forcing down interest rates, I would point out to the Leader of the New Democratic Party that this would mean exchange controls, and until he is prepared to advocate that I would say that we are not prepared to listen to him.

BANKS AND BANKING

INCREASE IN PROFITS OF CHARTERED BANKS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, the Prime Minister speaks about us being in a period of real growth. I would like to direct my question to the Minister of Finance and ask him to comment about the real growth we are seeing in our chartered banks whose profits have risen to a quarter of the total profits of all the public companies in Canada, up 66 per cent compared to the same quarter last year, due to the high interest rate structure favoured by the minister. Would the Minister of Finance explain to the House why he chooses to favour a policy which is obviously so beneficial to our chartered banks at a time when countless numbers of small businesses are going bankrupt as a result of it?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think I should remind hon. members opposite, who have properly raised the plight of the small business firms, that we have in operation the small business development bond which has been extended by this government and which brings very substantial interest rate benefit to eligible small businesses in the country. So, we have responded in these inflationary times to the requests which were made to us by the small business representatives in continuing the small business development bond.

The hon. member has mentioned the profitability of the banks. It is true that for one quarter, and possibly two quarters, there is a strong improvement in the profitability of the banks, stemming from a rather low base. I have already indicated to members of the House of Commons on previous occasions that it is my intention to monitor the situation very closely, since I do not believe that any particular institution in the country should be permitted to benefit in any unfair or inequitable way from the current high interest rates which are necessary for the welfare of the Canadian economy.

Some hon. Members: Hear, hear!

Mr. Stevens: Madam Speaker, my supplementary question is for the Minister of Finance who said that the profitability of the banks stems from a rather low base. In the first quarter of last year the banks earned $288 million—that is what the minister calls a low base. This year they will earn $466 million.

EFFECT OF FLOATING BANK OF CANADA INTEREST RATE

Hon. Sinclair Stevens (York-Peel): It is now 14 months since the Minister of Finance introduced his floating rate concept with regard to interest rates. The inflation level has gone up a full 4 per cent since he introduced this policy and, oddly enough, the prime lending rates have gone up 4.5 per cent. Would the minister explain to the House when we will be entering this promised land he told us he was leading us to—a promised land with lower inflation, which would be the fallout of his following a high interest rate policy? We certainly have the high interest rates but, unfortunately, we have even higher inflation. When will we get to the point where there is lower inflation in the country? Does the minister admit that his gradualism is just not working?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member referred to the introduction of the floating bank rate which is established on a weekly basis as a result of an auction of treasury bills. Hon. members of the House ought to realize that there are very strong pressures at the present time in this country driving up interest rates. That pressure is not only from the United States. There are very strong demands from business and from all sectors of the economy for credit.

● (1440)

Mr. Stevens: What about the federal government?

Mr. MacEachen: I would remind hon. members that in April, last month, the demand for over-all credit increased by about 20 per cent. I would ask the hon. member to read the announcement made by the Governor of the Bank of Canada last Thursday when he explained these high interest rates by saying, "In respect of other economic developments the bank noted that the rate of total spending and the demand for credit in Canada have both remained disturbingly high."

Mr. Stevens: Including the federal government.

Mr. MacEachen: What the governor of the bank is saying is that we are running a very strong economy. The demand for credit is very intense, and that is one of the sources of high interest rates in Canada. The hon. member should not fail to remember these very important facts.

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HOUSING

POSITION OF HOME OWNERS

Mr. Doug Lewis (Simcoe North): Madam Speaker, my question is for the Minister of Finance. In answer to an earlier question the minister suggested that appreciation in the value of a home helps when it comes to mortgage payments. I would suggest that when a Canadian home owner sits down with a mortgage officer and tells him that his home has appreciated, the mortgage officer is simply going to say, "So has your mortgage payment". I would ask the minister how the appreciation in the value of a home helps a Canadian home owner who has to make out-of-pocket mortgage payments.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, if that is too complicated a concept for the hon. member to understand, I should like to draw his attention to a simpler concept, namely, the

relationship between the total income of the individual and the proportion of that income that goes into home ownership payments. That is a well established principle that has been in operation for a long time.

If my hon. friend examines the situation, he will find that because of rising incomes—quite apart from changes in capital appreciation or net worth—if he examines rising incomes, he will find that a very high proportion of home owners renegotiating their mortgages are in as good or better position to bear that ratio as they were when they initially took out the mortgages. That is a fact.

EFFECT OF GOVERNMENT POLICY ON MORTGAGE MARKET

Mr. Doug Lewis (Simcoe North): I wish to ask a supplementary question, Madam Speaker. There are hundreds of thousands of Canadians who are trying to understand what the Minister of Finance just obfuscated. Since the mid-1960s the standard term for a mortgage has been five years. We now have one and two-year mortgages, and there is some talk even of six-month mortgages. The Liberal party's high interest policy has created this period of instability. I want to ask the Minister of Finance if he is not concerned that the lack of action on the part of his department and the government has created an instability in the mortgage market in Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have a good many concerns and one of those concerns is obviously the impact of the very high interest rates on home owners and other groups in the community. My overriding concern is the very strong inflation that we are experiencing at the present time in Canada and my corollary that the present interest rates are absolutely essential if we are going to make any possible headway against inflation. That is the simple proposition that has to be admitted.

If hon. members ask me, as they are doing, either to protect every group in the country by new spending, or many groups in the country by new spending, or by taking a deliberate action to lower interest rates in current circumstances, they are asking me to do something that I will not do, namely, to take steps that would add further to inflation in the long term. They are saying, "lower it now," and I am telling them that if I did that they would get it in spades in the long term.

* * *

FINANCE

REQUEST FOR INTRODUCTION OF COST OF LIVING TAX CREDIT

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, we have had it in clubs from the minister today. Four months ago he was blaming the Americans, something he has done again today, and last week he was blaming the Canadian worker for the kind of inflation we have been suffering. Instead of blaming the Canadian worker whose wages have fallen behind the rise in the cost of living in the past four years, and in view of the effect this has on people on fixed incomes or pensions, why does the minister continue to reject a cost of living tax credit which is not a blanket subsidy but would be a method of using the tax system to provide the kind of protection and help that those Canadians trying to keep up with increases in the cost of living so desperately need, and which would focus that assistance on people who need it most?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I want to correct the hon. member and tell him that I have not at any time blamed the Canadian worker for the current inflationary circumstances. I attempted to mention, in a speech in Toronto, how inflationary expectations in the current strong inflationary environment have fed through into wage settlements which, in my view, will lead in the long term to no benefit for individual workers, or for the economy. That is what I have been saying. If the hon. member can show how I am wrong on that, I would be glad to hear him.

The hon. member is asking me to provide protection through a tax credit for a special group in the community. That is what he is doing. He is not arguing that it is costless. He is not saying that it will not cost the treasury anything. It is obviously going to cost money. It is is going to add to spending. It is going to add to the deficit or add to higher taxes, both of which, in these circumstances, would be unacceptable as far as I am concerned.

ALTERNATIVE POLICY TO FIGHT INFLATION

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, the minister's commitment to social Darwinism would be quaint were its effect on the average Canadian not so devastating. If he sticks around tomorrow and Thursday, he will hear from us how the economy can afford to pay for a cost of living tax credit by putting taxes on the banks and taxing our largest corporations at a rate which the average taxpayer also pays. The money is there if the minister is prepared to find it.

My supplementary question to the minister is this, Madam Speaker. When the Bank of Canada started its policy of gradualism in 1975, we had an inflation rate of 10 per cent and an interest rate of 9.75 per cent. Now we have inflation running at an annual rate of nearly 14 per cent and interest rates running at 20 per cent. By what empirical test does the minister have to be convinced that the policy which the bank has been following, on his instructions and on the instructions of the hon. member for St. John's West—under what conditions does the minister have to say that this policy clearly is not working and we have to find an alternative that will have the effect of reducing inflation without killing the Canadian economy and without hurting the average Canadian?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, on the first point, the hon. member has talked about his suggestion that we tax the banks and corporate industry in the country more heavily. In my budget I introduced a number of very important taxes on

the oil and gas industry. I must say that I have not received very much help from the New Democratic Party in getting those bills through, nor have I had very much support from that party for our taxation. I have wondered why not. Why have they been so silent? Let me tell the hon. member—

Mr. Deans: Did it ever occur to you that you are wrong?

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Madam Speaker: Order, please.

Mr. MacEachen: Madam Speaker, the hon. member is really—however, I will not be as unkind to him as he is occasionally to me.

Mr. Crosbie: Attaway, Uriah!

Mr. Nowlan: You tender soul!

• (1450)

Mr. MacEachen: Is the hon. member serious in suggesting that in a period of five or six months, after having this rather high interest rate experience, we can turn back a deeply embedded inflation, which is not only embedded in our structures in the economy but embedded in expectations? Does he really believe that it can be turned aside in five months, or a year or two years—

An hon. Member: You created it.

Mr. Nielsen: It is wrestled to the ground.

Mr. MacEachen: —when it took about ten years to build that disbelief in the minds of the public—

Mr. Nowlan: You built it.

Mr. MacEachen: —about the value of the Canadian currency? Does the hon. member believe that?

Mr. Nowlan: You are an ostrich.

* * *

EXTERNAL AFFAIRS

PAYMENT BY U.S.S.R. FOR DAMAGE CAUSED BY DISINTEGRATION OF SATELLITE

Mr. W. Kenneth Robinson (Etobicoke-Lakeshore): Madam Speaker, my question is for the Secretary of State for External Affairs. In view of the fact it cost $14 million to search and find the radioactive material resulting from the disintegration of a Soviet satellite over the Northwest Territories on January 24, 1978, will the minister advise why he has accepted only $3 million in damages from the Soviet Union? Is it because the minister feels in some way that Canada has some responsibility for the cleanup, or is it because only a few pieces of the satellite which carried radioactive material were found?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I know the hon. gentleman, who is a very distinguished lawyer, will understand how negotiations normally proceed. This was a matter of very difficult and prolonged negotiations with the Soviet Union. The figure which he has mentioned represents the compromise on which we were able to agree.

* * *

THE ECONOMY

PROJECTIONS RESPECTING ECONOMIC INDICES

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is directed to the Minister of Finance.

The Minister of Finance took some umbrage at what a member might say to him. I have to say to the Minister of Finance that the House of Commons and the country are beginning to wonder whether or not the Minister of Finance, his department or the government really knows where they are going, or whether they have any answers. That is the reason for this question period today, and it is also the reason, Madam Speaker, why the next two days of debate will be on economic matters.

Some hon. Members: Order.

Mr. Baker (Nepean-Carleton): I think it is important to the country that the House understands what the government is acting upon when it takes the position it does.

In the interests of clarity and in the interests of allowing the House to understand, would the Minister of Finance now undertake, having had notice of two days of debate, to entertain motions in the name of our party with respect to the economy? Would he also undertake to file, prior to the beginning of the debate, the forecasts and new projections of the department with respect to interest rates, rates of inflation, the Bank of Canada rate, as well as projections with respect to energy prices in Canada so that all of the facts will be on the table, and members of the House of Commons, together with members of the public, can make a judgment as to whether the Minister of Finance and the government really have any economic policies at all?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think the hon. member will have to make up his own mind on these matters. I have already provided projections in the budget, not only for this year but for last year and for three years ahead. When the occasion justifies it, I will be very glad to revise the projections, but it is not my intention to provide a new array of projections which in the circumstances, as the hon. member knows, are very uncertain. I do not believe, in these uncertain times, that one ought to lay too much emphasis upon projections years down the road.

Mr. Baker (Nepean-Carleton): Madam Speaker, the Minister of Finance this morning said publicly that in economic terms the country was in a crisis with respect to inflation and other things. He said that. I heard him say it this morning. He must have made that judgment on some forecast of projections from figures, certainly not the ones in his old budget because they are hopelessly out of date. Therefore, will the minister table the projections and the figures which put the foundation to his statement today that, in terms of inflation, this country is facing a crisis? Canadians believe the country is facing a crisis but what Canadians want from this ministry is the government's intimations on how to get out of it. Obviously, it must not do nothing. There must be something which the government has in mind. Perhaps the time has come for it to be said, either tomorrow or the next day when we will be engaged in debate.

Mr. MacEachen: Madam Speaker, the hon. member said I used the word "crisis". I am not so sure that I did. I thought I said to the interviewer that I regard the inflationary situation as very, very serious.

Mr. Baker (Nepean-Carleton): Catastrophic.

Mr. MacEachen: I have had the view, since the budget, that the main difficulty facing the country is inflation. I have difficulty today, despite the evidence of this inflation, in convincing hon. members that the monetary policy pursued by the Bank of Canada is justified, because nobody on the other side has agreed with the policy. One of the difficulties which hon. members have not yet come to realize is that the policy being followed by the Governor of the Bank of Canada is anti-inflationary and is required in the present circumstances.

If the hon. member wants me to give him some facts on which I base my feeling that the inflation situation is serious—

Mr. Nielsen: No speeches.

Mr. MacEachen: —I refer him to the bank rate which was increased to 18.71 per cent last Thursday. I regard that as a very serious development. I refer the hon. member to the last inflation figure which showed year to year inflation of 12.4 per cent. I believe these are very serious indices of the inflationary strength of the economy and the environment in which we live. I am looking forward to the debate for the next two days to get views from hon. members—during which I will also give some views—as to what they believe the next step ought to be, not about an incoherent but a coherent policy.

Miss MacDonald: Who is the Minister of Finance?

REPORTED STATEMENT BY MINISTER OF AGRICULTURE ON AMENDING BANK ACT

Mr. Jack Murta (Lisgar): Madam Speaker, one segment of society which is facing a crisis is, of course, the agricultural industry, and therefore my question is for the Minister of Finance. Last Thursday the Minister of Agriculture said in a speech in British Columbia that the government was considering amending the Bank Act to reduce interest rates for unincorporated small businesses and for farmers. Was the Minister of Agriculture stating government policy when he made that statement, or was he just talking through his proverbial green hat, which seems to be the usual case?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I do not think the Minister of Agriculture would have referred to the Bank Act—

Mr. Epp: He did.

Mr. MacEachen: —because we have completed our revision of the Bank Act and it is not my intention to reopen the Bank Act at the present time.

Mr. Jarvis: It was Whelan.

An hon. Member: Down the drain, Gene.

Mr. MacEachen: But I will say that I have had discussions, as I frequently do, with the Minister of Finance. With respect to the Minister of Agriculture—

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. MacEachen: I have had frequent discussions with the Minister of Agriculture on questions in which he is interested. One of the items has to do with possible changes to the Income Tax Act.

I also want to tell you, Madam Speaker, that I do have discussions with the Minister of Finance.

Some hon. Members: Oh, oh!

Miss MacDonald: You and Mackenzie King.

Mr. Shields: Does he answer you?

Some hon. Members: Oh, oh!

Mrs. Mitchell: You will be walking on water soon.

• (1500)

REQUEST FOR EXTENSION OF SMALL BUSINESS DEVELOPMENT BOND PROGRAM

Mr. Jack Murta (Lisgar): Madam Speaker, my supplementary question is also for the Minister of Finance. An example of what would help when it comes to the agricultural industry would be an extension of the small business development bond to include unincorporated businesses, specifically for farmers and farm businesses. The minister must realize that agriculture operates almost totally on borrowed credit. Certainly the cattle feeding industry operates exclusively on borrowed credit. We have a situation in which farm prices are starting to drop but costs have gone up substantially. Can the minister give any indication to the farm community of whether he is looking at a

method such as extending the small business development bond to include farm businesses?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): I think the hon. member's question underlines in a sense the contradictions that I am hearing from members of the opposition. Yesterday I read in the newspaper that the hon. member for York-Peel, a very important economic spokesman for the opposition, was advocating further reductions in expenditures as the way to beat inflation. Today I have heard a whole series of suggestions from members opposite asking for increased spending programs.

Some hon. Members: Oh, oh!

Mr. Crosbie: Name one.

Mr. MacEachen: Although I must say I would like in the circumstances to respond to all these requests, I would like to know how it would be possible to increase expenditures and add to the deficit and fight inflation all at the same time.

Miss MacDonald: You are not doing any one of them.

ROUTINE PROCEEDINGS

[*Translation*]

ALTERNATIVE ENERGY AND OIL SUBSTITUTION

Final Report of Special Committee on Alternative Energy and Oil Substitution—Mr. Lefebvre.

[*Editor's Note: For text of above report see today's Votes and Proceedings.*]

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[*English*]

CANADIAN DAIRY COMMISSION

TABLING OF REPORT OF INQUIRY

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, in accordance with Standing Order 41(2), I wish to table in both official languages copies of a report of inquiry into certain allegations concerning commercial practices of the Canadian Dairy Commission.

Order Paper Questions

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

EFFECT OF HIGH INTEREST RATES

Mr. Edward Broadbent (Oshawa): Madam Speaker, I ask leave, seconded by the hon. member for Broadview-Greenwood (Mr. Rae), to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the highest interest rates and cost of living ever recorded in Canadian history, which have caused economic ruin for thousands of Canadians, particularly home owners, farmers, small businessmen and fishermen; and the necessity for the government to institute a new made-in-Canada interest rate policy that will stop fuelling inflation and the resulting hardship for the ordinary Canadian.

Madam Speaker: The hon. member for Oshawa (Mr. Broadbent) gave me notice of his intention to move the adjournment of the House under Standing Order 26 for the purpose of debating certain aspects of the economic conditions of the country, more particularly interest rates.

The hon. member will know that in arriving at a decision on such a motion the Chair must be guided by the provisions of subsection (5) of the Standing Order, which in part reads as follows:

> In determining whether a matter should have urgent consideration, Madam Speaker . . . shall have regard to the probability of the matter being brought before the House within reasonable time by other means.

As early as tomorrow and the day following, opposition motions may be set down for debate in the House under supply proceedings if hon. members so choose.

Members will recall the lengthy debate which was allowed by the Chair under the same Standing Order on December 18 and 19 last dealing with economic conditions in Canada, a subject quite similar to that which the hon. member asks be debated today. It is obvious that the Chair under these conditions and on this matter, which is of a continuing nature, cannot accept the hon. member's request for an emergency debate.

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, the following questions will be answered today: Nos. 724, 1,491, 1,611, 1,724, 1,879, 1,880, 2,074, 2,099, 2,100, 2,140, 2,143,

Order Paper Questions

2,176, 2,190, 2,197, 2,231, 2,253, 2,254, 2,275, 2,283, 2,292, 2,294, 2,301, 2,311, 2,366 and 2,367.

[*Text*]

MINISTER OF AGRICULTURE'S STATEMENT—WINDSOR STAR

Question No. 724—**Mr. Cossitt:**

1. To the knowledge of the government, did the Minister of Agriculture state in an interview with *The Windsor Star* on June 2, 1979, "Pitfield and those guys killed me on that" with reference to cabinet approval of stabilization payments for beef producers who lost money in 1976?

2. To the knowledge of the government, did the Minister of Agriculture state in an interview with *The Windsor Star* on June 2, 1979, that every major policy he pushed for agriculture was blocked by bureaucrats and that Michael Pitfield "more than once attempted to block a major piece" of Whelan legislation and, if so, is it the policy of the government to allow public servants to interfere with the making of policy by cabinet?

3. Are Mr. Whelan's statements accurate in regard to the past and present?

Hon. E. F. Whelan (Minister of Agriculture): See Beauchesne's Rules and Forms of the House of Commons of Canada, Citation 359—fifth edition, paragraph (10), and Citation 171—fourth edition, paragraphs (e) and (nn).

HOUSE OF COMMONS STAFF

Question No. 1,491—**Mr. Cossitt:**

What appointments by name, title and classification, were made to the House of Commons staff by the government by order in council since April 20, 1968, and what was the statutory authority in each case?

Right Hon. P. E. Trudeau (Prime Minister): Five such appointments have been made since April 20, 1968: Mr. C. B. Koester was appointed Clerk Assistant (Administrative and Procedural) at the SX-1 level on July 1, 1975; on September 1, 1979, Mr. Koester was appointed Clerk, initially at the SX-3 level, and later promoted to DM-1 on October 1, 1980. Mr. M. G. Cloutier was appointed Sergeant-at-Arms at the SX-2 level on April 27, 1978. Mr. M. R. Pelletier was appointed Clerk Assistant (Legal) at the SX-1 level, later revised to SX-2, on October 24, 1969. Mr. J. R. J. Maingot was appointed Law Clerk and Parliamentary Counsel at the SX-1 level, later revised to SX-2 on January 1, 1971.

The appointment of Mr. Koester as Clerk was made under the authority of the Public Service Employment Act, R.S. 1970, Chapter P. 32, S. 38. The other appointments were made by the governor in council on the recommendation of the Prime Minister. This mode of appointment to these positions is a practice of long standing, the first such order in council having been issued on May 12, 1896, when Sir Charles Tupper was prime minister.

FRIGATE PROGRAM—SELECTION OF CONTRACTOR

Question No. 1,611—**Mr. Howie:**

1. What is the status of plans to select a contractor for the Frigate Program for the naval branch of the Canadian Armed Forces?

2. (a) At what stage is the program and on what date will the selection be made for the design stage (b) is the program on schedule and on what date is it expected to begin construction (c) on what date is the first ship expected to come on line?

3. Since proposals or tenders were first called, have any changes been made in the selection process in terms of participating parties or time extensions and, if so, what were they and for what reason were changes made?

Hon. J.-J. Blais (Minister of Supply and Services): 1. On the date this question was asked the government was evaluating the proposals of the qualified contractors for the performance of contract definition. As at December 8, 1980, the government selected two of the three qualified contractors for the performance of contract definition for the Canadian Patrol Frigate Program. The selected contractors are:

(a) Saint John Shipbuilding & Dry Dock Co. Ltd., Saint John, New Brunswick; and

(b) SCAN Marine Inc., Longueuil, Quebec.

The selection of the implementation contractor for the program will be made at the end of contract definition.

2. (a) The program, with the selection of these two contractors, has entered the design stage.

(b) The original schedule for the program was announced in 1977, anticipating delivery of the first ship at the end of 1985. This delivery is now scheduled for late 1987. Construction of the first ship is expected to start by the end of 1983.

(c) The first ship is scheduled to be delivered in late 1987.

3. Since the proposals were first requested in mid-1978, the government qualified three of the proposers and invited these three to respond to the government's desire to encourage, through the use of procurement, the creation and expansion of independent Canadian-owned enterprises. Organizational changes of the qualified contractors were as follows:

(a) Saint John Shipbuilding & Dry Dock Co. Ltd. replaced Sperry Inc.;

(b) SCAN Marine Inc., a subsidiary of Pratt & Whitney Aircraft of Canada Ltd., replaced Pratt & Whitney Aircraft of Canada Ltd.; and

(c) Vickers Canada Inc. replaced Litton Systems Canada Ltd.

"BUFFALO SHUFFLE"

Question No. 1,724—**Mr. Cossitt:**

1. Is there a procedure referred to in the Department of Employment and Immigration, particularly by senior members of the staff, as the "Buffalo Shuffle" and, if so, what is a full description of the term and does it include immigrants entering Canada who have been deported to the United States and who then proceed to re-enter through the Canadian consulate at Buffalo, in many cases by ministerial permits?

2. (a) How many persons have entered Canada via Buffalo in each of the past three years after being deported or in any way forced to leave Canada (b) how many ministerial permits were involved (c) how many had criminal records either in Canada or elsewhere and for what reason were they readmitted?

3. What was the total number of persons entering Canada via the Canadian consulate in Buffalo during the past three years combined?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. Yes. "The Buffalo Shuffle" is a colloquial phrase

often applied to a commission procedure, facilitating admission for humanitarian or compassionate reasons of people already in Canada, but who are subject to a deportation, removal, or exclusion order and are required by law to leave the country. The same procedure may also be applied to those whose admission is deemed to be in the national interest, such as some entrepreneurs. Many such people seeking admission by this procedure are from the Toronto area, and are referred for processing to the Canadian consulate in Buffalo because of its proximity to the border; hence the phrase "Buffalo Shuffle." This phrase is sometimes also applied to the same procedure used at other Canadian consulates in the U.S.A. At the consulate's own discretion or at the request of immigration officials at national or regional headquarters, ministerial permits are issued to persons who meet the foregoing requirements, but whose admission to Canada is otherwise prohibited by law. Another large group to whom the term "Buffalo Shuffle" may be applied are individuals legally in Canada in the visitors category who are applying to remain as permanent residents through a Canadian consulate in the U.S.A.

2. (a) Statistics are not kept on the number of persons entering Canada via Buffalo after being deported, or in any way forced to leave Canada.

(b) The Canadian consulate in Buffalo has issued the following ministerial permits to persons seeking admission as residents or visitors:

April to December	1978	55
January to December	1979	61
January to September	1980	28

(c) Thirty-one ministerial permits were issued by Buffalo from April 1, 1978, to September 30, 1980, to persons prohibited admission due to criminal records, whose admission was deemed appropriate for humanitarian or compassionate reasons.

3. During the period April 1, 1978, to September 30, 1980, the Canadian consulate in Buffalo issued 2,033 immigrant visas, 19,936 visitor visas, and 144 ministerial permits.

LIQUIDITY OF MORTGAGE INSURANCE FUND

Question No. 1,879—**Mr. Lewis:**

1. What is the present liquidity position of the Mortgage Insurance Fund?

2. What was the total amount borrowed for the fund from the government and what were the terms and conditions?

3. What is the estimated value of the fund?

4. Did the Office of the Comptroller General, or any other agency, undertake to complete an actuarial assessment of the fund and, if so (a) on what date was the assessment completed (b) what were the results?

Hon. Paul J. Cosgrove (Minister of Public Works): I am advised by Canada Mortgage and Housing Corporation as follows: 1. As at December 31, 1980, Canada Mortgage and Housing Corporation had outstanding borrowings on behalf of the Mortgage Insurance Fund, under Section 9(6) of the National Housing Act, totalling $175,000,000.

2.

Note No.	Date	Rate	Amount
1	December 5, 1979	13-5/8	$ 5,000,000
2	December 21, 1979	13-5/8	55,000,000
3	January 17, 1980	13-5/8	10,000,000
4	February 15, 1980	11-7/8	97,500,000
5	March 24, 1980	11-7/8	45,200,000
6	October 29, 1980	13-1/4	14,700,000
		Total amount borrowed	$227,400,000*

*$52,400,000 of these borrowings were repaid from real estate sales proceeds in 1980.

All of these borrowings were in accordance with the terms and conditions set out in order in council P.C. 1980-396 of February 8, 1980. This order in council superseded and amended those terms and conditions set out in order in council P.C. 1979-3233 of November 29, 1979.

3. The net assets of the Mortgage Insurance Fund as of December 31, 1980, amounted to $314.4 millions.

4. An evaluation of the fund was undertaken in mid-1980. At that time, an actuarial deficiency in the order of $80 millions was cited. This deficiency assumed that the then-current market trends, which were the worst experienced in some real estate markets in recent years, would continue. An appraisal of the fund's real estate portfolio in November, 1980, indicated a 14 percent improvement over these trends.

INVENTORY OF MORTGAGE INSURANCE FUND

Question No. 1,880—**Mr. Lewis:**

1. What is the present inventory of units held by the Mortgage Insurance Fund?

2. How many units were sold by the fund in (a) 1979 (b) 1980, and what is a breakdown between the two years?

3. For the same years, by province, what is the breakdown of units taken over and units sold?

4. For all of the units sold in 1980, what is the difference between the acquisition cost (amount of mortgage indebtedness) and the eventual sale price?

Hon. Paul J. Cosgrove (Minister of Public Works): I am advised by Canada Mortgage and Housing Corporation as follows: 1. As at December 31, 1980, the portfolio of the Mortgage Insurance Fund was 15,258 units.

2. (a) MIF units sold in 1979—3,319, (b) MIF units sold in 1980—20,206.

3. See list below.

4. Not available. (Net loss on disposal of Mortgage Insurance Fund real estate in 1980 was $231,717,000.)

Acquisition and Sale Statistics
Mortgage Insurance Fund
by Province
(in units)

	1979		1980	
Province	Acquisitions	Sales	Acquisitions	Sales
Newfoundland	97	46	90	77
Nova Scotia	93	64	122	115
Prince Edward Island	9	7	22	4
New Brunswick	196	187	87	209

Order Paper Questions

Acquisition and Sale Statistics
Mortgage Insurance Fund
by Province
(in units)

Province	1979 Acquisitions	1979 Sales	1980 Acquisitions	1980 Sales
Quebec	5,283	1,435	4,355	9,292
Ontario	6,847	887	8,313	7,765
Manitoba	543	19	344	79
Saskatchewan	126	42	97	239
Alberta	63	45	310	109
British Columbia	1,575	586	805	2,317
Yukon and Northwest Territories	2	1	3	—
Total	14,834	3,319	14,548	20,206

PETRO-CANADA'S BUDGET 1980/81

Question No. 2,074—**Mr. Towers:**

1. What is Petro-Canada's total current budget for the fiscal year ending March 31, 1981?

2. What is the total amount of the budget allocated for oil and gas exploration?

3. What percentage of the total budget is allocated to exploration?

4. Is Petro-Canada a partner in any current exploration contracts and, if so, how many?

5. Has Petro-Canada undertaken exclusively any exploration contracts and, if so, how many?

6. (a) Does Petro-Canada call public tenders for site preparation contracts, drilling and service contracts (b) have any such contracts been awarded without benefit of tender and, if so (i) how many (ii) what was the dollar value in each case?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Petro-Canada reports as follows: 1. 1980—$435 million.

2. $228.6 million.

3. 52.6 per cent.

4. Yes. 1980—26 contracts.

5. Yes. 1980—163 contracts.

6. (a) Petro-Canada calls for tenders as a matter of policy for purchases over $10,000, construction over $50,000, drilling services over $50,000, geological and geophysical services over $200,000.

(b) 1980

In some cases contracts were awarded by negotiation because the contractor was the only one available in certain remote locations or was the only contractor capable of carrying out the required work. In other cases the contract was for equipment specifically required to meet previously established standards and where only one supplier exists.

(i)	(ii)
3 construction	$2,220,000
2 drilling services (1—2 year contract)	1,315,000
2 drilling services (3—5 year contract)	103,300,000
2 geophysical services	850,000
1 environmental	250,000
10 equipment and supplies	8,900,000

COMMUNITY SERVICES PROGRAM—MR. HARRY SHORTEN

Question No. 2,099—**Mr. McGrath:**

1. Has the Community Services Program of the Department of Fisheries and Oceans been fully integrated into regional and district management offices of the Department?

2. What are the duties and responsibilities of Mr. Harry Shorten of New Brunswick?

3. Was Mr. Shorten's contract renewed and, if so, for what amount?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): 1. Yes. The Community Services Program (including officers) falls under the authority of the local area manager, with program co-ordination and evaluation being the responsibility of the regional office.

2 and 3. Mr. Shorten's contract expired in June, 1980.

BILATERAL FISHERIES AGREEMENT—CANADA/EEC

Question No. 2,100—**Mr. McGrath:**

What are the terms of the bilateral fisheries agreement recently concluded between Canada and the European Economic Community?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): A long-term bilateral fisheries agreement between Canada and the EEC has been negotiated ad referendum but has not yet been ratified by the two governments involved. The draft agreement includes the following elements: (1) co-operation in the conservation of stocks beyond Canada's 200-mile zone; (2) co-operation in scientific research; (3) co-operation in dealing with threats to conservation by vessels of other countries beyond Canada's 200-mile zone; (4) protection for Canada's Atlantic salmon stocks off the coast of Greenland; (5) limited allocations of cod and squid for community vessels; (6) a reduction in EEC import tariffs on fixed quantities of cod, redfish and herring products in various forms.

MR. PETER NICHOLSON

Question No. 2,140—**Mr. Crosby:**

1. Is Mr. Peter Nicholson employed or was he employed in the office of the minister responsible for Fitness and Amateur Sport and, if so, in what position?

2. What salary or remuneration was or is paid to Mr. Nicholson while employed in the office of the minister and were any personal or other expenses paid or reimbursed to him?

3. What are the qualifications for the position in which Mr. Nicholson was involved and was the position advertised or offered otherwise to any other applicants?

4. Was Mr. Nicholson appointed or will he be appointed a judge of the county court for the province of Nova Scotia?

Hon. Gerald Regan (Minister of Labour): 1. Mr. Peter Nicholson, QC, was employed as an independent contractor, under a personal services contract, to provide consultative services to the Minister of Labour responsible for Fitness and Amateur Sport.

2. Mr. Nicholson was paid a total amount of $14,213.59, which includes fees plus travelling and living expenses, in accordance with Treasury Board guidelines, for the period of March 11, 1980, to October 31, 1980.

3. A knowledge of, and organization skills in the operations of a minister's office.

4. Mr. Nicholson was appointed as a county court judge for district No. 3 in the province of Nova Scotia on March 2, 1981.

HALIFAX CABLEVISION LIMITED

Question No. 2,143—**Mr. Crosby:**

1. To the knowledge of the government, who is the principal shareholder or shareholders of Halifax Cablevision Limited according to the records required to be kept by the Canadian Radio-television and Telecommunications Commission (CRTC)?

2. Is Halifax Cablevision Limited required under the rules and regulations of CRTC to carry the proceedings of the House of Commons and, if so, were they carried on February 19, 1981 on or after 3 o'clock p.m., Atlantic Standard time and, if not, for what reason?

3. If Halifax Cablevision Limited failed to comply with the applicable rules and regulations of CRTC, what is the penalty for the failure to comply and what action, if any, was taken to enforce the penalty?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): I am informed by the Canadian Radio-television and Telecommunications Commission as follows:

1.

Shareholder	Common	Preferred	Per cent Vote
A. Irvine Barrow	2,250	2,250	45.0
A. Garnet Brown	2,250	2,250	45.0
J. Keith Lawton	250	250	5.0
Donald D. Anderson	250	250	5.0
	5,000	5,000	100.0

2. There is no CRTC regulation which requires that cable licensees must provide a channel for the distribution of the House of Commons proceedings. Nevertheless, in Decision CRTC 78-441 dated July 6, 1978, the commission approved an application by Halifax Cablevision Ltd. to add a special programming channel for the distribution of the House of Commons proceedings. The licensee was recently authorized by the commission to use this same channel for the carriage of children's programming ("Galaxie") when the House of Commons proceedings are not broadcast (Ref. Decision CRTC 81-120, February 16, 1981). With respect to the services distributed by Halifax Cablevision Ltd. on February 19, 1981, it is our understanding that:

(a) "Galaxie" programming was distributed between 12.30 AST and 16.30 AST.

(b) House of Commons proceedings were distributed "live" commencing at 16.30 AST, but were not shown between 15.00 AST and 16.30 AST.

(c) Question Period was distributed via tape-delay commencing at 19.00 AST.

Further, it is our understanding that, since February 23, 1981. Halifax Cablevision Ltd. has distributed "Galaxie" programming between 11.00 AST and 15.00 AST, and has distributed the House of Commons proceedings live in their entirety commencing at 15.00 AST.

3. A violation of the commission's Cable Television Regulations by a licensee renders that licensee liable to prosecution pursuant to Section 29(1) of the Broadcasting Act. This section states that:

> "29(1) Every licensee who violates the provision of any regulation applicable to him made under this part is guilty of an offence and is liable on summary conviction to a fine not exceeding $25,000 for a first offence and not exceeding $50,000 for each subsequent offence."

A prosecution would be a summary conviction proceedings taken before the court in the province. It has not been ascertained that Halifax Cablevision Ltd. committed an offence and no action has been taken with respect to Section 29(1) of the Broadcasting Act.

OPEN-AIR COMPLEX AT CENTRE VAUDREUIL-SOULANGES

Question No. 2,176—**Mr. Herbert:**

1. Does the government intend to provide to the development of an open-air complex at *Centre Vaudreuil-Soulanges* and, if so (a) what will be the precise location (b) does the government own the land (c) was an agreement signed with the provincial government involving any financial or other participation by the province or local municipalities?

2. What will be the intended activities at the site and on what date is the work to be completed?

Hon. Pierre De Bané (Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. Yes.

(a) Les Cèdres de Vaudreuil-Soulanges, 1677 Centre du Plein Air Avenue, Les Cèdres, Quebec.

(b) No.

(c) Yes, DREE participated in this project under the Canada-Quebec tourism development subsidiary agreement. The Department's contribution is $132,000., or 60 per cent of the project's total costs.

2. This project will promote outdoor activities such as hiking, bush survival, nature interpretation, archery, cross-country skiing and speedskating. Work has now been completed.

Order Paper Questions

RCMP—PERSON-YEARS ALLOCATED

Question No. 2,190—**Mr. Herbert:**

1. In each of the past five years, how many person-years have been allocated to the Royal Canadian Mounted Police for duties paid in whole or in part by provinces and municipalities?

2. What was the cost to the government for the provision of this service and what amount was received from the provinces and municipalities who requested and obtained service from the RCMP?

Hon. Bob Kaplan (Solicitor General):

1.

Fiscal Year	Person-Years
1976/77	8,418
1977/78	8,802
1978/79	9,065
1979/80	9,245
1980/81	9,406

2.

Fiscal Year	Total cost to Government	Recovery from Provinces and Municipalities
	$	$
1976/77	209,582,000	118,694,000
1977/78	242,567,000	140,866,000
1978/79	278,579,000	164,122,000
1979/80	308,894,000	186,144,000
1980/81	339,641,000	207,321,000

PUBLIC SERVICE—VACATION AND SICK LEAVE

Question No. 2,197—**Mr. Herbert:**

1. Is the basis for the calculation of sick leave and vacation entitlement standard throughout the public service and, if not, which group(s) have the (a) lowest (b) highest entitlement of number of days per annum of employment in each case?

2. Are records maintained on the (a) average (b) total amount of sick leave which has accrued to public servants?

3. Is there a time limit within which a public servant must use accrued vacation entitlement?

Hon. Donald J. Johnston (President of the Treasury Board):

1. (a) Sick Leave Accrual

Printing operations (non-supervisory) group accrues 12 days per year. All other groups accrue 15 days per year.

(b) Vacation Leave Accrual

Lowest — Ship repair (east and west) groups and printing (non-supervisory) group accrue two weeks vacation on appointment.

Highest — Postal operations (postal clerks and letter carriers) accrue seven weeks after 35 years' service.

2. Yes.

3. There is no time limit within which employees must use accrued vacation leave though employees are expected to take vacation leave in the year that it is earned subject to operational requirements. A few collective agreements provide for the payment in cash of accumulated credits on agreement of the employee and management.

UNEMPLOYMENT INSURANCE CLAIMS PROCESSING

Question No. 2,231—**Mr. Halliday:**

1. Are different forms used for each unemployment insurance claimant in the processing of a claim and, if so, how many?

2. Is proof of a social insurance number necessary in order to claim unemployment insurance?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): 1. The forms routinely used in the course of processing of every claim are: (a) the Application for Benefit; (b) the Record of Employment; (c) the Worksheet—for the allocation of insured earnings; (d) the Initial Decision—for preparing the necessary computer input; and (e) the Claimant's Report.

Other forms may be used, depending on the specific requirements of the claim.

2. Yes. A claimant must provide a valid social insurance number to claim unemployment insurance benefit.

PROPOSED PUBLIC HOLIDAY ON THE OCCASION OF THE MARRIAGE OF HIS ROYAL HIGHNESS THE PRINCE OF WALES AND LADY DIANA SPENCER, JULY 29, 1981

Question No. 2,253—**Mr. Cossitt:**

Is the government aware that the wedding day of His Royal Highness Prince Charles and Lady Diana Spencer, July 29, 1981, has been declared a public holiday in the United Kingdom and, if so, is the government considering taking a similar step in Canada?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): The Government is aware that July 29, 1981, has been declared a public holiday in the United Kingdom on the occasion of the marriage of His Royal Highness The Prince of Wales and Lady Diana Spencer; there are, however, no plans for having the wedding day declared a public holiday in Canada. In 1947 a similar situation arose when Her Royal Highness The Princess Elizabeth married the Duke of Edinburgh, and the wedding day was not declared a public holiday.

CBC—COMPLAINTS ABOUT PROGRAMMING

Question No. 2,254—**Mr. Cossitt:**

1. Does the Secretary of State receive complaints about CBC programming and, if so, in what manner are they dealt with?

2. Are such complaints referred to CBC and, if so, what action is taken?

3. Does the minister deal with any CBC errors, inadequacies, or shortcomings and, if so, under what authority?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): In so far as the

Department of Communications is concerned, the reply to the above question is as follows: 1. Yes. The manner they are dealt with is described in No. 2.

2. Yes. Letters which complain about programming are acknowledged by the minister's office and transmitted to CBC for investigation and further reply.

3. The minister, as a matter of established practice, does not intervene in the management decisions which the CBC makes in respect of its programming.

CRIME STATISTICS

Question No. 2,275—**Mr. Greenaway:**

1. From January 1, 1979 to date, by year, how many deaths due to unnatural causes were recorded in Canada and how many were listed as (a) suicides (b) murders and involved the use of firearms?

2. For the same period, by year, how many cases of rape were reported in Canada and how many perpetrators were (a) brought to trial (b) incarcerated (c) set free either with or without bail?

Hon. J.-J. Blais (Minister of Supply and Services): Statistics Canada reports: 1. Data on deaths due to unnatural causes are collected through two different statistical programs: the vital statistics program which gathers information based on reports from death certificates provided by provincial registrars, and the homicide statistics program which gathers basic information provided by police forces across Canada. The figures from the two programs differ for two reasons: they are collected by two different means and use different definitions. According to the homicide program, homicide is defined such that it includes all suspected cases of criminal homicide (murder, manslaughter and infanticide) occurring in Canada, regardless of whether a suspect has been identified in the killing. The program does not include Canadian residents killed in other countries. The vital statistics program makes no reference to the legal terms murder, manslaughter or infanticide. Rather, deaths are classified as having been caused by injuries inflicted by another person with intent to injure and kill, by any means. The latest data available from the vital statistics program, the 1979 preliminary death statistics, are as follows:

Total deaths by unnatural causes 16,556 (Includes deaths caused by environmental events, circumstances and conditions.)

Total deaths by suicide and self-inflicted injury 3,357

Deaths by suicide and self-inflicted injury resulting from use of firearms 1,085

Total deaths by homicide and injury purposefully inflicted by other persons 583 (Includes injuries inflicted by another person with intent to injure or kill, by any means. Excludes injuries on account of legal intervention and operations of war.)

Deaths by homicide and injury purposely inflicted by other persons resulting from assault by firearms 183

Data from the homicide statistics program are as follows: in Canada in 1979 there were 579 homicide incidents in which there were 631 victims. Thirty-three percent (207) of the homicides were committed using a firearm. Of these 207 firearm homicides, 44 per cent (91) used a rifle; 22 per cent (45) used a shotgun; 25 per cent (52) involved a handgun; 2 per cent (4) involved a sawed-off rifle/handgun; and in 7 per cent (15) cases the type of firearm was not determined. The equivalent figures for 1980 are not yet available, however preliminary figures for the first nine months of 1980 show that 15 per cent fewer homicide offences were committed than during the same period in 1979. Over the past decade the percentage of homicides committed with firearms has declined from a high of 47 per cent in 1974 to 33 per cent in 1979.

2. During 1979, 3,388 rapes were reported or known to police. Nearly one third of these were adjudged by police to be unfounded (that is to say that no offence was committed), resulting in a count of 2,291 actual rapes. Due to the procedure involved in statistical tabulation of crime in Canada, these are only approximate figures.

(a) 1,110 adults and 42 juveniles were charged with rape in 1979, and the majority of these were brought to trial, but the exact number is not known.

(b) No national statistics are available on the number of persons incarcerated for a rape conviction, nor on the number of persons charged with rape and freed either with or without bail.

RETROFIT PACKAGE—OIL-HEATING EQUIPMENT

Question No. 2,283—**Mr. Herbert:**

1. Was a retrofit package tested in conjunction with the Canadian Standards Association to improve the efficiency of oil-heating equipment?

2. Was a publicity and promotion campaign put into operation to advise the public on the package and to inform them of the benefits of installing the equipment?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows: 1. Yes.

2. Information on the package has been prepared and will be made available during May as part of the public information on the Canadian Oil Substitution Program.

LANGUAGE TRAINING

Question No. 2,292—**Mr. Herbert:**

In the past five years, what amount was spent by the Department of Employment and Immigration to provide (a) French language training to English-speaking residents of Quebec (b) English language training to French-speaking residents of all provinces and territories except Quebec (c) official language training to immigrants who are in Quebec and do not speak French or who are outside Quebec and do not speak English?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Over the past five years, the commission has purchased (a) $2,436,804 of full-time language training for English-speaking residents of the province of Quebec, (b) $2,115,722 of full-time English language training for French-speaking residents of all provinces, except Quebec, and (c)

$34,759,978 to provide official language training to immigrants in Quebec who do not speak French, and $45,363,443 to immigrants of all other provinces and territories who do not speak English.

NOTE: The expenditures set out above do not include the cost of training allowances and other income support paid to immigrants undertaking language training.

MOVEMENT OF WOOD BISON FROM ALBERTA TO B.C.

Question No. 2,294—**Mr. Scott (Hamilton-Wentworth):**

1. Did Parks Canada move 65 wood buffalo from Wood Buffalo National Park in Alberta to a new park on the South Nahanni River, north of Fort Nelson, British Columbia and, if so (a) at what cost (b) for what reason?

2. Are senior officials of Parks Canada or other departments flown into the park on a regular basis and, if so, for what purpose?

Mr. Roger Simmons (Parliamentary Secretary to Minister of State for Science and Technology and Minister of the Environment): 1. The Canadian Wildlife Service moved 28 wood bison from Elk Island National Park, Alberta, to an area near Nahanni Butte north of Fort Liard, Northwest Territories. The area is near, but outside, Nahanni National Park.

(a) Approximately $12,000 (funds provided by World Wildlife Fund (Canada)).

(b) To rehabilitate the endangered wood bison on their historic range.

2. No.

TRAINING PROGRAMS FOR FORESTRY AND LOGGING OCCUPATIONS, N.B.

Question No. 2,301—**Mr. Howie:**

Are there government-funded training programs to train woods workers in New Brunswick and, if so, what are the details?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Yes, under the Canada Manpower Industrial Training Program, over the last three years, 106 industrial training contracts have been signed with New Brunswick employers to train 476 woods workers in such courses as: truck drivers, maintenance mechanics, heavy equipment operators, instructor training and supervisory skill development. The cost to Canada for these training programs has amounted to approximately $300,000. Further, under the Canada Manpower Training Program (institutional training), 654 persons were trained in forestry and logging occupations at a cost of $968,391.

MANUAL DEFINING FORMULATION OF EVALUATION POLICY FOR DEPARTMENTS

Question No. 2,311—**Mr. Herbert:**

Did the Program Evaluation Branch of the office of the Comptroller General prepare a manual defining the basis for the formulation of evaluation policy for departments and methods by which the policy was to be implemented and, if so, is it available to the public?

Hon. Donald J. Johnston (President of the Treasury Board): The Program Evaluation Branch of the Office of the Comptroller General is in the final stages of the editing, translation and printing of "A Guide on the Program Evaluation Function in Federal Departments and Agencies". This document will be available shortly and I will be sending a copy to all members as soon as possible. The guide does provide the basis for the formulation of departmental evaluation policies as well as guidelines and suggestions for the implementation of program evaluation.

ART BANK—RENTALS

Question No. 2,366—**Mr. Nielsen:**

1. Do cabinet ministers have in their personal living accommodations works of art from the Art Bank such as graphics, paintings and sculptures and, if so, as of April 1, 1981 (a) what are their names (b) what number of works were so located?

2. Was a cost incurred by the (a) Department of Communications (b) Minister of State (Mines) for such rentals and, if so, what was the cost as of April 1, 1981?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): In so far as the Department of Communications is concerned, the reply to the above question is as follows: 1. No.

2. Not applicable.

YUKON INDIAN ELDERS

Question No. 2,367—**Mr. Nielsen:**

Do Yukon Indian Elders now receive benefits under the Elders Program and, if so, what number receive the benefits?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Yes, Yukon Indian Elders are now receiving benefits under an "Agreement with Respect to Providing Interim Benefits to Yukon Indian Elders" between the Government of Canada and the Council for Yukon Indians. The Council for Yukon Indians indicated on April 8, 1981, that there were 355 names on their list of eligible elders.

* * *

[*Translation*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, if questions Nos. 1,623 and 2,174 could be made orders for returns, such returns would be tabled immediately.

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Is it the pleasure of the House that questions Nos. 1,623 and 2,174 be deemed to have been made orders for returns?

Some hon. Members: Agreed.

[*Text*]

INTERIMCO LIMITED—GOVERNMENT ASSISTANCE

Question No. 1,623—**Mr. Cossitt:**

1. With reference to the answer to question No. 76 in which it is stated, that assistance has been provided to Interimco Limited to bid on specific capital projects abroad and that the "projects are confidential" (a) what type of "assistance to bid" were the large sums of money spent and did this include any pay-offs to foreign agents, representatives, etc?

2. After a bid is concluded on a specific project, what are all the reasons that the project is not made public when in a number of cases government assistance from public funds run to thousands of dollars?

3. Will the government adopt a more open policy in the future and, if not, for what reason?

Return tabled.

BIO-MEDICAL RESEARCH GRANTS

Question No. 2,174—**Mr. Herbert:**

1. During the last year, did the government contribute to bio-medical research and, if so (a) in what amount (b) who received such grants and in what amount in each case?

2. What amount is the budget for next year?

Return tabled.

* * *

[*Translation*]

STARRED QUESTIONS

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, would you be so kind as to call starred questions Nos. 2,178 and 2,224?

[*English*]

*MANPOWER GRANTS TO AUTOMOTIVE INDUSTRIES ASSOCIATION OF CANADA

Question No. 2,178—**Mr. Dinsdale:**

1. Were delegates from Ontario to the recent Customer Counselling Seminars sponsored by the Automotive Industries Association of Canada given manpower grants and, if so, for what reason?

2. Were delegates from Manitoba given manpower grants and, if not, for what reason?

3. Which other provinces were (a) given (b) not given, such grants?

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister and Finance): Madam Speaker, the answer to starred question No. 2,178 is as follows. 1. Yes. Financial assistance was provided under the Canada Manpower industrial training program. Most of the participating firms were small and lacked the capacity to develop and operate their own training programs. The association acted as a catalyst in demonstrating to these employers the value of employee training and the assistance provided by the Canada Employment and Immigration Commission enabled them to participate.

2. No. In Manitoba, most of the member companies already receive assistance for higher priority training of a more comprehensive nature, such as auto mechanics, autobody repair and partsperson training of longer duration.

3. (a) New Brunswick Alberta
Saskatchewan British Columbia
(b) Newfoundland Quebec
Nova Scotia Prince Edward Island

● (1510)

*IKO INDUSTRIES LTD.—LETTERS TO BE SHREDDED

Question No. 2,224—**Mr. Dinsdale:**

1. Did Miss Suzanne Evans of IKO Industries Ltd. in Brampton, Ontario discover approximately 100 letters about to be shredded in that plant and, if so, were Christmas cards from the Prime Minister among those letters?

2. Did Debbie McManus, an information officer at the Gateway Postal Plant in Toronto, state "it really is a total mystery how those letters got in that recycling plant"?

3. Was an investigation of the incident carried out and, if so, what were the results?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, in response to starred question No. 2,224, which is a three-part question, the answer to the first part is yes; to the second part, yes; and to the third part, yes, a special investigation was carried out, but investigators were unable to ascertain exactly how this mail arrived at the recycling plant.

[*Translation*]

Mr. Evans: Madam Speaker, I ask that the remaining questions be allowed to stand.

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

YOUNG OFFENDERS ACT

MEASURE TO ESTABLISH

The House resumed from Wednesday, April 15, consideration of the motion of Mr. Kaplan that Bill C-61, respecting young offenders and to repeal the Juvenile Delinquents Act, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

Hon. Allan Lawrence (Durham-Northumberland): Mr. Speaker, in speaking on second reading of this important bill, which is the first major social justice bill to come before this House in over three decades, I must say I am sorry the minister in whose name the bill stands and who will have a

great deal to do with its administration and negotiations with the provinces, is not present in the House this afternoon. This minister will also have a great deal to do with the bill once it has reached committee. I find his absence not only surprising but quite appalling, particularly as the minister and the government seemed to be in such a rush just prior to the Easter recess to pull a fast one, at least in the minds of many of us, by introducing this bill at a time when he knew the justice committee was sitting on other important legislation and, to the minister's knowledge, I was away from Ottawa with some of the minister's own colleagues. As I say, I am terribly surprised he is not here this afternoon in the House to listen to the debate on this very important measure.

In speaking about the debate which took place on April 15 last, I find myself in a little bit of a predicament. There were at least four members who spoke on that afternoon who I thought did an exceptionally good job in describing some of the complex provisions of the bill and some of its implications once it goes through the House. I do not say when this bill goes through the House, or if it goes through; I say once it goes through the House, because our position in this party I am sure is crystal clear as a result of those four speeches on April 15. I am sure it is crystal clear to the government, and I hope it is clear to the people of this country that we are wholeheartedly in support of its concept.

I thought the hon. member for Saskatoon West (Mr. Hnatyshyn), who led off for this side, did an exceedingly able job of outlining the various parts of the bill. He took a bird's eye view of the legislation; he took an overview of it. I felt, quite frankly, because of such short notice, and especially in view of the rather tricky nature in which the Solicitor General (Mr. Kaplan) introduced the bill, indicating he thought it should go through with one or two speeches—obviously it should not—the hon. member for Saskatoon West did a very admirable job. He did such a good job I am not left with much scope this afternoon.

I thought the speech by the hon. member for Halifax West (Mr. Crosby) was particularly useful to this House from the point of view of a person who has dealt in a very practical way in the courts of this country with the problems emanating from the existing legislation.

I thought the hon. member for Brampton-Georgetown (Mr. McDermid) added a great deal as a non-lawyer. Then my good friend and able lawyer, the hon. member for Perth (Mr. Jarvis), finished up that day's debate in a very admirable way.

I have just a few small points to make and I will not be too long. Firstly, I find it almost inexcusable that the Liberal government of the day has delayed in bringing this legislation forward. I would like to just quote one fatuous and to my mind inexcusable comment by the Solicitor General when he opened the debate on April 15 in this House in my absence. He said this:

> Because of the large number of solicitors general of Canada in the last five or six years, possibly none of them has been in a position to review the provisions and bring forward a bill which they would have been prepared to explain, defend and discuss with the provinces in the final sense.

I do not know whether the Solicitor General was speaking of his own party colleagues who had been his predecessors in the office of the solicitor general, and perhaps he was, but I am fair-minded enough to think that all of the solicitors general in this country in the last decade had a fair hand in helping to prepare this legislation. The position we arrive at today is that this legislation is almost exactly the same as the legislation I as the solicitor general put forward to the provinces and tabled in this House in the fall of 1979.

Indeed, as I go through the bill in a detailed way I find it is exactly the same as the Conservative government proposal in the fall of 1979, with only one major exception and a few minor ones. The minor exceptions are really very technical in nature and, I must say, in my mind, increase the efficiency of the bill, representing an improvement. They relate to some very minor technical details and wording in relation to the privacy of proceedings, the review of dispositions and, finally, the availability of the records of juvenile offenders. Those are the only variances with the proposal put forward by the Clark administration in the fall of 1979, with one other major exception which I will come to later.

Therefore, I find it quite exceptional, almost insulting, to have the solicitor general of this day, speaking in his opening statement in this House in respect of this first major piece of social justice legislation in three decades, attempt to take the partisan attitude he did, casting aspersions not only on me as a predecessor in that office but also on his own colleagues on his side of the House who were also his predecessors in that office.

The fact remains that the bill before the House now, Bill C-61, to all intents and purposes is the bill I had prepared in the office of the solicitor general during the summer of 1979 when I was there. I might add that I took great pains to push and give high priority to that bill to make sure the House of Commons of the day was brought up to date with what was happening, and especially to make sure that at every stage in the drafting of the bill the provinces, which are so much involved with the implications arising from this measure, and upon whom a great deal of the burden will inevitably fall, were kept informed. Certainly the bill I had prepared and the bill which has been presented by the present Solicitor General are almost exactly word for word, except for one major point. That one major point is one that to my mind represents a fatal flaw in this bill, as I have described it before.

● (1520)

With the permission of the Chair I hope to do something today which might correct that one fatal flaw. There are two points I want to make, and I will be very brief. The first point is that this bill will require full and complete discussion in the committee by everyone in this House who is involved with, and interested in, criminal justice in this country. But especially there must be a full opportunity in the Standing Committee on Justice and Legal Affairs for provincial representatives to come with their suggestions and criticisms.

I know that one of the excuses of the government may be that negotiations and discussions with the provinces have been

going on for almost a decade in relation to this reforming piece of legislation. That is true. Those discussions and negotiations have been going on, but the House should fully appreciate that this bill has implications for the provinces, for the administration of justice in the provinces and for the provincial treasuries far more than it does for the federal government, any federal government agency and, indeed, the federal treasury.

I think it will be essential that the Standing Committee on Justice and Legal Affairs of this House make sure that the provinces have a full and ample opportunity to make their cases, because they do have cases to make. There are differences. There are differing cases to make, but I think this House owes something to the people of this country, to the young people of the future who will come into conflict with the law and especially to the taxpayers of this country for whom this bill will have very great implications. There certainly must be full, ample and open opportunity for the provincial governments to come to that committee as well as—and I say this just as an obvious argument, which I am sure I do not have to make—the many semi-public and private agencies which deal with young offenders and young people in the life of this country. I hope they also have a full opportunity to come before that committee.

However, in spite of the negotiations the provincial representatives should be able to come to that committee to make their representations, because the financial implications of this bill are such that I am not too sure that the staff of the present minister really knows or understands some of those financial implications for the provinces involved.

What will be the situation, for instance, under the Canada Assistance Plan with respect to payments in relation to youthful offenders, in relation to child welfare or in relation to young people in Canada? Here in Ottawa through the Department of National Health and Welfare we are very easily able to obtain information on the total payments to the provinces for child welfare, which includes youthful offenders, amounting to almost $80 million in 1978-79. I find it very surprising that apparently nowhere in the Department of National Health and Welfare—nowhere in the federal bureaucracy, in any event, that we have been able to discover—can we yet learn just what percentage of that $80 million for 1978-79 was devoted to young people who came into conflict with the criminal law. Yet obviously a good percentage of that money was paid out through provincial administrations and down through the myriad of bureaucratic agencies at the provincial level for child welfare and for young people in Canada who have come into conflict with the criminal law. I stress again that $80 million per year. I suspect that the amount paid in transfer payments by the federal government under the Canada Assistance Plan to the provinces is higher now than $80 million per year.

Those payments will be vitally affected, obviously, by this legislation because the whole concept will be changed, and I hope somewhere along the line, if and when we receive a reply from any meaningful person on the government benches, we will learn these figures and exactly how much has been paid out, say, in the last ten years in relation to child welfare payments to the provinces under the CAP. I hope we will find out how those payments will be affected by this legislation. If the minister, the parliamentary secretary and their staff have done their homework, then obviously they will have those figures at their fingertips and will be able to give them to us.

There is another area of grave financial concern with respect both to the federal treasury and the provincial treasuries. I am sure Your Honour is aware that currently there are young offenders' special agreements with four of the provinces of this country. Between the federal Department of National Health and Welfare and the provincial governments there have been four agreements worked out over the years dealing with young offenders. There are federal government transfer payments under those agreements to the provinces to assist them in the administration of this important work.

Just in the last three years alone, for instance, New Brunswick has received $1.5 million. In just two years Yukon has received three quarters of a million dollars. In one year Quebec—and this is a partial payment only relating back over a number of years, to 1974—received over $38 million. My own home province of Ontario in just the last three years alone has received over $50 million in payments from the federal government in relation to young offenders. Again I mention these figures only to emphasize some of the financial implications—and only some of the financial implications—for the federal treasury and the provincial treasuries in relation to this particular legislation.

This is no two-bit, picayune piece of legislation. This bill is important from a social justice and social welfare point of view, and it is extremely important as well in relation to administrative and transfer costs between the federal government and the provincial governments.

Another area to which I do not think enough attention has been given by the current minister in respect of provincial cost is the whole question of provincial legal aid, which is paid for and administered by the provinces. This bill has as one of its minor-major—if I can put it in that fashion—provisions the right of young offenders to counsel. This is something which has not been detailed for them before. This is an important section of the bill. The right of young offenders to counsel is not a privilege; they have a right to be represented before the courts by counsel.

Quite frankly, I was surprised that in outlining his position in relation to this bill the minister did not deal with this, but I would like to have some idea of how this will affect the various provincial legal aid funds and the administration of legal aid across the country. Has this section and its implications for the provincial treasuries been outlined to the provinces? Do the provinces know what the federal government is getting them into in relation to this important, but necessary, piece of legislation? I do not know. We do not know because the minister has not seen fit to tell us if he knows or not, and if he knows, just what he does know.

The final point I want to make is with respect to the major fatal flaw in this legislation. As I have said, in all important

respects this bill is the same as the bill prepared and made ready for introduction by the Clark administration for the winter of 1980. Indeed, it was going to be introduced, to the knowledge of the provincial governments and this House—because we said so in the fall of 1979—in the winter of 1980, if we had remained in office, except for one section, and that one section is integral to the whole bill.

● (1530)

The concept of this legislation is that it is a reforming piece of legislation which will be the reference piece of legislation for young people when they run afoul of the criminal law. The concept of it has to be built into what the definition of a young offender actually is, and this changes the whole set-up. Instead of varying ages across the country with the patchwork, crazy quilt-like situation that we have at the moment, in my mind I was pushing this particular bill in 1979 because the major reforming essence of the bill had to be that we wanted uniformity in the definition of what a young offender was across this country, whether in Cape Breton Island or Vancouver Island.

It is obviously essential, when you are dealing with criminal justice, that there be uniformity across this country. Otherwise, there is no reason for the federal government to be involved with criminal law, especially when the administration of criminal law is basically a provincial concern. Obviously, criminal law in this country has to be uniform. People have to be equal in the sight and in the eyes of justice when they come before the courts of this land.

One of the major defects in the system at the moment in respect of juvenile delinquents, in respect of young people when they run afoul of the criminal law, is that they are not treated equally across this country. Mr. Speaker, I bring this to your attention because I know that as a member of Parliament from the Ottawa area you have bumped into this in your constituency work. Someone aged 17 who under exactly the same circumstances commits an offence at one end of the Hull-Ottawa bridge will be treated quite differently in the eyes of the law and before the courts of the land from one who commits the same offence at the other end of the Hull-Ottawa bridge, simply because age makes a difference in the various pieces of provincial legislation which exist across this country.

At the moment, for instance, these differences exist: in the provinces of Quebec and Manitoba the maximum age of a juvenile delinquent, a young person who runs afoul of the law, is a person under 18 years. In other words, 18 is the maximum age for a youthful offender in the provinces of Quebec and Manitoba. In the province of British Columbia, the maximum age is under 17 years. In Newfoundland, where the Juvenile Deliquents Act is not applied but they have their own provincial statute, under their legislation the maximum age is 16 and one half years. In all the remaining provinces and territories the age is under 16 years.

Quite frankly, I had some tactical reasons for introducing the provision that I did when I was solicitor general under the Clark administration. Most of the provinces provide that the maximum age for a youthful offender is a person under 16 years. The majority of the provinces agree that that should be indicated as the uniform age across this country in the new legislation. That was not my doing; that was the doing of my predecessors, and I give them full credit for it. But somebody had to grasp the nettle. Someone had to come up with a uniform age. Otherwise, in my mind, the whole purpose and reason for this reforming legislation would fall to the ground.

I therefore picked 16 years as the maximum age in the legislation that I proposed in 1979. My tactical reasons for doing so were simply that that was the view of the majority of the provinces, and if in the public debate that would take place in this House and in the committee compelling and forthright reasons were put forward by those few provinces that opposed that view in a way in which public opinion and the members of this House could be swayed, then certainly we in the federal government could retreat somewhat by arriving at the compromise of 17 years. If the worst came to the worst, I was even prepared to go to 18 years. But I really did not care whether it was 16, 17 or 18 years.

The age of majority in this country, in any event, is an accident of history. There is no logic or sense behind 21, 35, 18 or 16 years in most of our statutory provisions across this country, in any event. They are usually not based on technical or scientific data. They are just stabs in the dark or grabs out of a hat. I did not care whether it was 16, 17 or 18. I will be honest with you, Mr. Speaker, I do not care to this day. But what I do care about is that all people in this country be equal in the eyes of the law. That is the fundamental principle behind this legislation, and that is why I wanted to see a uniform age.

The present Solicitor General, on his own—

Mr. Hnatyshyn: Wherever he is!

Mr. Lawrence: —has changed that concept. I think he has fundamentally changed the concept that I was prepared to bring in in 1979, because he says that 18 is the age unless any of the provinces opt out. We have heard quite a bit about what a damaging and deleterious concept it is to permit provincial governments to opt out of important legislation in this country, and yet here we have the government and the Solicitor General doing just exactly that.

Mr. Nowlan: They do it when it suits their needs.

Mr. Lawrence: That is a fatuous, almost inconceivable concept, in my mind, and it destroys the fundamental essence and basis of this reforming legislation, which is to require that people are equal in the eyes of the criminal courts and the criminal law of this country, and this will continue. To my mind, the definition section is a fatal flaw, a fatal error, in this legislation. I cannot speak with any more emotion or passion or, I hope, logic in my arguments to try to convince this House that this is a fatal flaw in the legislation and that it should be changed.

I know that there are grave problems with introducing amendments on second reading in this House. It has only been accomplished once or twice before in the eight or nine years that I have been here, and one of those times I was able to do it; but it has only been done once or twice, I believe. I think that what the Solicitor General has done is destroy the essence and the main principle of this legislation, which has to be that in criminal law all people are equal in the sight of the law and in the way they are treated by that law.

I think that is a very important principle, Sir, and you do not have to take only my word for it. Very many private agencies which have studied this bill over the last few months are taking the same view. As for the provincial Bar associations, the last item to cross my desk indicated that the Manitoba Bar is taking similar points of view, that this is excellent reforming legislation except that the Solicitor General has chickened out. He has copped out. He has opted out in respect of the maximum age.

I think this question is important enough to the very essence and principle of this bill that I am now prepared to move what I would like Your Honour to accept as a reasoned amendment with respect to this bill.

An hon. Member: What page?

• (1540)

Mr. Lawrence: This is the motion in respect of the bill; it is not a section of the bill. We are at the second reading stage now. I move, seconded by the hon. member for Edmonton-Strathcona (Mr. Kilgour):

That all the words after the word "that" be deleted and the following substituted therefor:

"this House declines to give second reading to Bill C-61, an act respecting young offenders and to repeal the Juvenile Delinquents Act, because the bill rejects the fundamental principle of equal treatment of all persons before the law by specifying that the act will apply to different age groups in different provinces."

Mr. Deputy Speaker: The hon. member has moved an amendment which will be taken under consideration by the Chair.

Mr. Bob Rae (Broadview-Greenwood): Mr. Speaker, I want to say a few words about the Young Offenders Act and the way in which we treat our young people who come into conflict with our criminal justice system. As a preface to my remarks, and as the hon. member for Durham-Northumberland (Mr. Lawrence) will know, our spokesman on this bill, the hon. member for Burnaby (Mr. Robinson), has already indicated the feelings of our party with respect to this legislation.

If the primary thrust of this legislation is to distinguish between someone called a "young offender" and everyone else under the Criminal Code, and if the Young Offenders Act will apply to a specific group of people and the Criminal Code to another, then it is elementary and quite fundamental that the act must contain a consistent definition of "young offender". I applaud the hon. member for Durham-Northumberland for his attack on a patchwork quilt notion of rights in Canada. I welcome him to our side. In my view, if the Supreme Court rules in a particular way, and if we do have a charter of rights as a result of the resolution of this House, then the failure of the act to define the concept of a young offender and the fact that someone may be subject to the Criminal Code in Ontario and not subject to it in Manitoba is clearly in breach of Section 15 of the charter. The charter makes it very clear that discrimination on the basis of age will not be allowed.

If we accept the fact that the federal government has a responsibility to define the meaning of "young offender" and the difference between someone who will be subject to the Criminal Code and someone who will not be subject to it, then it would seem to me that the making of laws with respect to criminal justice is specifically and explicitly under the jurisdiction of the federal government. I submit that all parties must accept that because it is part of the British North America Act. Even without a charter of rights I think it can well be argued—and I have personally felt this for a long time—that an anomalous definition of "juvenile delinquent" is in itself a problem with respect to our existing Constitution.

I want to spend a few moments attempting to describe for the House, as I understand it, what we are talking about here. Prior to 1908 there was, and there continues to be, a variety of child welfare acts throughout the provinces which deal with the problems of children who are deemed by their communities to be in need of control of some kind, apart from parental or familial control. The general rule is that the provisions of the Criminal Code apply to offences against it which have been committed by people regardless of their age. If one looks back to common law cases in the seventeenth, eighteenth and nineteenth centuries, it will be found that there were very unhappy experiences taking place. At that time the situation existed where children aged ten and 11 were actually hanged for stealing. The history of the criminal justice system is filled with examples of incredible injustices being done to children well below the age of responsibility and maturity. These children were punished in incredibly harsh terms under the full force of the Criminal Code because they had either committed an offence against the Criminal Code or against the common law.

At the beginning of the twentieth century there was a movement of reform which was not unique to Canada but in which Canada took part. That reform professed that we must protect children and provide a unique system of laws and a unique system of justice for them. The reform provided that children should be treated differently because they are children and because they cannot be deemed to be responsible for their actions. The concept of taking responsibility for one's actions is at the very heart of the criminal justice system in our society. The notion of responsibility and punishment only makes sense in the context of one being responsible for one's actions. That is part of the moral fibre of our system of criminal justice.

The Juvenile Delinquents Act was passed in 1908. Amendments subsequent to 1908 had a number of problems associated with them. In substituting a paternal or maternal regime

for the notion of criminal responsibility, we took away some rights. Obviously rights and responsibilities go together. In a sense we substituted the beneficent state for the responsible child.

In doing so I think we did some good things and some bad things. On the good side we obviously advanced the interests of children. We kept children out of the criminal justice system until it was absolutely unavoidable on account of age. But there are problems associated with having done that, the most important of which being that the Juvenile Delinquents Act provides categories of offences which are called status offences. In other words, it matters not what you have done but who you are.

I think this concept has been expressed by members of all parties. If the juvenile court decides that a child is a juvenile delinquent because of his behaviour, social position, the crowd he hangs around with, or because vandalism has been occurring in an area that he has frequented, the court does not have to be satisfied that the child has, in fact, committed an offence; the court can decide that because the child has been hanging around when he should have been at home, he is a juvenile offender and in need of punishment of some kind or another. The concept of status offences of this kind is clearly offensive to us. It takes away from the rights of children who, after all, are just little people. It takes away from the notion of responsibility which, as I say, is the essence of the criminal justice system as it has been established.

● (1550)

I must say, however, that that was not the only problem which was part and parcel of the Juvenile Delinquency Act. There were many problems associated with the administration of justice and with the responsibility of the provinces which I will not get into. There were problems of detention, problems of the kind of care which you relinquish a subject to, problems of the general decline of respect for the system which all parties to the system began to feel. There were the problems that are inevitably associated with a machinery and a philosophy which was clearly out of date and unable to deal with the explosion of juvenile crime which we are witnessing in our cities today.

There are other technical problems which are of some importance and with which, it seems to me, an act would want to deal. One technical problem is what you do in the instance where someone designated by a province to be a juvenile commits or is alleged to commit an offence together with someone who is not a juvenile. In that instance you have the anomalous situation where a juvenile could be involved in a crime, which could be one of some seriousness, and would be charged and tried on the basis of the juvenile delinquency system, while the partner in the offence would be tried in accordance with the Criminal Code. I know of instances where the partner who was tried in accordance with the Criminal Code was found not guilty because the state was unable to prove its case, but the juvenile was declared to be a juvenile delinquent and was detained because the burden of proof and the rights of the accused are so different within the juvenile system and the criminal system.

There is, of course, the right granted under the Juvenile Delinquency Act for a judge to order that a case be transferred from the juvenile court to the mainstream of the criminal justice system. Indeed, that is now the general rule rather than the exception. There are many cases of 16 and 17-year-olds being taken out of the juvenile system and put into the mainstream of the criminal system just because the judge—and one could understand the reasoning behind this—said that he did not want to see an anomaly created where one person was convicted for participating in an offence while the other person was let go, even though they had both been involved.

The problem with that is that we are then, in a sense, offending the very purpose for which we established a separate juvenile delinquency system in 1908. We are saying that we accept, for the purposes of this particular act and this particular crime, because it happened to be committed with an older person, that this young person has the prerequisite sense of responsibility and the prerequisite liability to punishment. In my opinion, the problem of transfers is a fundamental one and any new bill should deal with it.

The concerns of our party have been set out very well by the hon. member for Burnaby. I want to reinforce them and to indicate that we will put forward some amendments in committee and will be having discussion there where we will expect the minister to explain the position he has put forward.

Our specific concerns are, first of all, that if we are going to have a separate system, which we all agree we should have, let us not take anything away from the positive thrust of the reforms of 1908. As the hon. member for Burnaby said, let us not go overboard toward simply writing a Criminal Code for young people under the aegis of a fiction that you can ascribe the same degree of responsibility for what are called crimes to a young person as you can to someone who has reached the age of majority. In my view there is a danger that this is, in fact, what has been done.

The declaration of principle set out in clause 3 of the bill reads as follows:

(a) while young persons should not in all instances be held accountable in the same manner or suffer the same consequences for their behaviour as adults, young persons who commit offences should nonetheless bear responsibility for their contraventions and society must be afforded the necessary protection from illegal behaviour—

I am very concerned that in a declaration of principles for the Young Offenders Act, which is a departure for this Parliament and for Canada, we fail to specify very clearly that we are also very much concerned with the welfare of the young person; that the rehabilitation of the young person is the primary object of the exercise. If we want to preserve the rights of young people when they come into conflict with the law—I will have something to say about where the Young Offenders Act falls down in that regard—we should not provide that a ten-year-old or an eight-year-old or a 13-year-old who has committed a crime should be treated as if he were as responsible as a 20-year-old. We should not be silent in the

declaration of principle on the question of the primary objective of any system dealing with young people. It would be a mistake not to say that the Canadian people are concerned about ensuring that a ten-year-old is not forever held responsible and treated in the same way as a 20 or 30-year-old, or that rehabilitation is the primary objective. I believe that there is in the criminal justice system itself the notion—which is endemic to our whole system of values, our whole concept of freedom, and which we get from our religious backgrounds—that while there is life there is hope and the means of redemption, if you like, speaking in religious terms; or simply that the individual has the means to change or to erase or atone for a mistake. That should be at the very heart of our criminal justice system.

Even more should that same concept or notion be attached to the acts of a 12 or 14-year-old. They should be able to say that they are sorry, that they made a terrible mistake and would like to reform and be rehabilitated. It seems to me a major error that that notion is not in the declaration of principle. In my opinion, the notion that a young person is in all circumstances as responsible as an older person is a fiction, and it should be treated as such. It is an important fiction, because the notion that we are responsible individuals, free to choose whether we will commit wrong, is what makes the punishment system work. It is what makes our concept of rights so important. It is the notion of individuals having responsibility that makes the concept of human rights so important in our protection of that responsibility.

I want to turn next to the question of rights. The bill makes important advances. It does give certain rights. It does provide the right to counsel and the right to bail and it provides some very important rights with respect to sentencing. It does take away from the general paternal discretion which, as I said, was endemic or part and parcel of the do-gooding state notion which was part of the 1908 reform.

• (1600)

We have gone back on that in this act because we have something called alternative measures. Alternative measures are what the technocrats in this field call diversion. These are set out in Section 4 of the act. What diversion and what alternative measures really mean is that in certain circumstances, as soon as the kid is caught and charged, it is possible that he or she will never see the inside of a youth court. All of us might say that is a good thing. I say that is a good thing, but I question how one gets to be subject to what are called alternative measures. The idea is that you say to the child, "Look, rather than go through all this system, how would you like to engage in a form of alternative service? How would you like to be subject to a certain kind of parole regime or how would you like to be taken away from your parents"—or whatever alternative arrangement is made—"and placed under the jurisdiction of the youth court?" In other words, we will give the offender that alternative rather than having to plead guilty or not guilty.

As the hon. member for Burnaby has said, the problem is that there must be some kind of screening mechanism which protects the child and allows the child to say that he wants to plead not guilty. This is allowed in this document. It is notionally voluntary and it is notionally restricted. The concept of innocence does not exist in our criminal justice system. We have no such thing as innocence. One is simply guilty or not guilty. If a child wants to exercise his or her right to do that, it seems to me that we have to safeguard that right more than we have done as provided by the alternative measures notion.

This problem of diversion has been discussed at some length by my colleague from Burnaby and I do not want to go into it at any greater length except to say that you cannot grant rights on the one hand, and then provide for the same kind of paternalism and the same kinds of problems that have existed in the juvenile delinquency system up to the present. That seems to me to be a serious mistake.

Another instance, which has not been touched on at any length, is that the law, in giving certain rights to young people, is not in fact doing it well enough. For example, take the problem of the use of evidence. Clause 56 of the bill provides that the law relating to the admissibility of statements made by persons accused of committing offences applies in respect of young persons. Then it goes through the instances where no oral or written statement given by a young person is admissible unless the statement is voluntary; unless the person who took the statement explained in language appropriate to his age and understanding that the young person has no obligation to make a statement and that any statement may be used against him; and that a young person has the right to counsel. As well, that the young person, even before the statement is made, must be given a reasonable opportunity to consult with counsel and so on. Those things are all enumerated.

It is also said that, generally speaking, before a young person makes a statement he or she will be informed of all their rights, that they will be read out and the young person will be able to see his or her counsel before a statement is made, and unless the statement complies with these requirements it will not be admissible in the youth court. Then again, as always, the government is concerned more with administrative convenience than with the hard notion that we must take rights seriously, that if we take rights seriously they are going to be inconvenient to the state. Clause 56(3) states:

> The requirements set out in paragraphs (2)(b), (c) and (d) do not apply in respect of oral statements where they are volunteered by the young person to a peace officer or other person in authority before that person has had a reasonable opportunity to comply with those requirements.

If that paragraph is not big enough to drive a truck through, then I do not know what is. All the statements made by young people will be oral statements. All the statements, according to the police officers, will be made voluntarily. The onus clearly will be on the young person to show that the statement was not made voluntarily; that he was not told he had the right to counsel; that he was not instructed about all of those things. At age 14, a child is not going to ask to make a written statement. A child will say all sorts of things out of fear in response to the peculiar atmosphere of a police station. I think

it is very odd indeed that, on the one hand, the government is pretending it is giving rights to young people, that it is providing them with the kind of protection which should be part and parcel of our legal system, while on the other hand it is doing the kind of thing which we have come to expect of the government, namely, that where obviously there must be exceptions, we let an exception be made for oral statements. As I said before, oral statements will now be the practice, as they have been in the past, as far as young people are concerned. We have really provided no protection to our young people when we pretend that is what we have done.

I mentioned that there were other problems in association with the Juvenile Delinquents Act, problems associated with the definition of what it means to be a young offender, and problems, if you like, at the age periphery where the juvenile delinquency system blends into the criminal justice system. In my view, we have offered very little guidance to our juvenile courts, our youth courts and the judges who preside over those courts as to under what circumstances we think cases should be transferred. We have provided very little protection to young people from being transferred into the criminal justice system. Not enough has been done in that regard. I would have thought this was one of the clear, rough-edged, difficult problems that we have. I admit there is no easy answer, but we have not provided anything like sufficient guidance to those people who are being asked to exercise such important discretion over the liberty of a subject of the Crown, which is really what our juvenile judges are being asked to decide.

The hon. member for Burnaby has emphasized the importance of a specified age. The hon. member for Durham-Northumberland has indicated he supports the concept of an age. I heard the Solicitor General's (Mr. Kaplan) speech on this bill. I cannot understand his reasoning or how he can talk so happily and so casually about allowing provinces to opt in or opt out with respect to certain age groups when this is the fundamental feature of the charter of rights. The notion of rights in Canada is that there are certain fundamental rights from which no province can opt out. You cannot have a country where people are being treated dramatically differently in one part of the country from another. You cannot have one criminal justice system where people in one province are treated so differently from people in another. Being treated as a youthful offender and being tried, convicted and sentenced under the criminal justice system is very different indeed. If the federal government does not have a clear notion of what the juvenile age is and what the rationale is, then I cannot understand it.

• (1610)

My basic preference, and this was set out by my colleague for Burnaby, would be for the youth court to have exclusive jurisdiction over dealing with all offenders up to the age of 18. The age of majority is 18. I agree with the hon. member for Durham-Northumberland that all ages such as the age of majority are arbitrary. Some of us can get very old indeed and not achieve a great deal of maturity. Other people are very mature at a young age. There has to be a standard set by Parliament. I suggest the logic clearly is that if the age of majority is 18, then we categorize people under the age of 18 as not being subject to the rigours and toughness of the Criminal Code.

Those are the essential points I wanted to make. There are some anomalies in this legislation. To put it mildly, it is regrettable that the government has chosen to introduce a new measure for our young people who, because of poverty in Canada, the decline in our sense of community, the collapse of community values and the difficulties so many young people have in finding employment, are increasingly coming into conflict with the law. It is most regrettable that the primary objective of this bill is not rehabilitation but to make children responsible for everything they do. Having said that, the government should have gone out of its way to protect the rights of young people in all circumstances. They have not done that.

The government should have done more to overcome the difficulties we have lived with for over 70 years with respect to the Juvenile Delinquents Act. It appears we are fated to continue to live with it because the government has not seen fit to deal with some of the most difficult issues. It did not say in the definition of a young offender under the age in that jurisdiction that the jurisdiction of the youth court is complete, final and absolute and it will not allow the anomalous situation of some young people being treated as criminals in some parts of Canada and others being treated differently.

I want to make one final comment. I can think of no issue that is of more importance to the people of my constituency than the question of how efficiently, fairly and well our criminal and juvenile justice systems work. Part of the frustration of everyday living is seeing one's children come into conflict with the law for any of the reasons I have mentioned. The frustration that is created is endemic to the federal system, as pointed out by the hon. member for Durham-Northumberland. This is because the federal government is responsible for the setting of the rules and the provincial governments are responsible for administering them and for funding. Frustrations are created if we have a turnstile type of justice, a revolving door in the juvenile courts.

We can understand the problems, frustration and ill-feeling toward the whole of the criminal justice system that is created. If a person's house is broken into time and time again and that person can see no end to the process, clearly the respect that person feels for the criminal justice system is limited. It leads to authoritarian responses to many other problems. On the other hand, if we have a system which deals with youth unfairly, arbitrarily or too harshly, we get into the situation where young people have no respect, not simply for the law, but for the community values which our law is said to represent.

I cannot resist saying that if we had a greater sense of community in Canada, that if we did not regard our communities simply as a place to make money off each other but as places where we treat each other with compassion and dignity, the rate of crime would decrease. Our sense of alienation from

one another would decrease. The kind of injustices that meet young people would also decrease.

Mr. David Kilgour (Edmonton-Strathcona): Mr. Speaker, it is a pleasure to speak on the second reading of Bill C-61, the Young Offenders Act, the repeal of the 73-year-old Juvenile Delinquents Act, and in favour of the amendment proposed by the hon. member for Durham-Northumberland (Mr. Lawrence), on which you are yet to rule, which would in the interests of equal justice to all Canadians make one age, whether 16, 17 or 18, applied uniformly across Canada, whether in Nanaimo or St. John's, Newfoundland.

Before getting into my main remarks, may I, as did my colleague for Durham-Northumberland, express my concern about the fact that the Solicitor General (Mr. Kaplan) did not even bother to join us this afternoon, nor indeed has his parliamentary secretary. Looking at the government benches, I see no cabinet minister present this afternoon for discussion of a very important bill. Perhaps I might be permitted to quote the Solicitor General who, on April 15, was lecturing the hon. member for Durham-Northumberland for being unavoidably absent from the chamber. I quote:

—the top priority of the members of Parliament should be to attend to the requirements of this chamber.

That is what he said, with servitude. I must confess that my annoyance is doubtless aggravated by the fact that the Solicitor General last month led my office to believe that this bill would not be discussed on April 15 in the absence of the hon. member for Durham-Northumberland and myself. In fact, the bill was called on that day when both of us were absent from the chamber. Five members of my party spoke on second reading on April 15 and today. I will try to avoid repeating what they have said.

First, however, let me agree strongly that the outgoing Juvenile Delinquents Act is anachronistic today for many reasons. For one thing, it is a basic precept of our justice system that proscribed conduct must be clearly stated; but your child or mine, Mr. Speaker, could be found delinquent under the Juvenile Delinquents Act omnibus section for the vaguest type of conduct, such as sexual immorality or even for being uncontrollable, incorrigible or unmanageable. In short, status offences for juveniles and conviction by courts on a whole range of undefined acts were commonplace.

For another, the Juvenile Delinquents Act is replete with legislative foolishness. For example, one provision, which authorizes the waiver of serious charges such as murder against a juvenile, requires, among other things, that it must be first established to the satisfaction of a juvenile court judge that transfer is in the best interests of the juvenile, since in an adult court he or she will face adult sanctions. It has long seemed to me that it can logically never be in the best interests of a child—I am not talking here about the interests of society—to be transferred. The legal contortions necessary for a judge to waive must be enormous in view of the way that important provision in the Juvenile Delinquents Act is worded.

Where is Canadian society just now in terms of crime committed by juveniles? Only last week, in talking with about 30 high school students in an inner city high school in Edmonton, the following points, among others, emerged, and this astounds me. The school I am speaking about, like five others in the city of Edmonton, has a full-time policeman every school day during the year, and has had since last year. Last year in a corridor a teacher was stabbed in the knee. I am told that recently there has been a problem with drugs, including hard drugs, and even some juvenile prostitution in that school. Two students told me of separate incidents in which different children under ten years of age had stolen items from neighbourhood homes. These occurrences took place at one school in one western Canadian city, not in New York or Detroit.

● (1620)

What is happening elsewhere across Canada? I do not quote very often from members of that other place, especially Liberal members, but Senator Florence Bird was quoted in a current issue of *Maclean's* magazine on this subject. She was speaking of violent crime statistics in Canada and is reported as follows:

What is particularly scary (about violent crime statistics in Canada) is the 60 per cent increase in violent juvenile delinquency from 1974 to 1978. Most shocking of all is the increase of violence by the young against themselves. In the past decade the suicide rate increased 59 per cent for young people aged 15 to 19.

Even more alarming, in my view, is the situation in respect of young people south of the border. I think it is clear that what is happening in the United States has had a bearing on much of what is contained in this bill. What is currently happening there frequently is an indication of what will be happening in Canada in five or ten years.

Let me read a few quotations from a book entitled "Criminal Violence, Criminal Justice" by Charles Silberman, published in 1978. Silberman is a layman who spent six years examining the crime epidemic in his country, and he has produced, in my opinion, an extraordinarily perceptive work, as perhaps only a layman could do. For example, he states at page 34:

—the youth culture emerged (in 1960s) as a major socializing force, taking over a large part of the burden traditionally carried by parents, teachers, clergymen and other adults.

Still on page 34 he states:

Initiation into heroin use is a phenomenon of youth: Two users in three begin using the drug between the ages of 15 and 21, with the great concentration occurring at age 18—

At page 35 he states:

—a teenager's status often depends on the ability to buy the "right" records and wear the "right" clothes. The adolescent need for money, combined with the weakening of adult social controls, has provided a lethal crimogenic force.

At page 311 he states:

The problem is not that juvenile courts are too lenient, but that they are too lenient toward the wrong people—

Mr. Silberman in his chapter on juvenile justice quotes from Judge William White, a juvenile court judge in Chicago speaking on this subject, as follows:

But looking at the (juvenile justice) record I am reminded of the Peanuts cartoon showing him sadly leaving the ball field with the scoreboard showing "Visitors 99, Home Team 0". "Ugh", he says, "How could it happen when we were so sincere."

Let me quote again from page 354 as follows:

In most states, juvenile court jurisdiction ends at age 18, since 16 and 17-year olds account for more than half of all juvenile arrests for violent crimes and 45 per cent of burglary arrests, that two-year difference in the age of jurisdiction, (between New York State with 16 and states having 18 as the age of majority) has an extraordinary impact on the number of cases that come before a juvenile court and on the way these cases are handled—

Finally, let me come to the more specific aspects of this bill and mention some of my major concerns. First, I would speak on the ages contemplated in Bill C-61. The minimum age for the youth offenders act criminal responsibility is to be 12 years rather than seven as in the old Juvenile Delinquents Act, as I think other speakers have mentioned. Obviously the provinces are expected to enact their own legislation to deal with barred conduct by children between the ages of seven and 12, and to pay all related costs. I was told just a few minutes ago, and I am afraid I must agree, that today there are in fact some children between the ages of seven to 12 who do commit serious crimes. Can all the provinces with their different financial situations be expected to absorb these related costs? Will there be a judicial checkerboard, to use that now familiar phrase, caused by this federal initiative?

The maximum age for liability under the youth offenders act is to be 18 years, subject to reduction at the request of an individual province to 16 or 17. As you know, Mr. Speaker, our government proposed a uniform maximum age of 16 years, subject to accepting a higher age of 17 or 18 only if all provinces agreed. The hon. member for Durham-Northumberland mentioned this. This is why there is now an amendment before the House, and I am pleased to speak in support of it if you rule it to be in order.

This concept will be a major source of federal-provincial controversy. Obviously that is the case. Alberta and Ontario, which use the age of 16 as a cut-off, obviously want this to remain, in part because of the large cost of the administrative implications, particularly if the juvenile net is widened to include 17 and 18-year-olds. This could result in more of their youth residents going to youth detention centres, those who are now subject to adult sanctions and corrections.

I wish someone opposite could tell me, through you, Mr. Speaker, whether the federal government is being conciliatory to the provinces only because it wishes to avoid increased costs. Why otherwise is the government now tolerating a checkerboard Canada in the justice field? Different standards of programs in different provinces for youth are certainly going to remain as a result of this measure, and obviously poorer provinces will continue to have inferior programs because of their tax bases.

I am told that evidently the Solicitor General does not want one age, as we propose, because this would cause a confrontation with the provinces. In view of what the federal government has done recently in terms of confronting the provinces in matters involving, in some cases, their exclusive jurisdiction, I can only say that this is a laugh. I would remind him that his duties or responsibilities under the existing Constitution include criminal law, so nobody can complain that he is invading provincial spheres here by having one age, such as we can and do when he invades areas of exclusive provincial responsibility under the constitutional proposals.

The point mentioned by the hon. member for Broadview-Greenwood (Mr. Rae) was that Section 15 of the charter of rights, if found legal by the Supreme Court, would ban discrimination on the basis of age, among other things. It seems self-evident that any differences in age under this bill would be struck down by the courts. Because of the particular wording chosen in Section 15, I seriously wonder as well if any age chosen would not similarly be struck down as being unconstitutional discrimination against young people on the basis of age. I have a strong feeling that no one on the other side has thought about this point.

In respect of the matter of youth records, this bill requires the destruction of these records after a crime-free qualifying period, presumably on the basis that many young persons would not in practice apply for the same without the automatic feature. In fairness, I must say that in our proposal in 1979 the records would have been sealed, with limited access for research purposes.

● (1630)

Another point is that the right of youths to counsel at all stages of proceedings is proposed in the bill, and I favour that strongly; but will the courts interpret this to mean the right to duty counsel alone or to more? Once again, the various legal aid plans in this area will presumably differ, as now, substantially across the country. Are we giving equal justice to all young people in that sense?

The important matter of diversion is left essentially to provincial choice. Would it not be wiser to lay out some clearer criteria or standard so that the concept carries, hopefully, the same substance throughout the country? Why should diversion be allowed in one province and not in the next, if what we are dealing with here is a matter of exclusive federal responsibility for the criminal law?

At present under the Juvenile Delinquents Act violations of provincial and municipal statutes constitute Juvenile Delinquents Act offences. No more, of course, under this bill. Only breaches of the Criminal Code and other federal statutes and regulations will be the bases for conviction under this legislation. Should there not, therefore, be at least some phasing-in time available for the provinces wishing to enact complementary legislation? It seems to me self-evident that there should be a phasing-in period for such provinces.

I come now to what I consider to be the most controversial part of the bill, and I stress that I am speaking for myself alone on this and not for my party. I have a feeling that a large number of Canadians would share my concerns about the feature in the bill which would completely revoke the concept of vicarious liability of parents or guardians which existed under Section 22 of the Juvenile Delinquents Act in favour of

making only youths themselves responsible—including financially—for their acts.

Up until now, if a group of rampaging young people—I will not give them a sex—broke into a school or community hall and reduced the windows or whatever to rubble, a juvenile court had the authority to impose damages on their parents where it found that the parents in effect had contributed to the offence "by neglecting to exercise due care of the child." It strikes me that assuming such a feature is, and was, constitutionally valid as being incidental to Parliament's criminal law power, a great many Canadians will want it to remain for suitable, special circumstances. In fairness, the proposal of my colleague, the solicitor general of the time, the hon. member for Durham-Northumberland, in 1979, would also have eliminated possible parental liability, but personally I am not at all persuaded that such a feature should not be added to this bill, presumably in committee. I see that at least one of my colleagues other than the hon. member for Durham-Northumberland supports that view.

Mr. Robinson (Burnaby): Split.

Mr. Kilgour: Indeed, on the basis of my limited experience with juvenile crime I think it would be a serious mistake to remove it. I know that some will say that society could always proceed against parents under a "contributing to juvenile delinquency" section, which I gather is to be added to the Criminal Code in the future, but why not leave this string in the legislation's bow as well? I am not saying it has to be used often, but I think this should be available.

Someone said the other day that the cost-sharing aspects—as an economist, Mr. Speaker, you would appreciate this—of the bill are likely to consume at least two weeks of committee time alone on this bill. I agree. This is, of course, because the bill revokes—I think this is important—the transfer of jurisdiction over youths made by the Juvenile Delinquents Act to the provincial sphere, thereby making the provinces no longer eligible in law for the $65 million or so they now receive yearly for shared-cost juvenile services under the Canada Assistance Plan. It is true that clause 69 of the bill authorizes new financial arrangements with the provinces at the discretion of Ottawa, and there may be some naive folk on this side or the other—not that we have any naive folk on this side—who believe that the levels of financial support present since 1965 or 1968 will continue.

I note that a minister is present now. I ask those opposite who have responsibility what incentive rests with the Solicitor General to enter into any such agreements now if this bill is passed. Surely the government—or the minister—should be up front enough to state its intentions publicly in this regard, at least so that perhaps it might have something it could renounce later on.

There are other aspects of the bill which are worthy of comment—I will not take up the time of the House because I know there is a large number of people who want to speak—including its detention and bail features, transfer to adult court provisions, privacy of proceedings, disposition of cases, release from custody, review of dispositions, appeals, fingerprinting and photographs, but I believe I touched earlier on the major areas of appropriate public concern. Hopefully this debate will serve to have interested Canadians everywhere, including members of Parliament, take a careful look at this very important measure.

In closing, I might say that if any member of the public hearing or seeing me wishes to appear at the committee hearings, I would be grateful if he or she would let any of my party colleagues or myself know as quickly as possible.

Mr. Joe Reid (St. Catharines): Mr. Speaker, as a lawyer I am interested professionally in this piece of legislation. As a parent—indeed, as a grandparent—I am personally affected by the legislation. It behooves us all as Canadians to be interested in legislation affecting the youth of our country. It is for that reason I am particularly pleased to be able to join in the debate on this bill dealing with the proposed Young Offenders Act.

While I am in large part in support of the bill, I cannot accept the position of the Solicitor General (Mr. Kaplan) that we must rush through the debate at second reading. As the amendment put forward by the hon. member for Durham-Northumberland (Mr. Lawrence) this afternoon shows, there is no legislation which cannot be improved, and this legislation is no exception.

Having said that, I note that this legislation has been long in coming. We have been reminded of that fact several times already. I should not belabour that particular point, but I would like to point out that the Juvenile Delinquents Act as we know it has been in effect for 52 years. We should pay some tribute to those who have been charged with the responsibility of administering that act.

I would be remiss if I did not join my colleagues in this House in stating that we owe a debt to the juvenile justice community. It is a credit to the juvenile court process, juvenile court justices, law enforcement personnel, social workers and, indeed, the provinces that serious and widespread injustices to the youth of this country have not taken place. The potential for abuses and injustices has been there and present over that long period of time, and it is refreshing and encouraging in these troubled and divisive times to see that that justice community has performed and is performing in an exemplary manner.

Although we in the Progressive Conservative party are not examining this bill in a partisan manner, it would be unfair if we did not mention the fact that, in relation to the proposed Young Offenders Act, we in this House owe to the predecessor of the Solicitor General, the hon. member for Durham-Northumberland, some credit for the legislation now being introduced. The Clark government made the Young Offenders Act a priority order of the day, and I cannot help but feel that in so doing it gave much impetus to the Solicitor General to bring forward the legislation now before us.

I must also add that I am disappointed that the minister responsible for the administration of this act is not present in this House as we debate his bill.

• (1640)

Legislation concerning a large segment of our population, or as large a part of it as this group represents, permits endless tangential discussions that can cause us not only to lose sight of the issue, but to cloud the issue to the extent that the good is lost with the bad. Consequently, I wish to discuss some of the measures specifically and make some general comments with respect to the process.

The Young Offenders Act has much to recommend it, particularly in the strengthening of the alleged offender's rights and the formalizing of a diversion procedure. It is hard to believe that in 1981 we are only just coming into the right of appeal, the right of legal representation, and the right to a sentence review for our young people. It is also surprising that our judges have had to govern their courts without the benefit of formal procedures and the benefit of meaningful sentencing options. Recognizing this fact, and recognizing that in this matter of sentencing options diversion is long overdue for formal sanctioning, I am at a loss to understand why the proposed act is as vague as it is.

Under the Juvenile Delinquents Act, an alleged offender would, so to speak, have his or her day in court. But in many of those instances, that day in court was not necessary, nor was it even desirable, and the judge had to take it upon himself to assume that responsibility of indicating an alternate course of action. Now, under the proposed legislation, alleged offenders would be given the opportunity, if one wants to be optimistic for the moment, to bypass the court by accepting a prescribed punishment. This implies, naturally enough, that guilt is not in question and that the crime is not a serious one. Bill C-61 does not set out definite or specific guidelines to follow for diversion. Hence, a youngster could be coerced into accepting an alternative measure rather than appearing in court, and perhaps, if he had appeared in court, being found not guilty. I recognize the words in Bill C-61, and I trust the committee will take another look at Section 3 of the act.

The number of sentencing options have a similarly vague application. Under Section 20, subsection (1), the judge would be given ten definite sentencing options, or if there was no conflicting combination of each, an added eleventh permitting the court to "impose on the young person such other reasonable and ancillary conditions as it deems advisable and in the best interest of the young person and the public". Now, that is faith, indeed! Further, despite the wide range of sentencing options available, there are no provisions in the act indicating, let alone stating, which offences should receive which degree of sentencing. This quandary may well return us to the current state of affairs, as indicated by one of the earlier speakers, as well as that facing judges in days gone by under the previous Juvenile Delinquents Act.

These two areas, sentencing and diversion, are essentially good ones simply in need of sharper definition. The same cannot be said for the lack of a uniform maximum age. I want to address this issue as others have done before me.

We have recently concluded, for the moment, a very lengthy and, yes, tiring debate on the Constitution. We heard repeatedly from the government benches that any checkerboard concept was an abomination, something to regard as anathema. Now we are being told by the Solicitor General that there is consensus today that uniformity of standards and law should be extended throughout the country. But what do we find in this proposed legislation? An accommodation of individual provinces which have expressed different positions with respect to the maximum age.

The Solicitor General goes on in his March 14 speech to state that this position reflects the different services and resources of the various provinces for dealing with young offenders. On April 15 he added that it also reflected differing philosophies with respect to the age of maturity. Mr. Speaker, this concern of differing attitudes, resources and services leaves me not just a little concerned and confused. Surely, as Canadians, there should be a uniform application of the Criminal Code right across this land of ours, and just as surely young Canadians wherever they live should be entitled to the same benefits and be subject to the same restrictions and responsibilities that this act provides.

The confusion is augmented when one considers the raising of the minimum age for criminal responsibility from seven to 12 years. I support this change. All of us do. Most if not all the previous speakers have supported it, as have eight of the ten provinces. Two provinces did not support this change, yet the Solicitor General did not allow this to prevent him from introducing a uniform minimum age. Why, may I ask, was there not the same insistence that there be a uniform maximum age?

I do not enter into any partisan approach. My concern with the lack of uniformity on the maximum age does not lie with my constitutional quarrel with this government, but with the rights of our young people. The charter of rights, Section 15, prohibits discrimination on the basis of age. How could the Young Offenders Act fail to violate that section, that clause, this right, when a 17-year-old could be treated differently in one province as opposed to another?

If nothing can be done to implement uniformity, then I think that the committee should consider alternate means of ensuring a youth's equality before the law. Perhaps an "overage" youth in one province could be permitted to apply to a court in another province that treats the youths of his age. I recognize the problems of bureaucracy, the expense; but I urge careful examination of that uniformity clause or alternates to meet the need of equal application of the law in any province of this country.

Of supreme importance is close and meaningful liaison with the provincial authorities. This act will increase the burden of the various child welfare acts of the provinces by adding to them a whole new category of children, those between seven and 12 years of age. As well, the proposed legislation has dropped all provincial and municipal laws, bylaws, and ordi-

nances from their domain, leaving them within the provincial authorities. Without liaison work, we shall create a judicial morass that could take years to untangle. I trust the committee will be cognizant of that fact when it enters its consideration of these clauses.

Those are primary concerns with the proposed legislation. There are other points of lesser importance, but they are worth mentioning at this stage. The maximum fine of $1,000, for example, strikes me as being high. Remember we are talking of persons under the age of 18. We do not want to encourage another crime to pay off a previous one. The review procedure is potentially bureaucratic in nature. It is a bureaucratic monster with automatic reviews, optional reviews, progress reports and supplementary progress report material. The juvenile courts had to deal with almost 91,000 cases in 1978. Multiply whatever percentage of that number you like as qualifying for a review, or for a review of a review, and you have created tons of paperwork and an abundance of bureaucratic work.

● (1650)

Finally, I think the destruction of the criminal record after a qualifying period of good behaviour is a welcome change. But, as a legal community colleague of mine pointed out to me, employment application forms are slowly switching to the question: "Have you ever been charged with a criminal offence?" This problem would perhaps be best addressed by amendments to the human rights legislation both at the federal and provincial levels. These criticisms and recommendations are all matters that I would like to see the committee discuss seriously.

The proposed Young Offenders Act, as I said earlier, has far more in it to recommend than to criticize. It provides the three basic elements that the Progressive Conservative party believes to be imperative: young offenders have been charged with a greater responsibility for their actions, they have been given stronger rights under the law, and there is greater flexibility in, and therefore greater hope for, rehabilitation options. We also welcome the end of the so-called status offences—the omnibus charge of delinquency. These "offences" smeared our youth with a broad brush and have rendered the words "juvenile delinquent" odious in connotation. Our young people have difficulty enough without having labels applied to them that live long past the age of majority.

I would like to commend the Solicitor General for the submission of this legislation. Subject to the comments I have made today, I support the legislation. I am sure the committee will examine the reservations I have put forward with serious intent. Let us hope that we can better this legislation in the future as it affects our community, not only for today but for tomorrow. Having waited 52 years for change is far too long.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Medicine Hat (Mr. Hargrave)—Western Development Fund—Improvement of insufficient water supplies; the hon. member for Halton (Mr. Jelinek)—Automotive Industry—1. Results of Canada-United States ministerial discussions—Appeal for restrictions on imports. 2. Future of Canada-United States auto pact; the hon. member for Winnipeg-Birds Hill (Mr. Blaikie)—Health and Safety—Use of Dalkon shield intrauterine devices.

GOVERNMENT ORDERS

[*English*]

YOUNG OFFENDERS ACT

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Kaplan that Bill C-61, respecting young offenders and to repeal the Juvenile Delinquents Act, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my participation in this debate will be confined to one or two aspects of the bill and, principally, to omissions in the bill. I do not know whether these omissions were deliberate or an oversight, but I propose to deal with them when the time comes.

The previous intervener mentioned the odium connected with the title "juvenile delinquent". We welcome the change of that title to "young offender". I think it is a step in the right direction in ensuring that those misguided young people who do have confrontations with the law will not carry with them for all time the obloquy of being designated a delinquent. It has a pejorative meaning. "Young offender" is a better designation.

Under the Juvenile Delinquents Act there were very important provisions, some of which have already been mentioned, with respect to parental involvement in making restitution. I think the principle of restitution is a valid one. Perhaps when we get to committee it will be possible to make amendments to the provisions of the Young Offenders Act to ensure that there is adequate parental responsibility assigned.

My principal concern is with the failure to make any reference whatsoever in the Young Offenders Act to provisions which were made in Section 20 of the Juvenille Delinquents Act. That section deals with the options open to the court to deal in a fatherly, parental or guiding fashion, if you like, with

delinquents who may have been involved, for good reason or bad, or as a result of peer pressure, in activities which brought them before the court. Under the present act the courts are able to deal with the youthful offender either by diverting them to probation officers or by ensuring that they return to their parents, fosters homes or other institutions which will keep them out of the court system. The court can take this action under the existing legislation without having the youthful offender carry with him for all time the stigma of being labelled a delinquent for having had a confrontation with the law, for having gone through what must be a very unsettling process. The process sometimes brings out the very worst in the youth. It causes him to overreact and before you know it he is back in the hands of the law again.

The provisions of the young offenders bill provide for three different groups of individuals who may be dealt with in one form or another. Presumably, there are those who up to the age of 12 will be dealt with under provincial law. I say "presumably" because it is not clear in my mind that there is a consistent method of dealing with youthful offenders right across the country—those under the age of 12. Someone mentioned an offence which could be committed by someone at one end of a bridge spanning the Ottawa River, and another person committing the same kind of offence at the other end of that bridge would be dealt with in a totally different manner. This could occur in other jurisdictions where there are provincial boundaries involved.

• (1700)

There are financial implications of the administration of that law which would be solely and wholly borne by the provinces for offences committed by those under the age of 12. Has that been made absolutely clear to the provincial attorneys general? We are not sure of that and I think we will want to clear that matter up in the committee. We will want to be sure that representatives of the attorneys general departments across the country have an opportunity to go before the committee, to make their cases in law and to make their cases in financial terms as well. That is absolutely essential. At the same time, it may very well be possible to harmonize, if not make common law, across this land for offenders under the age of 12.

It is not generally recognized, and I suppose it is not all that easy to state, that if one looks at crime, disregarding for the moment motor vehicle incidents or confrontations with the law, from 50 per cent to 60 per cent of crime is committed by juveniles. We do not like to face this fact, because our police are expected to be the great sturdy men that they are. I know from experience in my own community that they are community workers. More power to them for that. They are not to be denigrated on that account but should be praised. They deserve all our praise for responding to that community effort in dealing with young offenders.

In one particular municipality in my riding, about 70 per cent to 80 per cent of incidents of breaking the law, disregarding motor vehicle incidents, are committed by persons considered to be juveniles. In another area where 6,800 offences were reported with only 1,100 apprehensions, 55 per cent of those apprehensions were of juveniles. Those were followed by convictions, so that means that out of the 6,800 offences committed, only 500 of the 1,100 apprehensions involved crimes known to have been committed by juveniles. By extrapolating, one could say that of the 6,800, perhaps 3,600 or even 4,000 of the offences committed and reported were committed by juveniles.

Those who are administering the law are concerned on two scores. They are concerned by the absence in the young offenders bill of some means of dealing with them other than through the courts; of not having them committed firmly to a confrontation with the law. There must be some way of dealing with those offenders between the ages of 12 and 17 other than through confrontation with a judge in the solemn dignity of a court procedure. That absence could be rectified in the young offenders bill.

Once this has been discussed with the administrators of the law in the provinces and they agree that this particular lacuna should be closed, that there should be a provision in the new legislation to deal in a more gentle way with those offenders who can be shown to have become involved in their confrontation with the law for reasons that were not long-term criminal but were, rather, usually in response to a challenge, I hope there will be an opportunity to rectify matters. What child will not respond to a challenge, to a dare? These "crimes"—and I put the word in quotation marks—can be eliminated from the system and dealt with under the provisions of Section 20 of the Juvenile Delinquents Act, but there is no method that I can see in the Young Offenders Act to deal with them in a softer manner.

I agree entirely with the hon. member for Durham-Northumberland (Mr. Lawrence) that one of the great failures in the bill before us is its refusal to face the need for an upper limit on that second category of miscreants or offenders above the age of 12 and up to the age of 16, 17 or 18. We must fix that age. That is the second group of individuals dealt with in a special way. Beyond that age they are assumed to be of the age of responsibility and will face the consequences of their acts under the criminal law if they have committed a crime, or under other aspects of our law.

To go back to the statistics that I cited a few minutes ago about the preponderance of crime committed by those who are under age, whatever that means, a good number of these are in the age bracket of ten, 11 and approaching 12. That is a dreadful thing to have to admit. I do not derive any satisfaction whatsoever from stating that young criminal elements are being developed at that age, but it is the case; there is no question about it. I have this on the most firm authority of those who deal with young offenders on a day to day basis and who can see the formation of the chronic criminal prior to the 12-year-old limit set in the new bill. I wonder whether 12 is the correct age to insert in this bill.

• (1710)

I have said, of course, that the provincial legislations across the country will be dealing with the pre-12-year-old, but since there is no assurance that this aspect will be dealt with in a consistent fashion from one coast to the other, perhaps there is a case to be made, which can be made in committee. We could reduce the requirement of age 12 to, say, that of age ten if the experience of other administrators of the law, parole officers and those who are dealing with the corrective aspects of youthful misbehaviour, can prove that it is a critical age and that it is an age group that might better be dealt with under the provisions of the Young Offenders Act. I would like to see not only representatives of the Attorney General before the committee, but also those who have been dealing with the young offenders in family court and in the parole system and so hear their experience directly. This may enable us to make the necessary amendments to make the act not only a better one but one which will be uniform in application across the country.

One of the criticisms levelled at the act is the media treatment which has been given to it. Not long ago there was a suggestion, whether in a headline or in the text of an article, that the new laws coming into effect for juvenile offenders would be tougher; in other words, more severe. This, of course, raised the expectations of those members of the community who felt the law is not tough enough because there is altogether too much vandalism and vandals are able to get away with their misdeeds. Raising the expectations of the general public in this way is a media abuse. I do not know whether it was deliberately done on the part of the government to indicate that it is really out to crack down on juvenile delinquents, or whether it was just the manner in which the statements, publications or documents issued by the Solicitor General (Mr. Kaplan) were considered by the press.

An ancillary comment made through stories in the media was that juveniles would now have the right to appeal. In my province this right exists today. There is no need to suggest that some new provisions will come into effect when those provisions already exist. The right to appeal is certainly one of them. There are provisions in my province also for retaining a lawyer to assist youthful offenders under the legal aid system. This bill before us now provides that youthful offenders will have lawyers. That is not new, nor should it be broadcast as new. Perhaps I am speaking solely about my province. Perhaps the right to legal counsel does not exist in other provinces. But this particular provision, provided that we get the age spread correct under which the offender does have the right to legal counsel, is not all that new, and it is a mistake to characterize it as though it were.

There is a definition in the Juvenile Delinquents Act which defines a child. A child is any boy or girl apparently or actually under the age of 16 years or such other age as may be directed in any province pursuant to subsection (2). The definition of a child in the bill before us means a person who is, or, in the absence of evidence to the contrary, appears to be under the age of 12. The definition of a child is a person under the age of 16 in the existing law and under the age of 12 in the proposed bill.

Another criticism brought to my attention is that no provision is made within this bill to ascertain the age which determines whether the offender falls within provincial jurisdiction as being under the age when he would fall under this particular bill, or whether he should fall under this bill. There is no provision either for the parent or the guardian to be notified that his child or his ward has been charged with an offence.

In this respect I suppose this bill is intruding into the affairs of the family in a manner which I think is quite unacceptable. When any member of a family under that legal age—yet to be determined either 16½, 17 or 18—is charged with an offence, surely it is right and proper that the parent or guardian of that young person should be notified of the offence charged. I think it only right and proper also that the parent or guardian should be required to appear in the court to attest to the age of the child by whatever means he has at his disposal. The offender may be 11 years and ten months. This bill refers to a person who is, or, in the absence of evidence to the contrary, appears to be under the age of 12 years. How is evidence of age obtained? There is no requirement that evidence be obtained. There is provision within the existing bill to obtain that evidence. The parent or guardian is required to show that the offender is of the age required to be dealt with under this particular measure. I think that matter ought to be corrected as well.

• (1720)

One final matter worries me somewhat. It is related to the earlier ones and I draw the attention of the House to it. In my opinion, it will be worth examining in greater detail in committee. Specifically, I am speaking of clauses 71, 72 and 73 of the bill which deal with amendments to the Criminal Code. Sections 12 and 13 to the Criminal Code are repealed and Section 12 is replaced by a provision which introduces the 12-year age limit again. Clause 71 removes a provision from the Criminal Code which deserves to remain in some way or other. I would like to read Section 13 of the Criminal Code because of the loss of that particular provision as a result of clause 71. I read Section 13 of the Criminal Code:

> No person shall be convicted of an offence in respect of an act or omission on his part while he was seven years of age or more—

That, of course, is going up to 12.

> —but under the age of fourteen years, unless he was competent to know the nature and consequences of his conduct and to appreciate that it was wrong.

It is that final section to which I allude and which has a role to play in any matter where offences are committed against society or against another person. I quote it again so that we will be reminded of it:

> —unless he was competent to know the nature and consequences of his conduct and to appreciate that it was wrong.

Are we going to eliminate that notion of rightness and wrongness from our law, the element of moral responsibility which we should be inculcating in our young people? The

young person will say that because it is not there, there is no need to worry whether it is right or wrong, the judge will decide.

This is a matter of moral responsibility. Like many other things in our society in the past ten or 12 years, the transformation is being brought about in the moral attitudes of people toward one another and to their society by changes such as this. I deplore the loss of that phrase. I feel it must be restored somewhere within the law. Not only I but social workers with whom I have spoken about this matter are prepared to attest that youthful offenders are competent to know that some of the offences they commit are wrong. They should not be discouraged from judging in their own mind the rightness, wrongness and consequences of what they are planning, are in the course of, or have performed.

Those are the comments I wish to make at this stage. I hope that when the bill goes before the Standing Committee on Justice and Legal Affairs, as those who have spoken before me have mentioned, there will be an opportunity to have brought before us representatives from the attorneys general of the provinces and possibly from the provincial finance departments so that they will be able to judge the fiscal implications of the bill. I implore those who will be sitting on this committee to make arrangements so that the administrators of the law, those in a position of responsibility and guidance, such as parole officers and those who have concern for these young people, who see where they are going wrong and how they can be helped, will have an opportunity to appear before the committee and make their case and help improve this bill.

The Acting Speaker (Mr. Blaker): An amendment was proposed earlier by the hon. member for Durham-Northumberland, seconded by the hon. member for Edmonton-Strathcona. The Chair wishes to advise hon. members that the amendment is found to be in order. Consequently I will read it and then debate can proceed. Mr. Lawrence, seconded by Mr. Kilgour, moves:

That all the words after the word "that" be deleted and the following substituted therefor:

"—this House declines to give second reading to Bill C-61, an act respecting young offenders and to repeal the Juvenile Delinquents Act, because the bill rejects the fundamental principle of equal treatment of all persons before the law by specifying that the act will apply to different age groups in different provinces."

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, I am happy to hear you rule that the amendment submitted by the hon. member for Durham-Northumberland (Mr. Lawrence) is in order. I know there is general support for this legislation. At the same time I recognize that there are some inherent problems in the provisions and sometimes the language of the bill. Therefore, it would be good if members of the House would support this amendment in order that it might be drafted in a better form and have more acceptable support from hon. members.

Members who have been here for at least the past five years will know that I have had a continuing interest in legislation dealing with the welfare of children and young people, as well as legislation that would protect the sanctity of the home. Therefore, I welcome this legislation, which has some aspects of reality in it. I hope it will provide some measures to deal with some of the problems we face in our society and some of the problems our young people face.

I begin by reiterating what some others have pointed out. There is a shift of emphasis in the title. Rather than speak about juvenile delinquents, we will now speak of young offenders. I see both an up side and a down side to that. There was a time when a young person involved in criminal activity was called a criminal. That is what he was, even though he was young. Society determined that because of the person's youth, it was not wholesome for someone 12, 14 or 16 years of age to be labelled a criminal, so a softer definition was given to his activity. He became a juvenile delinquent. After years of having this term heaped on young people, it is now a term of opprobrium and is no longer acceptable. It is a term of disgrace. We will now redefine what originally was a criminal and call him a young offender rather than a juvenile delinquent. I would point out that the behaviour has not necessarily changed. It is the definition of that behaviour which has changed. We really have not addressed the problem that that young person is facing.

While I welcome the change in title, I see an up side and a down side. Simply changing the definition will not solve the problem. It will not make that young person feel better about himself. That young person will feel rotten inside not because of the term "juvenile delinquent" or "young offender" which is attached to him, but because he has done something wrong. The best favour we can extend to that young person is to help him face the reality that he has done something wrong, not to soften the definition of what he has done or of what kind of person he is.

Maybe some kind of reality therapy is what we ought to prescribe because he is in fact a young criminal. To call that person a young offender may, ironically in terms of the government's legislation, go some distance to meet that need because it is no longer advantageous to call him a delinquent. The term "delinquent" is a pretty soft term. That is why it was written that way. The person is actually an offender if he has offended the law and offended society. Calling such a person a young offender is actually a little closer to reality than calling him a juvenile delinquent. I see some value in redefining the term and calling the legislation young offenders legislation rather than the Juvenile Delinquents Act.

• (1730)

That leads me to a second point by way of introduction. In far too many instances we have tried to soften our criminal statistics by changing the definition of a crime. When I was young, if a young person was caught shoplifting he was stealing, but today he is shoplifting. You cannot change the nature of the offence by redefining it. You may improve the statistics but you do not change the nature of the offence. It seems to me that far too often we are trying to make society

look better by redefining the crime instead of dealing with the problem. I am concerned about that fact.

Let me speak about two particular aspects of this legislation which, I feel, are wanting, and both of which have been touched upon by previous speakers. I simply want to emphasize my concern about a lapse in this legislation which fails to deal with important aspects in the lives of young people if we are to help them face reality. If we continue this lapse through this legislation we will do them a disservice.

One aspect is that area which relieves parents of responsibility for the activities of their children. I know that this legislation, by taking the responsibility from the parents, is shifting it to the broad shoulders of society in general. In some instances that implies it is not the parents but, rather, it is society which is responsible for the behaviour of young people. In some cases that may be true. There may be certain instances where society in general has created the circumstances which have led young people to take part in criminal activity. It seems to me this is an extension of the kind of social engineering under which we have been labouring for the past generation or so. The thinkers in our society have come to believe that by tinkering with the social structure and by shifting responsibility, we address the problems. That is far from the reality. I think it is also an extension of the kind of economic determinism which has been part of the thinking of our society during the past generation, that it is because of economics that people go into a life of crime. Again there may be instances where people have been encouraged because of economics to go into lives of crime. It is fallacious reasoning to conclude that economics make people turn to crime. By relieving parents of their responsibility, we are asking society in general to accept that responsibility.

Let me illustrate the shift that is taking place. I was born at the beginning of the depression. I am not saying I caused it, but somehow the chronology coincided. I grew up during those depression years which, as members know, were some of the most poverty-ridden years of this country. My parents were parents of a large family during those very deprived years. My father used to go from a small town in Saskatchewan where we lived at the time, put his bike on the Grey Goose bus in Saskatchewan and travel to the Fraser Valley in British Columbia in order to find summer employment where there were still jobs during the summer months. He would then come back in time for the harvest in Saskatchewan to get day labour and make enough to put us through the winter.

In that small prairie town of one thousand or two thousand people we had one constable. The hon. member for Prince Albert (Mr. Hovdebo) will know of the town of Rosthern, and he is old enough to remember those years. We had one constable for the entire town, a small city we might call it today. We also had a curfew law. I remember standing on the wrong side of the sidewalk at about two minutes after nine o'clock, after the curfew bell had rung, when the constable, walking by and seeing my parents in the yard, motioned me to come into the yard. The town had a jail in the city hall, but it was usually empty, and this was at the time of our greatest depression. If poverty creates crime, that should have been the time when crime was the greatest, at least according to the economic determinism theory. Usually the jail was empty.

Let me bring you up to date. A few years ago the municipal council of Surrey decided it would help society if there were curfew legislation in Surrey. About two years ago it passed a curfew law which ordered young people to be home at eleven o'clock at night, particularly on weekends. That policy lasted about three Saturdays. At eleven o'clock at night, the RCM Police would go to the local hangouts, McDonald's or wherever they happened to be, pick up the kids who were under age and take them to the police station. They were not being put in jail but just taken there while the police got in touch with their parents. At two o'clock in the morning they were still phoning the parents to come and get their children. Because they were usually unable to find the parents to look after their children, the municipal council was not able to carry out that curfew policy.

This is what has happened in our society in terms of parental responsibility. Is it the responsibility of our police forces to look after young people under 16 years of age after eleven o'clock at night? I thought that when parents were raising children it was their responsibility to look after those children, not the responsibility of society. Therefore, I regret that the government, through this legislation, will further relieve parents of their accountability for raising children.

I am concerned about this move because of another consequence. If the government at this point is relieving parents of their accountability, at what point down the road will it prohibit parents from exercising their authority over their children? The first stage is relieving parents of responsibility and the second is prohibiting them from exercising authority. This will result in state intervention in family responsibilities. We do not have to go far outside our country to find examples of the state assuming full responsibility for looking after families. That to me spells the deterioration of a society. The first and most important institution in the land is the home, and whenever the state intervenes in the conduct of the home and takes away the authority of the home, society goes down the skids.

● (1740)

The second contradiction in this kind of economic determinism which says that society is responsible, because of the social scales in our society, for creating a life of crime is the fact that much of today's crime is in the affluent areas of our society. If it is poverty which creates crime, why is so much crime committed by the affluent people of our society? Why are many of the young offenders of our society coming from the high schools in the affluent sections of our cities? Why is it? Why is the worst kind of crime—and, in terms of dollars, the highest proportion of crime—white collar crime?

There are some hard realities we as a country have to face if we want to address the nature of crime in our country. If we are going to address the problem, we will have to conclude sooner or later that crime exists because people decide to

engage in criminal activity. They try to take shortcuts which run roughshod over the rights of other people. Parents decide that they are going to be irresponsible parents; young people decide that they are going to take advantage of their parents' irresponsibility, and sooner or later we have to have a law which says that parents and young people, and nobody else, will be held accountable for their actions. Parents and young people both have to be held accountable for their behaviour. One psychologist said, "You may have inherited that problem but you are responsible; you cannot pass it off on your parents forever; you cannot blame them forever." Sooner or later we must decide what kind of people we want to be, and there is no sense in kidding ourselves; we cannot pretend that we are doing young people a favour by suggesting that somebody else is responsible for their behaviour.

I suggest that the government would do all of Canada a favour if, at the committee stage, it re-evaluated the position it has taken on this section of the bill, replaced the section dealing with parental accountability for the behaviour of young people and made parents socially, and many times financially, accountable for the behaviour of their children.

Second, I agree in part with what the hon. member for Broadview-Greenview (Mr. Rae) indicated earlier this afternoon. He said that young people need the opportunity to experience and display a sense of atonement. I agree with that. Young people should not be locked in and labelled for life because of their behaviour at one particular stage of their lives. Society in many cases does act prejudicially against young people because of indiscretions, because of earlier rebellions, and sometimes because of false values having been given to them. They have engaged in activity which has been criminal, but they do not deserve to be labelled for life as young offenders, criminals or whatever definition we want to use. There has to be an opportunity for atonement. Young people deserve the opportunity to be trusted because there is very slim chance of atonement in young people if they are not going to be trusted. It begins with trust.

However, I add to what the hon. member for Broadview-Greenwood said by saying that atonement or a confession of atonement is totally irrelevant unless there is also restitution. That is how we know people are serious and genuine about their confession of atonement. The apology of a person who says he is sorry for what he has done is not accepted if he does not also restore the thing he has taken, whether it is money, reputation or whatever it is. It is easy for a young person to have engaged in a breaking and entering, a shoplifting or a theft of an automobile and then to say, "I am sorry", but that is not good enough, even if he means it, because part of the formula for atonement—it is integrally related to atonement—is restitution.

I want to use an adult illustration. About a year and a half ago, a gentleman was convicted of a crime in the province of Quebec. He happened to be the head of an organization known as the Apostles of Infinite Love, a pseudo-Roman Catholic institution. Hon. members have all heard of the Apostles of Infinite Love. This gentleman was convicted of the abduction of some of the children who were in his institution, and he was sentenced. He served his sentence, and a week or two ago he was released on parole, apparently on good behaviour. The fact is that he has not returned the children he abducted. He still has them in his so-called monastery at St. Jovite. He has supposedly atoned for his crime, but he has not restored the children.

This ludicrous situation makes a mockery of all law and all sense of justice. This man has been convicted. He has served his sentence. Legally he has atoned, but he still has the children, and he cannot be tried again for that offence. The system has now rewarded him because he cannot be tried again for that offence. How are we to get those children back?

When we have glaring examples like that of atonement without restitution, we reinforce all across society the belief that in many cases crime pays. It pays as long as one rides out the system. Is there not something in our legal system which says one has not atoned for one's crime until one restores what one has taken? How many cases are there in which individuals have been convicted of armed robbery, taken their loot and hidden it, ridden out their sentence and come back and lived off their loot? The famous train robbery in England is a case in point. One of the perpetrators has become a hero in England because he has been able to make a mockery of the so-called justice system. Why should we entrench in the proposed Young Offenders Act a concept which says a person can be convicted of a crime and atone for that crime by going through the penal system but that that person does not have to restore what he has taken? That is wrong. It is bad law. We ought not to let this go through third reading—not let it go through committee stage, let alone third reading, until we incorporate in this legislation the concept that one cannot atone unless one restores, and no crime has been atoned until there has been restitution.

• (1750)

These are two concepts that I believe are wanting in this legislation. I think that we would do an injustice to our young people if we presented to them a system which allows them to avoid facing the reality of life by escaping the reality of their behaviour and shunting that accountability on to the state. We are doing a disservice to parents by allowing them to shunt the responsibility for their children to the state. We are not teaching our young people the reality of life if we say that they can atone without having to restore. I think that is the rock bottom concept that we have to incorporate in this legislation before we give it third and final reading.

Mr. Gordon Taylor (Bow River): I would like to speak briefly on the young offenders bill, and particularly under five headings. I think the basis of the young offenders bill should be enshrined with the words "The objective to build and not to destroy".

I find that young people today who get their fun out of destroying things have made up their minds that they want to live that type of a life; and it is essential for them during their

younger years, to learn the joy of building as opposed to whatever joy they get out of destroying.

The first item in this bill that appeals to me is that young persons should bear responsibility for the actions that they undertake. That has not been the case for a number of years. I remember a court case in the province of Alberta where a group of young people between the ages of 12 to 15 broke into a hardware store, took the paint and the brushes and painted everything, in the store. They made a terrific mess. They dumped paint all over the floor and all over the other items. When they came before the magistrate, he slapped them lightly on the wrist and said, "Now, you should know better than that. Go home and don't do it any more." Who bore all the expense? The couple who were operating that store were not young. They were barely making a living. They had something like $3,000 worth of damage. They, who had nothing whatsoever to do with the crime, had to pay the total cost.

I said at that time, and I say it again, that the court did those young people no favour whatever in letting them get away with the "fun". If they had been told by the court to go back and clean up that mess, at least it would have taught them the lesson that they should not have done it. But they were not required to pay, they were not required to do anything except listen to a little lecture from the magistrate, and one of them said afterwards, "I wish he hadn't talked so long. I wanted to go somewhere else."

I think we have to instil in our young people the message that if they destroy, they must pay, if they cause damage to somebody else's property, they must pay. I cannot say it nearly as well as the hon. member who just sat down. If we do not do that, we encourage young people to continue a life of crime. That is what some of our laws and courts have been doing inadvertently, not deliberately.

I know of another case where a group of young teenagers, all under the age of 16, thought it was fun to remove a "bridge out" sign on a district road. They moved the "bridge out" sign and they burned it. That night a young married couple, who were, as a matter of fact, on their honeymoon, went along that road and, of course, there was no "bridge out" sign. They went into the ravine and both were killed. Someone said to me, "Those young people will feel remorse the rest of their lives." I do not know whether that type of remorse is worth it or will bring back any happiness to the loved ones of the couple who were killed inadvertently because someone committed a thoughtless act and destroyed a sign.

I want to emphasize that this entire act should be predicated upon the fact that we pay for our sins, and if we destroy someone else's property, we pay for it in one way or another. That brings me to the second point I want to make. The juvenile courts have been working hard to help young people. Do you know how many times some of these young people have appeared in the courts? Would you say five or ten? When a juvenile judge asked me, I said, "Six, seven." He said, "Would you believe it? The boy you saw in court today has been before this court 55 times." That boy laughs at the court. The court could not do anything except levy a fine which his parents glibly paid. They had lots of money.

That is the point I think my hon. friend from British Columbia was just making. That is encouraging a boy to be a criminal. He loses his respect for the courts. In this bill, at least, I see a number of items now which will permit the courts to be effective so that they will no longer become a laughing stock among those who apparently want to be criminals. It will certainly restore the dignity of the courts and will give our juvenile judges some authority and some options that they can use in dealing with this matter.

The next point I want to deal with is the causes. Why do young people get more fun out of destroying rather than building? Why do young people want to steal rather than earn their money? Why is it that two young boys may live in the same neighbourhood, in the same environment, yet one goes out and works after school and on Saturdays to make his money while the other one steals it? I think we have to analyse the reasons for the criminal act, for the misbehaviour, or whatever you want to call it.

I would like to call it six o'clock, Mr. Speaker, and continue this evening.

The Acting Speaker (Mr. Blaker): It being six o'clock, I do now leave the chair until eight o'clock this evening.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Taylor: Mr. Speaker, before continuing I would like to take this opportunity to welcome the hon. Solicitor General (Mr. Kaplan) into the House. We missed him badly this afternoon; it is nice to see him here this evening.

In my view the cornerstone of this bill should be to build human lives into something worth while, to take a piece of broken earthenware and make it into a vessel of substance, to make good citizens out of those who somehow or other got on the wrong track and, to put it in a nutshell, to encourage our youth to build, not to destroy.

Before adjourning this afternoon I was endeavouring to deal with some of the causes of youth offences. This bill should play a very important part in encouraging analysis of those young people who are starting off on a life of crime. When we talk about rehabilitation, there is no better time to start it than in their young years. We should not wait until people are 40, 50 or 60 years old and then try to use our prisons as centres of rehabilitation. When we try to analyse the causes of young people becoming offenders and coming into conflict with the law, it is impossible to say in a blanket manner what causes persons to go down the wrong path. Tonight I would like to suggest a few causes I have found in dealing with young people. If one finds the cause, then one has a much better

chance to rehabilitate and to correct whatever is causing the difficulty.

One cause which I have found to be very high on the list was learning disabilities in school. For many, many years we did not realize that slow learners had a problem. As I heard some teachers say, we thought they were dumb or dull. I have heard some people say that they lacked initiative. But when one really gets down to the root cause and finds a slow learner, when one finds that a young person is not keeping up with his class, generally there is a very sound reason. Some people do not learn as rapidly as others. Boys and girls who go through school like to be thought well of by their peers. As a student and as a teacher, I found that analysing boys and girls to discover why they were not keeping up with their class work was an important job. When I found the cause, then generally I was able to help the young person. Sometimes I found they were simply slow learners; it was just as simple as that. They could not keep up with the regular lessons. I remember asking one boy who was having difficulty in grade five or six when I taught in a country school of 11 grades, "How come, John, you cannot keep up?" He said, "Well, I do not understand what you are saying." I said, "Why didn't you say so?" "I do not like the other kids to think I am dumb", he said. So I said to him, "How would you like to stay in for half an hour a couple of days a week after your classmates leave and we will go over the things that are bothering you?" "Oh, boy," he said, "that would be wonderful." By the time that lad reached grade 12, he was one of the top students in the school. We found out what the trouble was—John was a slow learner.

● (2010)

I went through a correctional institution in Edmonton a few years ago and I checked the number of students who were there. It was my belief that at least 40 per cent of those yong people who had come into conflict with the law and who were in that institution were there because they either had a learning disability or were slow learners and they had never been diagnosed as such, or ever helped. The school system had failed those people. As a matter of fact, I saw a boy 14 years of age in that correctional institution with a book in front of him. I saw from the cover of the book that it was a detective story. I thought it strange that he should be reading a story of that kind during classroom hours. When I walked to the back of the room I saw that he was reading a grade three reader. He had covered the book with the jacket from a detective story so that he would not feel bad. He had never learned to read. It is no wonder that by the time he reached grade five or six people called him dull. He was not able to keep up with the other students in his class. He had not learned the fundamentals in grades one, two, three and four, so he became a drop-out. Then his only friends were those in a similar category who came into conflict with the law. That boy said he did not want to break the law but the only friends he had were criminals. All of this was because he was a slow learner, because the educational system had failed him.

I would ask the Solicitor General to inquire into the number of young people in our prisons who are there because they were slow learners or who had a learning disability and who came into conflict with the law, not because they wanted to but because the school system had not taken the trouble to find out what was holding them back.

In the correctional institution in North Edmonton they were going right back to the grass roots. Boys from 14 to 17 years of age were learning how to read. Once they had learned how to read, a whole new world was opened up to them. One boy of 18 said to me that he had not realized before that it was so simple. He reached grade seven and he still could not read, so he dropped out of school.

I think we must analyse the reasons why people become criminals. Sometimes our system forces them into this way of life. As the hon. member from British Columbia who spoke before me outlined, it is sometimes due to parental attitudes. Most parents like to see their children do well; but many parents do not realize whether their children are slow learners, fast learners or somewhere in between. Some parents do not realize that their child has a hearing or sight disability which can hold him back to the point at which he can no longer catch up with his peers, so he becomes an outcast and he finds other friends.

A policeman in Edmonton told me about finding a 13-year-old girl on the streets of Edmonton at one o'clock in the morning. He asked her what she was doing there. She had no answer. He found out where she lived and he took her home. The girl's parents were asleep. After rousing them, the policeman said to the girl's father, "I found your daughter down on Jasper Avenue at one o'clock this morning." The father was angry and asked the policeman why he had not left his daughter there. "Why are you waking us up in the middle of the night?" he said. That kind of parent is making criminals out of his children. The policeman said that he felt terrible as a result of the father's response. He said that he was only trying to help the child but even her parents did not seem to care.

Perhaps the reason that some of our young people lose direction is that they have no home life to speak of, no father or mother to encourage them to do the right thing. They drift off to the only place where they can find some friendship. I think some of these children just make a mistake. I am sure every hon. member in the House can think back to the time when he was a youth—a time when we all make mistakes. If we had been picked up by the police every time we made a mistake and charged with a criminal offence in a court of law, maybe we would be in a penitentiary today instead of in the House of Commons. There are excellent people in our penitentiaries today who are there because of circumstances, because they made a mistake and everyone thought they were criminals.

Sometimes our police do not help matters either. I forwarded a letter to the Solicitor General recently about a group of excellent young people who were being hounded by police officers who thought they were doing their duty. I remember a boy who came to my boys' camp one year about whom my assistant said to me, "I don't think we should take this lad." I said to him, "Will the boy be having a holiday?" My assist-

ant's reply was negative. I said, "Then we are taking him in. That is what the camp is for." When the boy got to camp I took him into my tent and said to him, "Bob, I am sure glad I have you in my tent." Bobby said, "You are?" I said, "I sure am!" By the end of the week that boy was an excellent camper. I said to him, "How come you are always getting into trouble in your town?" He said, "Every time someone breaks into a store or breaks a window, the police come to my house. What is the use of me trying to be good?" He said, "Out here people treat me well. That is why I did not break any rules. I do not like breaking rules, but I have been hounded by the police." I believe police officers are taking steps today to ensure that this type of situation does not happen. It is a responsibility they have. Because a boy makes one mistake is no reason for him to spend the rest of his life as a criminal.

Then there are the ones who decide, through laziness or something else, that they will spend their lives as criminals. They decide that they will get rich by stealing, they will take what other people earn. These are the most difficult people to deal with. They have made up their minds to pursue a life of crime. I think there must be a penalty imposed on these people so they will know that when they break a rule, they will be punished.

The next point I wish to make deals with restitution. I wish to congratulate the present Solicitor General and the former solicitor general for providing a number of alternatives to our courts for dealing with almost every type of youth who comes into conflict with the law. Restitution is one of the most effective measures provided. This afternoon I cited the case of young people who broke into a hardware store and threw paint all over the place. They received a slap on the wrist and were told to be good. Within the month some of those boys had taken a truck and run it through a wall. The court had done them no good by telling them that it would overlook the first offence because of their youth. As I said before, we do our young people no good whatsoever when they commit a crime like that if we simply say, "Don't do it again." In the first instance, the magistrate ordered the boys to go back and clean up the paint. If they had worked there for two or three days before this happened, I do not think they would have driven that truck through the wall. They should have had to rebuild that wall.

● (2020)

There are many ways of obtaining restitution, and it is one of the best ways of making people realize what they have done. I heard of a case in Edmonton a few years ago, of a young man from a large eastern city who had never seen a pig. One day when a policeman was going by, he called him a pig. He followed the policeman around, calling him a pig. Finally the policeman arrested that 16 or 17-year-old lad. He was tried in court and the magistrate asked him if he had ever seen a pig. He said he had seen pictures of them but had never seen a real one. The magistrate sentenced him to work on a pig farm in north Edmonton for one week and said that when the boy came back he would consider what to do then. The boy worked on the pig farm, and when he returned he told the magistrate that he would never call anyone a pig again. He had learned his lesson. Had he simply been given a fine, which his father might have paid, he would probably still be calling policeman pigs, and perhaps worse.

Restitution is an excellent thing. Most of us learned at home that when we did something wrong, we had to pay the price. We learned that we either had to take the punishment that was coming or make good the damage.

I grew up with a boy who broke a fence one time. He simply decided to tear down the fence. We did not go to court about it, but his father said that he must rebuild the fence. I went along with him, because I was with him when he did it, and I helped him build it just as good as it was before. Today that lad is a minister of the church. He knew that if he did something wrong, he would be punished.

I hope that through this bill we can make people realize that if they do something wrong, they will be punished. Let us have no bleeding hearts about that point, which is a very important one.

When the court decides to send an offender to an institution, we should be sure that it is an institution where they can learn to build and not to destroy. I had occasion to visit a young lad who was convicted of killing his stepfather because he had committed a heinous crime against the boy's sister. He was just over 16 at the time. I went to visit him in a federal penitentiary. I asked him how he was getting on, and he said, "I am learning how to become a criminal." I asked if the guards were not counteracting that. He said, "No, you are with the prisoners all the time. I have learned more about crime in the time that I have been in this institution than I ever dreamed I could. I do not want to be a criminal but they are making me a criminal." I was happy when he left that institution and I hope he is doing well now. He was not a criminal type. He had made a mistake and maybe there was some reason for that. But he was not learning much in that institution, except about crime.

In many of our prisons today there is idleness and no work. That is one of the reasons why many young people get into trouble today. They have nothing to do. I had plenty to do when I was growing up. I had to rush home from school every night during the winter months to haul coal or to chop wood in the summer. There was always lots to do. I envied the boys in the cities who had nothing to do. I do not envy them now, I feel sorry for them. If they had lived on a farm they would always have had something to do. The devil finds something for idle hands to do, which is not good.

We should provide the opportunity to inmates of our penitentiaries or correctional institutions to learn how to work. We should give them something worth while to do.

That is one point in favour of the Bowden Institution which the federal government now operates. Some time ago a boy came out of there who is now operating his own tinsmithing shop. He learned to be a tinsmith in the institution. Before that, he had no trade, nothing to live for. Now he is a good

citizen, is married, and doing well in his business. The objective is to try to rehabilitate these people.

As one hon. member remarked earlier, the cornerstone of this bill should be to encourage young offenders to build, to turn from their criminal activities and become not only good citizens, but to learn how to enjoy life. They should learn how to attain happiness from helping others, not robbing them; they should learn how to attain happiness from helping others less fortunate, rather than trying to tear down lives that have been built up, or stealing from others. The cornerstone of this bill should be to build, not to destroy.

Some hon. Members: Hear, hear!

Mr. Jim Hawkes (Calgary West): Mr. Speaker, this has been a day of information for members of the House regarding juveniles in our society. It has been a day characterized by concern shown by members of the Progressive Conservative Party of Canada in this House who have demonstrated throughout the debate their concern for the young people of Canada, as they have done in the past.

It has also been a day of surprises. Of the 282 members of the House, 147 sit on the Liberal benches. It would seem that those 147 have no interest in juveniles because the day has been characterized by an absence of speakers from that side. I wonder if they have lost interest because we are dealing with a population that does not vote. I find that so much of the government legislation that comes along is dedicated not to wisdom and not necessarily to what is good for all Canadians, but perhaps far too often is characterized by what might be seen as something positive in the way of garnering votes. I am particularly pleased that the sponsor of the bill, the Solicitor General of Canada (Mr. Kaplan), saw fit to attend for perhaps 20 minutes of the debate this evening. He was not present this afternoon and currently is not in the House. I hope he will come from behind the curtain or some back room and listen to our concerns about the legislation he has placed before us this evening.

● (2030)

I should like to remind hon. members who were not present earlier that we are currently debating an amendment to the motion of the Solicitor General. The amendment is proposed by a former solicitor general, the hon. member for Durham-Northumberland (Mr. Lawrence), and is seconded by the hon. member for Edmonton-Strathcona (Mr. Kilgour), members of the Conservative party. The amendment states very clearly and very succinctly that it is the opinion of those members of the House that this bill should not even go forward to committee for further study because in its basic principles, it is based on inequality. I should like to read that amendment so that we are all clear on what we are debating. The amendment reads:

That this House declines to give second reading to Bill C-61, an act respecting young offenders and to repeal the Juvenile Delinquents Act, because the bill rejects the fundamental principle of equal treatment of all persons before the law by specifying that the act will apply to different age groups in different provinces.

I find it somewhat surprising that an 88-page bill would be brought before this House after the months of debate we had on the Constitution of Canada. It violates what we have been told is one of the principles of the Liberal Party of Canada, which is the current governing party of Canada, that all Canadians everywhere in Canada should be treated equally. Perhaps that should not be surprising. The last day we sat in this chamber was April 23. That evening we voted on the Constitution of Canada. The government party opposite, aided and abetted by the New Democratic Party of Canada, and its members from Saskatchewan, voted in this House to say that all of us in western Canada, as a consequence of the votes on that Thursday evening, would have less protection in the Constitution of Canada than we had before those votes.

The people who live in Quebec and in Ontario, through their elected officials, have a veto on future constitutional change. They are entitled in perpetuity to the protection of the Canadian Constitution. Prior to that vote on April 23, those of us who live in provinces in western Canada could, under certain circumstances, combine with one other province to exercise the veto. We did not each have a veto in each of the four western provinces but one province could combine with one other province. Two provinces acting together could protect themselves from unwanted constitutional change. But on the night of April 23, the governing Liberal party, aided and abetted by the New Democratic Party, said that was too good, "we want you weaker than that." From that moment on, no one premier in western Canada could veto constitutional change to protect us from changes we do not want. Not even two premiers could do that. It will take three premiers from western Canada to equal one premier from the province of Ontario or one premier from the province of Quebec.

Then I look at the bill before us tonight. I have been sitting is this chamber all day wondering whether or not debating this bill is a waste of time. I am glad to see the Solicitor General has come back into the House for a few moments. He appeared before the constitutional committee. During those hearings we tried to find out what was going to happen when the new Constitution was brought in. I want to bring one clause of the Constitution to the attention of hon. members. It is clause 15(1). It reads:

Every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law withouth discrimination and, in particular, without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability.

I wish to emphasize the word "age" in that clause. Here I have before me an 88-page bill which says with crystal clarity that, depending on your age, you will not have equality before and under the law. I think a case can be made that a three-year-old requires a different response from society than perhaps even a six-year-old, and certainly somewhat different than that required for a sixteen-year-old.

I find in this bill the concept of "your" protection, and I say to all of the young people—although I suspect very few are watching our proceedings on television this evening—that this government has brought forward a bill which states clearly that if you are 17 years of age, you will have a certain

protection under the law in some provinces, in other provinces if you are 16 you will have that protection, and in still other provinces, if you are 15 years of age that protection will be afforded to you. Therefore, depending on where you live in this country, under the young offenders act, which will be a federal law, young people will be treated differently by the law.

I say to the young people, those perhaps who would like to break the law, that if this becomes the law in Canada and a person happens to live in Hull, he or she might be better off if that person came across the river to Ottawa. Likewise, if a person lives in Ottawa, the law might treat that person better if he or she crosses the river and goes to Hull. How does that jibe with the glowing statements we have heard in the last few months about the concern of Liberal party members for the rights and the equality of Canadians? We do not get it in terms of constitutional amendments as we lump ourselves together in provinces. We do not get it in terms of basic law as it affects the young people in this country. The government wants it different. Depending on the province in which a young person lives, he or she will be treated differently by the courts of Canada based on his or her age.

At the same time, I wonder whether it is all a giant public relations hoax because the majority opposite will force this Constitution on the country, if it possibly can. Does the government think that this act will be struck down because it violates the basic principles inherent in what has been called a charter of rights and freedoms? Then where will we be in this country if this particular act is, all of a sudden, declared illegal by the Supreme Court of Canada? Where will we be in terms of our ability as a nation to treat the young offenders of this country? That should give cause for concern to all members of this House who come here charged with the responsibility of making this a better nation and a better world for all of our people.

Why do we deliberately proceed to discuss an 88-page bill, to move it to committee, to call witnesses and to spend all of that time on a piece of legislation which may be declared ultra vires? If the Solicitor General were here and if he were in the mood, I would ask him—although I probably would not get an answer because I am a member of the opposition party—whether he has taken the trouble to submit this bill to justice department officials for a legal opinion on whether or not it will be ultra vires of the Constitution of Canada, assuming that the new Constitution were in place. I can guess that he has not done this. The reason I guess that is that the Minister of Justice (Mr. Chrétien) himself, on many occasions in testimony before the constitutional committee, has said, "we will worry about the legislation which is on the books of this country, we will examine it for its legality, not before we pass the new Constitution, but after."

The provincial government of Quebec has paid some very skilled legal talent to examine legislation which exists in that province. These people were to advise the Quebec government on what would happen to legislation if the new Constitution were put in place. It was reported that at least 100 pieces of legislation would become illegal instantly. We have a federal government which seems determined to use its transitory majority to change this nation in a hurry in ways which will be unalterable in the future. The least we could have would be a statement from the Solicitor General that he has a solid legal opinion that this legislation, if passed in conjunction with the proposed Constitution act of 1981 will still be declared legal. If there is any probability, and I suggest there is, that it will be declared illegal, why should we in this House spend today, possibly tomorrow, and who knows how many more days in the House and in committee, examining a piece of legislation which will be declared by the Supreme Court of Canada to be beyond the competence of Parliament?

• (2040)

Through the Constitution act, 1981, we are saying that the Supreme Court, five out of nine judges chosen by the present Prime Minister (Mr. Trudeau) or a particular prime minister of the day, without public examination, will be able to tell the Parliament of Canada, the duly elected people of this country, what they can legislate and what they cannot. That is the fundamental revolution that will take place. I suggest it has an impact on this piece of legislation.

Before we debate this much longer, I ask the Solicitor General to tell us clearly and unequivocally whether he has sought and obtained a legal opinion on whether this legislation will be declared ultra vires of the Constitution act, 1981. If he is not prepared to do that, I suggest to the government House leader that there would be considerable wisdom in arranging for this House of Commons a different order of business until that legal opinion has been sought. There is not much point spending the time of the members of this House and the tax dollars of Canadians debating a piece of legislation which is very likely to be declared ultra vires.

Any piece of legislation which takes us into the area of criminal law deserves more careful examination by the duly elected members of the House of Commons than most other pieces of legislation because it speaks of society's determination to protect itself. At the same time it speaks of society's determination to use its collective power to deprive individuals of their freedom. For those of us who have reached this point in our lives without having run afoul of the law or being charged with any criminal offence, this may seem to be distant. However, we all read in the newspapers from time to time about a miscarriage of justice where an individual has been charged, convicted and sentenced for a crime he or she did not commit.

We have an obligation to move slowly and carefully on the specifics of such a piece of legislation because we are trying to balance two very difficult principles at the same time: the protection of society from the wilful and damaging acts of an individual or groups of individuals, and at the same time the protection of the kinds of freedoms on which all of us in a society like ours place great value.

With the passage of time, our society has adopted a third principle dealing with rehabilitation. There is a concern for whoever is charged with breaking our laws and damaging our

society. We treat them in a manner calculated with the best wisdom we have to ensure they do not repeat that offence. The process of involving them with our police and judiciary is calculated to produce a situation where people change from violating our group mores or standards to making a positive contribution. That is an important third element in our system.

As I read this bill, I find a fair amount of creativity, which runs counter to our historic patterns in the Juvenile Deliquents Act, which will be helpful in meeting the goal of rehabilitation. A number of members have spoken about restitution. For example, if a young offender has broken the law by defacing a building, the likelihood of his continuing that kind of pattern might be reduced if he is forced into a situation where he has to clean the building, carrying out the hard physical labour in order to put it back to the state in which he found it. Research evidence shows that kind of sentencing and treatment has a positive effect. Some parts of this bill will make that kind of treatment more likely and, therefore, recidivism less likely.

I am bothered about the other two aspects: protection of society and protection of the individual. This is not the proper time or place to deal with the bill in its entirety. We cannot in a speech in the House of Commons deal with the specifics of an 88-page bill. The purpose of a second reading debate is to deal with the bill's principles.

The first principle identified in our amendment which I find bothersome is that the bill clearly specifies that Canadians who live in different provinces will be treated differently under the law. That is unacceptable. Whether you live in Newfoundland, Quebec or Alberta, a federal court comes under federal jurisdiction. All Canadians should be treated equally and not differently depending on the province in which they live. On the basis of that fundamental principle, this legislation should be rejected until that principle is attended to and brought back for our consideration.

I know that time is running along, but I would like to deal with two or three other issues in clause 3, the declaration of principle. I wish to quote clause 3(*b*):

> Young persons who commit offences require supervision, discipline and control, but, because of their state of dependency and level of development and maturity, they also have special needs and require guidance and assistance;

Where is the empirical, scientific justification for that statement of principle? Which 17-year-old youngsters require supervision, all those who break the law? What positive consequence is inherent in the concept of supervision? What do we mean by that? In societal terms it means parole officers. Historically that has been our method of supervision. Has it worked? I suggest the scientific evidence would indicate that supervision is not necessarily the answer for all these young offenders. Do they all need discipline and control? Are they all in a state of dependence?

● (2050)

I have just returned from a visit to some other cultures and societies in the last couple of weeks where I observed first-hand 15 and 16-year-olds who were in the work force in apprenticeship programs. On the basis of my observation I would say their maturity and lack of dependence was a great deal greater than some of the 30-year-olds I have run into in my lifetime.

Surely the guiding principle involved here is that we as a society when we encounter young offenders should operate on the principle that we study the individual case, the particular age and the particular state of maturity of that individual and then attempt to design as well as we can a set of circumstances which will assist that individual in avoiding the commission of an offence in the future.

When we include a principle such as this, I wonder whether it will be possible for lawyers to argue in a court of law that particular decisions taken run counter to the principle of the proposed young offenders act. I also wonder why we have clause 3(c) which reads as follows:

> Where it is not inconsistent with the protection of society, measures other than judicial proceedings under this act should be considered for dealing with young persons who have committed offences;

I wonder why we have judicial proceedings. As I sat on the committee on the Constitution I remember spending some days on the legal rights portion of that proposed measure. Those of us who are not lawyers, I think, all found it educational.

There are protections that come from a judicial system which do not come from other kinds of systems. I wonder why we are to have a principle in this proposed act which sort of invites the setting aside of judicial principle, and I wonder whether that will be used too frequently to the detriment of the young people who come under the law according to this bill we are considering tonight.

Clause 3(d) states:

> Young persons have rights and freedoms in their own right—

I wonder, after trying to go through the bill, where those special rights and freedoms are to be found. I can remember testimony, again before the committee on the Constitution, by those involved in the Year of the Child, members of committees from across this country, who said that if we are to have a bill of rights, we need a section which deals with children and young people. I know, standing here this evening in this House of Commons, that there is no such section.

I see in this bill a statement of the principle that because of age and the state of maturity there need to be special rights. It even says that young persons have special rights and freedoms, but I cannot find them in this bill and I suspect they should be there.

I could go on in detail about other clauses in this bill, but in the last two or three parts of the statement of principles we encounter the concept of the family, and we encounter, in a very minimal sort of way, the concept of parenthood. If the Solicitor General were to heed the wisdom of members of the Conservative party in this House and withdraw the bill for changes, I wonder if he would spend a little more time in developing a stronger section about both the rights of families in Canadian society and their responsibilities.

Certainly when we proposed that the whole concept of the family and its importance in our way of doing things be part of

the Canadian Constitution, that concept was rejected by the New Democratic Party and by the Liberal party. They do not believe that the family has any place in the Constitution of Canada. If they are not willing to have that concept of family enshrined in the Constitution of Canada and they do not think it is important in that measure, perhaps at least they could deal with it in a little stronger way in relation to the importance of the family and parents to young offenders and their relationship to young offenders. I suggest to the Solicitor General, members of cabinet and, hopefully, to the odd backbencher who might somehow get the courage to stand up and speak on this bill, that they consider strengthening that portion of this measure, and draw perhaps a somewhat clearer line, not just about the rights of families and the rights of parenting, but the obligations of families and parents. They have certainly specified with some degree of clarity the right of state over the rights of the individual. Perhaps they could balance it a little bit by strengthening the clauses dealing with the issues I have just mentioned.

In closing, Mr. Speaker, may I once again reiterate the fact that members of our party, the former solicitor general of Canada being the mover, have recommended that this House not give this bill second reading and reference to the committee. In effect, we are inviting the Solicitor General to withdraw it for more work. The reason for that recommendation is that the bill does not recognize the fundamental principle that all Canadians should be treated equally under the law. This is an 88-page bill deliberately dedicated to the production of inequality under the law. Therefore, in principle it is unsound, unCanadian and should be withdrawn.

Some hon. Members: Hear, hear!

Mr. Robert Wenman (Fraser Valley West): Mr. Speaker, I should like to begin tonight by commending the minister for bringing this measure forward. In doing so, I think he has indicated both respect and sincerity in his intent. I think it is important legislation to Canada and Canada's young people today.

The Solicitor General (Mr. Kaplan) correctly identified the objectives and purposes of this measure when he stated in the opening that:

> They must strike a balance between helping young offenders and protecting society from harmful conduct. They must safeguard the rights of young people in conflict with the law, while discouraging offenders from committing further crimes.

I think that is fairly well stated. If I were to change one thing in those objectives, it is the tone which I find throughout Canadian law; we always talk in the third person instead of in the first person. We always talk about what "they" must do. I would like to see the word "they" corrected in an attitudinal sense to say instead "we" must strike a balance and "we" must safeguard because we must take that "we" even beyond ourselves as legislators and look at it as "we" the legislators, "we" the parents, "we" the community and "we" Canadians, not just the great "they" as in "other people" or some professional "they" who will solve our problems with juveniles.

• (2100)

In his conclusion, the Solicitor General says:

> It is the various professionals, such as family and youth court judges, lawyers, police officers, welfare officers and social workers who are responsible to make the system work.

The Solicitor General is wrong here. The age of specialization in which the professional has all the answers—just give him the problem, and it will be solved—is over. That has not worked. Our statistics show that. The professionals do not have all the answers. That has not worked.

The Solicitor General is responsible to make it work, not the professionals. Not only is the Solicitor General responsible, but I am also responsible. I am responsible to make it work. All members of the Canadian community are responsible to make it work, and there should be that emphasis that it is about time all of us took our responsibility instead of trying to pass off responsibility for juvenile delinquency or adolescent delinquency. Instead, we should say we will all take our responsibility when and where we find it.

Not only do we refer to the great "they" in referring to those who will solve our problems, but we also refer to the other "they" all too often. The second great "they" is the juvenile offenders. No longer will a juvenile offender be an offender when we accept the great "they" offenders back as part of all of us, because that is where they came from. They came from the "we", the "us" sector, and they became the "they". They became the rejections from our homes, from our schools and from our communities and, most important of all, they became the rejections from their peer groupings, a most important factor among young people of this age. We need to recognize that it is not just they who have needs. The great "they" have the same needs we have. We, like they, all need acceptance and acknowledgement through positive achievement. We need open and honest relationships. We need correction without overcorrection. We need respect and love.

Who are the great "theys" we are talking about here tonight? Who are these "theys", these juvenile delinquents? Let us identify them a little more closely. Before this act is passed, the offenders are those between 7 and 18 years of age. After we pass this act, we are talking only about a small part of that child-adult grouping, and I refer specifically now to 12 to 17-year-olds. That is narrowing it to a very particular group called adolescents. We are now talking about adolescent offenders.

Who and where are these adolescent offenders? We can even narrow it a little more than that. Statistics show that the offenders to whom we refer specifically within that 12 to 17-year-old grouping are 14 and 15 years old. Fifty-six per cent of juvenile or adolescent crime is committed by 14 and 15-year-olds specifically. We can narrow that even further and find that the peak among young men is in the fifteenth year. Eighty-six per cent of offences are committed by young men. The stereotype or prototype is specifically a 15-year-old male. Why do 14 and 15-year-olds get into so much trouble?

Before I came here tonight I posed the very same question to the 14 and 15-year-olds in my house. I asked my daughter Jill and my son Kiven and their two friends, Glenn and Stewart, why 14 and 15-year-olds get into so much trouble. Their answers were indeed very revealing. In fact, I think they are the answers as to why young people get into trouble. They said young people get into trouble because they lack attention. They said young people get into trouble to try to gain some acceptance. They said they get into trouble because of family breakdowns and family problems and because they want to follow in their friends' footsteps. Their friends are doing it, so they want to do it too. They do it just for kicks or to add some excitement to their lives. They do it to be "cool". Above all they must be cool. They do it because they are bored. In a society which has given them everything, they are bored. There is a lack of direction. I think these young people have very well identified why young people get into trouble.

I spoke with a judge from the United States about this bill. He gave me some interesting statistics. He said that one of the problems he is facing is the family break-up situation. He said that in the state of Oregon where he is a judge, 81 per cent of marriages end in divorce. That is four out of five marriages. He gave another interesting statistic about family relationships as the basic problem, or one of the basic problems, causing adolescents to be brought before the law. He went around to the prisons to which he had sentenced young people and did a personal survey upon which he calculated statistics. He asked two questions. The first question he asked those young people was, "Who do you care about in your family and who do you think might care about you?" It was interesting that 82 per cent responded that either mother or sister loved or cared. The next question was, "Who do you hate in your family"? Ninety per cent said they hated their fathers. I only point this out to indicate the importance of the family structure, and that family structure has to be taken into account in any rehabilitative or corrective format because it is here that we have the greatest possibility for correction, for rehabilitation, and for reacceptance. We can perhaps reaccept a young person into a group home or a foster home, we can perhaps reaccept a young person into the school or into some community sports organization, but the ultimate success will depend on whether we can rehabilitate and get reacceptance by the family of that child. That is a critical area in any rehabilitation or reform.

● (2110)

Again, we can sit and list all the reasons why young people get into trouble. We all want to blame or list. We keep blaming. How many times have I heard the cycle of blame? Parents point their fingers at the teachers in the schools and say it is the teachers of the schools; and the teachers in the schools point the finger right back home. The police often say, "Why arrest them? The courts just release them on to the streets again, anyway." The courts say, "We do not make the law," and they blame the politicians; and the politicians blame everyone else. It is not a matter of blaming. It is, instead, a matter of accepting the responsibility and beginning to do something about it. I hope that this bill is the beginning of acceptance of responsibility, and starting to point toward a program and policies which will work back toward acceptance and acknowledgement of young people through positive achievement.

I speak on this subject, not lightly, but with some experience, because, as a schoolteacher, I was given a group of 25 young people and told, "Do what you will with them. They are failures. They are 13 to 15. They are in Grade 8. They are not going anywhere." Some were slow, some had emotional problems, some were just cowering and frightened. But I did find, in working with these young people, everywhere I went, that they had one thing in common. They were all rejects. They were rejected by every element of our society.

If we are going to just reject them, they are going to react; and they will not accept rejection. They will fight that and they will gain acknowledgement. They will gain acceptance one way or another, and the only way that is open to them is negative because the positive ways have, in fact, been closed to them. Those routes have been closed. Many hon. members who have teenaged children can watch this rejection by the schools and by the society. It happens at 14. It happens at 15. Young people are suddenly confronted with the reality that a door is closing. We must end that rejection and turn it into reacceptance and reintegration.

We need to establish community service programs and restitution agreements. We need a sense of responsibility. I again refer to a section of the Solicitor General's report. He promises that this program is going to develop and that this act, policy or legislation will somehow provide community service programs and restitution agreements. He recognizes that the courts have worked in this direction and that by doing this we will establish a sense of responsibility, and opportunity to repay, and self-respect and self-esteem. Reacceptance amongst peers, schools, community and family are also factors which will have to be included.

When I was a member of the legislature, in the first year that I was elected I travelled to all of the correctional institutions in the province of British Columbia. I read about an idea called "youth juries". This was an idea of getting peer group interaction. The youth jury, in fact, would sit and judge with their peers and then perhaps call for community restitution. Then, following community restitution, hopefully this same peer group of young people would reaccept or take some responsibility to bring the young person back into their group. The kinsmen group or the Kiwanis, or whatever, would run some night programs, sports programs, and things like this, to try to find an opportunity for young people to achieve and to gain some recognition, following which they would move back into the schools and into the community.

As a result of representations, such an experiment was tried in my community. It really worked quite well to a point where it broke down in that people were not willing to carry it through. They would go as far as setting up the court and making the judgments, but they would not carry through on the reacceptance back into the community. However, this

youth jury idea was tried in British Columbia and I think it has been tried elsewhere.

I think the idea of community service programs, restitution, accountability, are important factors, and I am glad to see that there will be some flexibility in the program to carry out these kinds of experiments. That is, in fact, what they are: experiments. But we need to experiment because we need alternatives in our programs. We cannot really blame the judge if he has only two or three choices. If all he can do is sentence the young person to jail or release him, we cannot expect the court action, the rehabilitation, to have much effect, because just to release a person or just to send him to jail is not the answer and does not provide enough alternatives.

We need alternatives which include strengthening our foster families and homes. We can do that federally. We can say that it is the provincial government, but it is not necessarily the provincial government. There is a substantial number of tax incentives which might get people from other areas, other families, and other types of families interested. There are incentives which could be provided to perhaps produce more and stronger family groupings. We need group homes and we need community support groups. I will be interested to see what the minister has to say about these kinds of programs, for which, he says in his booklet here, the federal government takes responsibility.

There are some specific concerns about this bill which I do want to mention. I do have concern relating to youth court records. It is fine to say that the court record will be destroyed; but in this day and age of modern science the court record is only one small part of the record of that young person. The more blatant and difficult one is found in computer records, because a young person can be picked up, charged, fingerprinted and photographed, if he is to be treated like an adult, and only then the charge is dropped. But the information, just that he was charged and the charge was dropped, is still in the computer, a computer whose access and interconnection is highly questionable in today's era of public information.

So my concern is that when we are talking about records, we are not just talking about court records, we are not just talking about a criminal record filed here in Ottawa. We are talking about all records, including interconnected computer records which relate not only to charges which were followed through, but, in fact, all charges which relate to young people who may have been accused wrongly or may have been treated unfairly by an unfair conviction which has been followed through.

As far as public hearings are concerned, one of the good things about youth juries, it was said, was that if there was public understanding, part of the punishment and rehabilitation was, in fact, a form of guilt, public humiliation and shame. That is what this part of the legislation implies; this open public hearing concept somehow implies public punishment. I am not sure it is what we want for two reasons. The first reason is that when we talk about a 14 or 15-year-old adolescent who will be reaccepted in the community, the reacceptance is made too difficult by punishing him publicly, by holding him up to ridicule and exposure. It may not work; I urge caution.

• (2120)

On the other side of the coin, many young people seeking negative attention commit crimes for attention. When he is punished in public, he kind of likes it because he gets a lot of attention. I am concerned about these public hearings or these court hearings. When these hearings are held in private, there is a better opportunity for rehabilitation than when public ridicule and scorn is heaped on a 15-year-old. They will get it any way; they will get it in school and they will get it in the community. To play with it in the newspapers and to play with it in public by letting people sit in who are not involved needs rethinking.

As far as fingerprints and photographs are concerned, I would have very grave concern if my child were picked up by the police for whatever reason, taken to the police station, charged rightly or wrongly, fingerprinted and photographed. Parental responsibility is accepted when the juvenile is taken in, certainly there should be a protection whereby no fingerprints or photographs are taken without parental consent and knowledge.

An hon. Member: It is absent in the bill.

Mr. Wenman: It is absent in the bill. It indicates that we will treat them like adults. We must break it down right to our own children. Somehow when we talk about "they", we talk about someone else's child. But when we legislate we must legislate for everyone's child as well as our own. We must take that into consideration. I hope someone is listening. Whoever that is, I ask them to reconsider the section on fingerprints and photographs.

Another section which gives me concern is the one on flexible sentencing, that somehow we will make it more uniform or more rigid. I am not sure that is correct. Surely the objective is to rehabilitate and return a 15-year-old to society. We must have the maximum flexibility to judge that young person as he matures. This ties in with the difficulty of putting a maximum age on determining whether a person is a juvenile. The 14, 15, 16, and 17-year-old grouping is a difficult one. Which child is an adult? Is it the child who has survived out in the world by himself for two years? Is he more responsible than a child coming from a highly protected home who is physically and mentally immature or somewhat physically and mentally slow? When does one become a mature adult? I wish we could see, on this upper maximum age, some way to determine whether a child is a child, whether or not he is responsible. We should almost leave that to the judgment of the courts. I know it cannot be done, I know the flexibility is not there. It is moving toward rigidity, and I am concerned about moving toward rigidity.

At page 19 of this bill it is indicated that the Government of Canada is responsible for programs developed to meet young offenders' needs. I want to be very clear about this because usually we hear governments saying that they are not respon-

sible. It is hard to define responsibility, but the federal government has committed itself to programs in this bill. That must be the meat of this legislation.

It is nice to tidy up things, but in fact the programs developed to meet the needs of young offenders are the test. The minister's ability to define the needs and the programs of young offenders will be the measure that determines whether or not this bill represents a significant step, as the minister indicated in his response. The significance is found in the one sentence to which I have referred. I challenge the minister to define that significance for us.

There are many things this bill will not do. This bill will not change the economic conditions of inflation and high interest which forces two parents to carry on two full-time jobs, or perhaps three, just to survive or meet their basic requirements of food and shelter. It will not change the social disadvantage of economic privation; it will not change that. This bill will not solve youth unemployment, nor will it solve the social and negative results of the drug and alcohol symptoms of the turned-off youth in our society. It will not solve those problems. The attitudes of this bill must be a larger part of every piece of legislation which passes the House of Commons. We should not be discussing only the effects of adolescent crime at this time. When we are discussing inflation and high interest rates, we should be reminded that there is a relationship to youth problems. When we are discussing a bill of rights in the House of Commons, we should be recognizing the value of the family relationship. I am disappointed that we did not recognize the importance of the family in our Constitution. The family must be made strong so that young people, the adolescents about whom we are talking, can find a way back into their families. We need to show our intention, that we understand it by mentioning it in our Constitution. We need to recognize that materialistic values must be redefined or reunderstood. Perhaps it is more important to have a little less materially but to have one parent in the home. It is important to have a father in the home. There is an attitude in society that we all go out to work in the morning and we come home to rest. When we come to rest, our family is there, our young people are there. It should be the other way around. We should go out to get a job, to earn a living in order to build our families, and we should come home to work with our young people and to spend time with them. What a hypocrite I am to stand here at 9.30 at night saying that we should spend more time with our families. I stand on the floor of the House on my son's birthday. My wife had to go out to a PTA meeting—and here I am. We must begin to work with our families in order to strengthen them, to strengthen our values and to uphold those which are right and sound. They are the value of the family, our spiritual values, our societal values, the values of work, achievement and recognition and acknowledgement of those achievements, and the heritage of our country. All these values must be upheld in everything we do in this House of Commons and in the way in which we live.

● (2130)

Some hon. Members: Hear, hear!

Mr. Wenman: Mr. Speaker, when we speak about this bill, it sometimes seems that it is not of too much significance. Surely if we look at it carefully we will see that it is, in fact, the very core. It is where we see reflected all the things which are wrong with our society, in the abuses and neglect which we show to our young people. I think we can create this 15-year-old boy that we are talking about now. This 15-year-old boy needs a time and a place, a time to achieve and a time to be recognized. Can we create that society? I hope we can.

Mr. Albert Cooper (Peace River): Mr. Speaker, I rise tonight to address a matter that really should have been dealt with a long time before I was elected to this House. Although I am thankful for the opportunity to take part in this debate, it seems to me that the opportunity should not have been accorded due to the fact that this piece of legislation should have been introduced and passed many years ago. Yet, I must express my surprise at the Solicitor General's comments as to the amount of discussion which should be afforded to this bill by the members of this chamber. When he introduced this bill for second reading on April 15 of this year, the Solicitor General (Mr. Kaplan) said:

—I think a relatively short period of time should be devoted to second reading—

Obviously, his reason for making that suggestion is so that the bill may proceed to committee where full discussion should take place. I believe this is a bill of great importance, not only to the people of my constituency but to the entire population of Canada. Therefore I hope that the Solicitor General will forgive me for delaying somewhat the referral of this bill to committee in order that I may let my views be heard in this chamber.

As I have already stated, this legislation is long overdue. As the Solicitor General indicated in his remarks on April 15, there have been many previous ministers responsible who have made an attempt to introduce such legislation. Undoubtedly the Solicitor General's predecessor, the hon. member for Durham-Northumberland (Mr. Lawrence), would have done so himself had it not been for the fact that the Liberal government, in co-operation with the New Democratic Party, decided to change the direction of Canada and push us all down an economic spout and defeat the previous administration. No doubt the present Solicitor General has been itching for an opportunity to introduce this bill for quite a while, but he has not had the opportunity to do so due to his leader's preoccupation with the Constitution and getting it through Parliament.

When I say that this bill is long overdue, I have in mind the comments of the hon. member for Notre-Dame-de-Grâce (Mr. Allmand) when he was solicitor general. On December 18, 1974, as reported on page 2363 of *Hansard*, the then solicitor general, in response to a question from my colleague, the Conservative member for Surrey-White Rock-North Delta (Mr. Friesen), said:

We hope to have a draft bill and a white paper prepared for early spring.

Unfortunately, the House never saw that draft. It did not see a draft in the spring of 1975 or in the spring of 1976. Finally, in the spring of 1977 a sort of draft bill was intro-

duced by the then solicitor general, who now sits as the Secretary of State and Minister of Communications (Mr. Fox). On March 21, 1977, the then solicitor general introduced a paper entitled "Highlights of the Proposed New Legislation for Young Offenders." Many of the members on this side of the House, such as the former member for Calgary North, Mr. Eldon Woolliams, were great proponents of the young offenders legislation. They believed that the time had finally come. A week after that paper was tabled, a series of meetings began between federal and provincial representatives to hammer out the consensus needed to ensure that the enactment of such legislation would, in fact, meet the desired goals. But that proposal did not quite get to see the light of day.

It can be seen that as far back as 1967, when a bill was brought before this House dealing with the antiquated star chamber attitude of the Juvenile Delinquents Act, right up to the present time we have discussed in this place over and over the fact that the present act should be changed.

I sincerely hope that this bill will not meet the same fate as previous ones. We can see why the Solicitor General might be a bit worried and why he might suggest that we get on with it and refer this matter to committee. Generally, we on this side of the House can agree with him. We understand the need to accomplish the passage of this legislation. But we still believe that this bill is not perfect. Yet it is still a good piece of legislation. This is certainly not surprising in light of the fact that the present Solicitor General had the hard work and expertise of his predecessor to draw from, along with many other solicitors general from previous years. I do not mean to take anything away from the present Solicitor General in saying that.

I would now like to turn to the contents of the bill which, as I have stated, has many substantive changes within its pages which are badly needed. In Bill C-61 we see that the over-all philosophy has shifted from one of parental responsibility in the Juvenile Delinquents Act to the more acceptable and practical approach of a youth being held responsible to some degree for his actions. This is the same philosophy which was adopted by the hon. member for Durham-Northumberland when he was solicitor general. It is also the same approach as put forward by the ministerial proposals of 1977. This is described in section 3(1) of the bill which states:

> It is hereby recognized and declared that
>
> (a) while young persons should not in all instances be held accountable in the same manner or suffer the same consequences for their behaviour as adults, young persons who commit offences should nonetheless bear responsibility for their contraventions and society must be afforded the necessary protection from illegal behaviour;

At the same time this bill addresses the adult, which I think is significant and very important. Section 10 (3) states:

> A parent who is ordered to attend a youth court pursuant to subsection (1) and who fails without reasonable excuse, the proof of which lies on that parent, to comply with the order
>
> (a) is guilty of contempt of court;
>
> (b) may be dealt with summarily by the court; and
>
> (c) is liable to the punishment provided for in the Criminal Code—

We can see that the bill begins to address the responsibility of the young person, as well as the responsibility of the adult.

There is no problem for members on this side with the minimum age under which a youth may be prosecuted under the act. As we all know, the present statute holds that a seven-year-old can be prosecuted. The bill before us changes the minimum age to 12 years old. The limit of 12 years is certainly a reasonable one and one which has found agreement on all sides of the House, as well as in the provinces. However, where we do get into difficulty is where the maximum age is concerned. This is due to provincial inconsistencies. It was the desire of my party to have a uniform maximum age, that age being one on which both the federal and provincial governments could come to an agreement. That was our position, and it is still my hope, Mr. Speaker, that this government can garner an agreement from the provinces in order that such uniformity can be achieved. This is the entire reason for the amendment put forward by my colleagues, the hon. member for Durham-Northumberland and the hon. member for Edmonton-Stratchcona (Mr. Kilgour).

I would also like to draw attention to the legal and other rights which will be granted to young offenders through this legislation. Such rights are a necessity for this to be a meaningful piece of legislation. I am glad that they are included.

Mr. Speaker, I could go on at length about the good points of this bill, for there are many. However, I feel that there are other aspects that should be mentioned at some point in this debate, aspects which are not really touched on in the bill and which could therefore easily go unnoticed, both in this chamber and at the committee stage.

What I would like to speak to now are the rehabilitative aspects of the bill. It has been said many times in this House that our greatest resource in this country is not our oil and gas, nor is it our forests and fisheries. Our greatest resource is neither a vegetable nor a mineral. It is our children. That is where our future lies. With that in mind it should be clear that a good deal of emphasis should be placed on the future path of our children. This bill certainly goes a long way in improving the prospects of delinquents, but we must ask if it goes far enough.

● (2140)

Surely one of the reasons we have had a separate piece of legislation for offenders against the law who are not adults is that we desire to make sure that the young offender does not mature into an adult offender.

We can look at this bill and see that the legislation does attempt to ensure that a life of crime will not continue. This is evident when we look at the dispositions available at the court upon conviction. They range from an absolute discharge to such things as a $1,000 fine; restitution and compensation orders; getting the offender involved in community service; having the offender compensate the victim; probationary periods of up to two years; custody of up to two years; ancillary conditions, and combinations of all of these.

I was very fortunate when I attended college in Minnesota that the professor of one of my classes was the head of Minnesota corrections. In dealing with him and working with him I was very fortunate to have an opportunity to work on a movie on the juvenile institutions of Minnesota.

One of the things brought out in that work very clearly and profoundly was the need for more than just institutions. We saw the whole gamut, from the bars and unbreakable glass right through to the pretty colours, plexiglass and nice looking buildings, but in fact that is not where the answer lies.

What really worries me is that not enough will be done to ensure that an offender will not return to his or her old ways. I am hopeful that this topic will see much discussion in the committee stage, and I hope that such discussions will not be limited to just the items which are covered by the bill. For example, I point to the rapid rate at which juvenile offences are accelerating in the middle-class strata. Not long ago there were many who believed that the rate of juvenile delinquency was a problem only in poverty-stricken homes. I do believe that is the case, Mr. Speaker. In fact, Mr. Marc Leblanc not long ago conducted a study to determine whether delinquency, defined as law-violating behaviour, is distributed randomly throughout the various economic strata. He states as follows:

—It is interesting to note that the adolescent from the upper class milieu commits as many delinquent acts as the adolescent from the working class milieu.

He continues and concludes:

Economic development and a rise in the standard of living do not seem to reduce delinquency. Poverty and posterity alike seem to produce the same effect.

In his essay entitled "Middle Class Delinquency", Mr. Leblanc also states:

—Observation indicates that the highest rate of delinquency exists in the most affluent countries.

Obviously, Mr. Speaker, our problem does not stem from the economic situation; it comes from something more serious, more rooted, something to which we must give more thought.

One of the things that society and we as individuals must address is the whole matter of the divorce rate, and stress on the family. What is happening? Our family unit is breaking down. The divorce rate is climbing. Is it any wonder that those kids lack a responsible adult model to follow? Does that in itself not create a lot of problems that result in an increase in juvenile delinquency?

If it is not an economic problem, then we should be looking at other areas, not only as legislators but as individuals and family people ourselves.

I am trying to point out that as an affluent nation, we can expect to have an increase in juvenile offences as our level of affluence rises. This means that we will have more and more children who will have to be watched through the legislation which is before us today. It means that the young offenders' court system will have a greater burden to carry in the future. Yet, nowhere do I see any indication that the facilities will be provided to ensure that the young offender will have the opportunity to be rehabilitiated before it is too late.

In the same context, I should like to point to another danger. This has to do with the provisions in the bill for commital and custody. We see that the youth court will retain jurisdiction over the offender until the sentence is pronounced, at which time the provincial director will decide on the place and level of custody. It is extremely crucial to have adequate facilities available for young offenders where they will not be exposed to criminal methods.

If a province is unable to handle its young offenders, that is, if a province is unable to provide an institution where a youth offender is placed in a hospitable surrounding, where will that offender be placed? What kind of institution will that young man or woman be sent to? If we look at the reform schools which presently house many of the offenders under the Juvenile Delinquents Act, we can see that they are certainly not the type of places that are totally conducive to reform. Albeit the facilities are certainly better now than they were 20 or 30 years ago, I find it hard to believe that they are good for the offender.

As stated in the principle of the bill, society must be protected. We must ask ourselves: at what cost should society protect itself? Should we begin to upgrade and improve the youth detainment facilities across the country, or should we be content with the present facilities and cross our fingers in the hope that the 14-year-old B and E artist will somehow see the light through the barred windows of his reformatory dorm?

As I mentioned earlier, when studying in Minnesota I had an opportunity to study a novel experiment being carried out in Europe which had some merit and which I think we should be examining in Canada. A widow in a community would be given a very small home and a small group of juvenile delinquents. She would also be given a very small amount of financial assistance, just enough to allow the group to feed and clothe themselves. It left them with a certain amount of financial need. As a result, those kids were expected to contribute to the financial needs of the home. The impact was phenomenal and the results were tremendous. The recidivism amongst those kids was almost zero.

In his essay, "Learning Technical Skills", Peter Letkemen gives a detailed account of the effects of reform institutions on the young offender. Mr. Letkemen points out that in most cases a person does not commit crime as an adult after a period of normal middle-class life, but that early delinquency "does seem to be a prerequisite for the adult criminal career".

Mr. Letkemen shows through numerous case studies how the hardened con began his career by stealing hub caps for which he was sentenced to a period of correctional rehabilitation in a reform school or similar institution. Time and again the cases show that in most instances the offender was actually educated in those institutions on how to become a successful criminal; hence the title that Mr. Letkemen uses, "Learning Technical Skills" is really a tongue-in-cheek title. In fact, those technical skills are criminal skills, skills that we do not want our young people to learn, skills that we are trying to do away with. In fact, the institution is a university for that kind of learning program.

I should like to read a few passages from this work which illustrate what I am trying to say. He writes:

Delinquency is also associated with the reformatory experience, which seems to be a first formal step in the direction of the criminal career.

Not only does it segregate the delinquent from his non-delinquent peers, but reformatory conversation as my respondent's comments indicate, centres around crime, perhaps even more than in jails and penitentiaries.

In other words, the point of interest for any debate seems to be crime. Mr. Letkemen goes into an actual conversation he had with one of his cases, as follows:

He mentions that he worked in a factory for three years and did part-time stealing on the side. He started using drugs and was arrested for illegal possession of narcotics and sentenced to six months in a reformatory, and in there he felt his criminal education began.

The convict then says:

And I went to a reformatory and in there I would say my criminal education began. In the shop that I was working at, that is, in the reformatory, I got talking to one guy about laying notes. And he showed me a couple of ways of laying notes, and explained to me how lucrative it could be. And various other ways of B and E—

We can see that in many cases reformatories are nothing more than educational institutions, promoting an education and giving a degree in something that our society and our legislation is trying to eradicate.

● (2150)

Perhaps those remarks would be more suitable in a debate on penitentiary reform. But I want to point out to this House that this is a very difficult aspect of the revision of the antiquated Juvenile Delinquents Act. It is important to bear in mind that the protection of society from a juvenile offender is obviously in society's interests, but it is even more obviously important to ensure that the juvenile does not become an adult offender. One of the things I discovered in working on a movie in Minnesota was that the recidivism rate among juveniles was 63 per cent. That means, for every 100 young people who ended up in some kind of reformatory, 63 would return. Obviously that system is not working. What are we going to do in Canada? We have to address that problem. It is a fundamental element of this bill.

This legislation before us does much to improve our old ways. The dispositions of the court are many and varied in order that the judge may find the best method of protection and rehabilitation. The committal to and the release from custody portions of this legislation are certainly better than those we have presently. The review of dispositions will certainly go a long way in keeping a watchful eye over the offender. But I ask this House to place some emphasis on the fact that we must protect the young offender from the world of crime if we are to protect ourselves. I hope that when this bill reaches committee, members from all sides will look for ways in which this legislation might be improved in this area. For the thousands upon thousands of young people who know not what they are doing, we should explore this area meticulously before we enact this bill.

I mentioned briefly the amendment put forward by my colleagues. It is an important amendment. If I can refer very briefly to the bill, I think we can see why. If we look at clause 2 under the heading "Interpretation", we can see the definition of an adult. An adult means a person who is neither a young person nor a child. If we turn to the next page we can see "young person". The definition reads:

"young person" means a person who is or, in the absence of evidence to the contrary, appears to be

(*a*) twelve years of age or more, but

(*b*) under eighteen years of age or, in a province in respect of which a proclamation has been issued under subsection (2), under sixteen or seventeen years, whichever age is specified by the proclamation,

and, where the context requires, includes any person who is charged under this act with having committed an offence while he was a young person or is found guilty of an offence under this act;

If we look at those two definitions, we find right off the bat that we have started off with an inconsistency. We have a problem. In one province a person is an adult at the age of 16 while in another province a person is an adult at the age of 18. In one province a person is still a kid at the age of 17, while in another province at age 16 the person is an adult.

The amendment which my colleagues have brought forward is one that I can support wholeheartedly. I think it is a great improvement to this bill. As I have said throughout my speech, there are many things that I find good about the bill, many things I can support, and I think when we look at this amendment and attach it to the bill, we will find that we are dealing with and improving a piece of legislation which is so necessary. This is very important legislation. It affects our real assets, our youth. It is a far-reaching bill with many implications. It has many things which all of us must be concerned about as parents, as members of society and as legislators. It is important. Therefore, I would like to conclude tonight by saying that I would encourage the Solicitor General to support my colleagues' amendment so we can see this legislation proceed and begin to address some of the problems we face in society today.

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, may I say what a privilege it is to follow the hon. member for Peace River (Mr. Cooper) who is carrying on the tradition of distinguished representation in this House of Commons, which became part of a legend in this House when his predecessor from Peace River, Mr. Ged Baldwin, QC, served that constituency and served the system of law and justice with distinction for many years.

Although there is not very much time left this evening, I do want to address the Solicitor General (Mr. Kaplan) at the outset on a matter which has to do with the amendment moved by the hon. member for Durham-Northumberland (Mr. Lawrence), seconded by the hon. member for Edmonton-Strathcona (Mr. Kilgour) as this debate began at about three o'clock this afternoon. Over the course of the day following the introduction of that amendment, there has not been a speaker from the government side to speak to the merits of the amendment. I am not telling tales out of school when I say that I had been part of the speaker's list much earlier than this tonight. I waited hoping there would be someone from the

government side to address the question of the important amendment mentioned by the hon. member for Peace River which does go to the heart of one of the principles of the bill. Quite frankly, I had hoped that question could be addressed and we would know the disposition of the government on the matter long before this, particularly when it involves a reasoned amendment put forward by members of Parliament and accepted by the Chair. I am not suggesting that the Chair acted improperly. On the contrary, I think it acted quite properly because the process of reasoned amendments is a good thing. It brings a new connotation to the debate. It is incumbent then upon someone on behalf of the government to rise immediately and address the question. There will be other opportunities for the government to do so, but I think it is important that not a whole day of debate go by without a serious amendment being addressed by the government.

The amendment is important because the bill has a provision in it, as one hon. member put it earlier, that there can be a different style and basis for justice in the country applying to young people depending upon which area of the country they may come from. One might be a young offender and be treated as such in one way if he or she lives in the province of Quebec, as was explained earlier by an hon. member. If that same person committed the same offence in Ontario he or she could be treated completely differently. We have ten provinces in the country and that situation would occur and could recur in ten different ways.

Mr. Kaplan: That is the way it is today.

Mr. Baker (Nepean-Carleton): The Solicitor General interjects and says that is the way it is today. He is right. That is the way it is today. That is one of the things wrong with the Juvenile Delinquents Act, it applies differently in different parts of Canada, and that is my point.

The point of the amendment is that if the Government of Canada has rejected checkerboards with respect to the Constitution of Canada as being improper because they set up different rights in different parts of Canada, then surely the same principle ought to be rejected in the young offenders act. That is the point of the amendment. It is an important point for young people. It is an important point for law enforcement officials, and members of Parliament ought not to sit through a whole day's debate while that point is not addressed by members of the government.

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

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

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

[*English*]

WESTERN DEVELOPMENT FUND—IMPROVEMENT OF INSUFFICIENT WATER SUPPLIES

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, the reference that I am about to discuss tonight goes back to last February 26, page 7700 of *Hansard*. On that occasion I had addressed a question to the Deputy Prime Minister and Minister of Finance (Mr. MacEachen) that was prompted by his speech to the Montreal Canadian Club on February 23.

In that speech the minister made a direct reference to the $4 billion western development fund, $2 billion of which was to be spent over the next three years as a catalyst for co-operative efforts with the government and people of western Canada to ensure that potential constraints to longer-term development such as, and this is a direct quote from that Montreal speech, "inadequate transportation services or insufficient water supplies, are addressed on a timely effective basis."

I then asked the minister to enlarge somewhat on that very specific reference to insufficient water supplies in the west. I am sure that my question, which was a very serious one, caught the minister off guard as he was only able to respond very generally and vaguely.

In my supplemental question, I was even more specific and asked if this water reference might relate to a much-needed long-range contingency drought policy which the west is dearly in need of, or could it refer to the challenge of interbasin water transfers from rivers in northern Canada to southern Canada, in the west.

I also made a sincere and appropriate compliment about that high profile federal agency, the PFRA. I sincerely hope that the parliamentary secretary who is to respond does indeed address himself to my remarks and obvious concerns about prairie water supplies and the serious potential of drought across the southern prairies.

Since last February, the potential for another drought has worsened considerably, and I say that in spite of the first general rains of the spring that came only last week. Those rains were quite adequate along western Alberta, but tapered off to much less than adequate at the Alberta-Saskatchewan border. In my opinion there is sufficient soil moisture to start growth in both our grasslands and cultivated soils. This is an improvement over last year. However, the critical feature of this potential drought situation is the serious shortage of surface water across the southern parts of all three prairies provinces, and this for the second year in a row.

I am referring to an almost total absence of snow run-off water over that entire area. This, of course, was the inevitable result of no snow to melt in the spring, a situation which began on Christmas day and really developed into a winter drought for the balance of the entire winter. The net result was a complete lack of a spring flood for the thousands of small forage projects which produce most of the forage feed supplies for next winter, again for the second year in succession.

It is the western cattle industry that will once again face severe feed shortages, and this time with considerably less carry-over of hay from previous years as well as reduced grass

supplies. I must point out that spring and early summer rains can still come—I certainly hope they will—but, with very few exceptions, they will not make a hay crop.

The minister's Montreal speech sounded as if the government had some contingency plans for needed water development on the prairies. If this is so, why not tell us about it? If PFRA is to be given the green light on a new phase of water conservation and utilization, let us hear about it. We have already had six weeks of serious dust storms from Lethbridge to Dauphin, Manitoba.

In spite of all of our present-day sophisticated weather techniques, there is no reason why we cannot have another decade of drought like the dirty thirties of 50 years ago. Let us take another look at interbasin river transfers in the west from our northern streams to the Saskatchewan-Nelson basin system, but all in Canada. The time may not be too far off when our freshwater supplies will be more important than our diminishing petroleum supplies. I have already said the western cattle industry will bear the brunt of this potential drought, much more so than the prairie grain industry.

● (2205)

Is it not about time for the Minister of Finance (Mr. MacEachen) to support the cattlemen's income averaging trust account proposal? This is a carefully researched plan put forward initially by the cattlemen themselves with the support of many associations and provinces. It essentially provides for a beef cattle stabilization plan on an individual cattle producer basis. It has much to commend it. This is the type of year when that approach could be very helpful.

My main remarks tonight are directed to the reference of the Minister of Finance to water in that $4-billion contingency plan for the west. Thank you, Mr. Speaker.

[*Translation*]

Mr. Gérald Laniel (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, I am pleased to reply to the hon. member in the absence and on behalf of the Minister of Regional Economic Expansion who left for Europe this evening. In order to give him some particulars on the point he brought up in his question of February 26 with regard to insufficient water supplies and the possibility of a federal program, that is, a program providing emergency assistance in case of drought and the participation in such a program of the Prairie Farm Rehabilitation Administration.

[*English*]

The constraint of adequate water supplies in the prairie region of western Canada applies to economic activity in all sectors, not only farming, from basic resource processing to agriculture and community and industrial development. The drought periods are those periods where inadequate supply shows up, and the very nature of the drought and when it occurs often has different effects on the economy. Recent analysis shows that a drought affecting agriculture in Saskatchewan by reducing, as an example, farm income to the extent of $450 million, could have a negative over-all effect on the Canadian economy of $1.6 billion.

With the increase of economic activity in western Canada, it is time to define these water constraints in relation to economic growth and stabilization—and in this I agree with the hon. member—to determine the level of water supplies which are adequate in times of drought, and to implement projects and programs to release these constraints.

The federal government, of course, does not operate in the water supply field unilaterally. The provinces have extensive responsibilities in respect of water management and economic development. Therefore, discussions with the people of western Canada and provincial governments particularly, must be a prelude to the federal government implementing programs to release water constraints.

It is, therefore, too early to say at this time which projects could be selected and what role the PFRA could play in the planning and implementation of those projects. It is not too early, however, to say that water supplies offer extensive constraints to economic development, and the federal government is willing to play its role in relieving these constraints.

In respect of the general planning and development of western Canada from the source of that $4 billion, perhaps the basic thing is to tackle this first problem before spending more money, making sure that everyone is protected; not just the farmers but those people who will help the further economic development of western Canada.

AUTOMOTIVE INDUSTRY—1. RESULTS OF CANADA-UNITED STATES MINISTERIAL DISCUSSIONS—APPEAL FOR RESTRICTIONS ON IMPORTS. 2. FUTURE OF CANADA-UNITED STATES AUTO PACT

Mr. Otto Jelinek (Halton): Mr. Speaker, my remarks this evening stem specifically from my questions in this House on Monday, April 13, 1981, regarding the ailing auto industry in this country, and generally from many other questions during the last year to date put by me, by other members of this House, and certainly by the ladies and gentlemen of the press and others concerned with the state of the auto industry, which not only affects its employees and the industry itself but the economy as a whole.

● (2210)

I will not dwell on statistics because of time limitations and because basically most people know the statistics in this area. However, I would like to bring those statistics up to date very quickly. Yesterday the Automobile Importers of Canada came out with a statistic which shows that one out of every four cars in this country is an imported car. That is an increase of 71.5 per cent over last year. The second statistic shows that the Canadian deficit on parts under the U.S.-Canada auto pact has reached a staggering $4.2 billion. Those two areas, imports and the U.S.-Canada auto pact, are the two major concerns this government should be facing. Indeed, for over a year the Minister of Industry, Trade and Commerce (Mr. Gray) and others from the Department of Industry, Trade and Commerce

have had numerous discussions and consultations both with the United States, with regard to the auto pact, and with offshore exporter countries, particularly Japan, which now sells 21 per cent of all automobiles sold in Canada.

When asked about the auto pact, the Minister of Industry, Trade and Commerce said, "We are not talking about joint decisions", that is, with the United States; "we are talking about making our own decisions". That was on April 11 or 12 of this year. However, no decisions have been taken. There have been none whatsoever. When we asked him about imports after the Japanese made an agreement with the United States, he said we will take unilateral action if the Japanese do not give us terms similar to those they gave to the United States. The discussions of last Saturday between the Prime Minister of Japan and our own Prime Minister (Mr. Trudeau) have failed. In fact, there are reports today that an official of the Department of Industry, Trade and Commerce said:

> We have had a telex from our trade mission saying there was progress made on both sides during the talks. There was agreement to hold further talks—

That is the progress being made.

In the few minutes I have left I want to point out two things. First, Japanese imports must be curtailed to some extent, and not just with quotas because our situation in Canada is different from the situation in the United States. Therefore, we must not only legislate quotas but we must also tie them into an increase in local content plus an increase in foreign investment in the auto industry in Canada. We need this because after the agreement between Japan and the United States to reduce Japanese imports into the United States by 7.7 per cent, Canada is virtually alone among western industrialized nations with no restrictions whatsoever except the conventional duty. I could go down the list. Australia, the United Kingdom, France, Argentina, Italy and Spain all have restrictions dealing either with local content or other forms of restrictions which support their own auto industries. Yet in our country that industry is going down the tube. This affects one out of six employees in Ontario alone.

The second point upon which I want to touch is anti-dumping by the Japanese, and by the Soviets as well with respect to their Lada cars.

I have dug up statistics with respect to specific Japanese models. The Honda Civic, for example, is sold in Canada for $769 less than it is sold in the United States. The Datsun 310 is sold for $828 less in Canada than it is in the United States. The Toyota Tercel is sold in Canada for $721 less than in the United States. That is, of course, before federal sales tax and the exchange of the dollar is taken into account. However, the Japanese receive roughly 18 per cent to 20 per cent less for the same automobiles which are dumped into Canada, and this is before the reduction in the United States. Can hon. members imagine what will happen to our market if members of this government continue to sit on their fat behinds and fail to act, except to talk and to say there will be more discussions and more discussions? What will happen after imports into the United States are reduced? Hundreds of thousands of cars suddenly will not be shipped into the United States. They cannot be shipped to the other western nations because they have restrictions.

I will refer to just one example. In Mexico there is 50 per cent local content. An imported automobile has to have 50 per cent local content. The list goes on.

I realize that I am running out of time. I do not want the parliamentary secretary to say the same thing the minister has been saying, that is, that there are more deliberations and meetings under way, because the industry, the economy and we have had enough. It is time this government took some action, and now is the time to take the action. I want to hear what it will be and when it will be taken.

Mr. Gérald Laniel (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, I am not sure I will be able to satisfy the hon. member. We, of course, understand his preoccupation. It is a preoccupation of most Canadians, and not just those in Ontario or in provinces where there are automobile industries. The whole of the Canadian economy is affected by the industry, but in referring to the question put by the hon. member I wish to try to answer as succinctly as I can.

[*Translation*]

Mr. Speaker, the discussions held by the Minister of Industry, Trade and Commerce (Mr. Gray) with the commercial representative of the United States and the trade secretary in Washington last April 10, to which the hon. member referred in his question, were an opportunity to review a whole series of questions which interest and concern both countries, particularly the auto industry.

During President Reagan's visit to Canada in March, it was also agreed to continue the discussions already launched with the previous American administration concerning the automotive agreement and the over-all situation of the auto industry. The recent discussions held in Washington by the Minister of Industry, Trade and Commerce gave us the opportunity to make the United States aware of the need to develop the North American industry in a way which is fair and equitable for both countries. Since an American delegation had gone to Tokyo to negotiate lower exports to the United States and to make the Japanese government aware of the situation of the auto industry in the United States, and since a similar Canadian delegation was about to leave for Japan, discussions during the visit of President Reagan made it possible to get better acquainted with the respective positions of the two countries concerning imports from Japan.

The Government of Canada is concerned over the automotive industry and has already taken several steps to help it, as we did with Chrysler Corporation, and through other measures which were announced in the House. With respect to imports of Japanese cars, the Japanese government knows that the

Government of Canada expects that any restriction which the Japanese might make in their exports to the United States would apply to Canada. In its discussions with the United States, the Canadian government will continue to seek ways to improve the application of the automotive agreement and thus enable the North American industry to get back on its feet.

Finally, Mr. Speaker—

● (2215)

[*English*]

I wish to bring to the attention of the hon. member that as of today we must say that Canadian officials in fact made progress in discussions in Tokyo last week. They agreed on the importance of an earlier resolution of this question for the increasingly close relationship between the two countries. We looked forward to an early resumption of the discussion between Canada and Japan and Japanese officials, and we are optimistic that the matter can be resolved in a mutually satisfactory manner.

The hon. member will have to recognize that Canada benefits from its trade with Japan in a positive way. Our trade surplus is $1.6 billion and we have a bigger tariff than Japan. All these things must be taken into account if we want to protect not only the automobile industry but the whole industry of Canada.

● (2220)

HEALTH AND SAFETY—USE OF DALKON SHIELD INTRAUTERINE DEVICES

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, since 1971 some 127,000 Dalkon shield intrauterine devices have been sold in Canada. The manner in which this device entered the Canadian market, the inadequate premarket testing of this device, the inadequate substance and application of our medical devices regulations, and the continuing inaction of the Liberal government which has endangered the health of Canadian women, illustrate precisely the type of situation that in Canada has become the rule rather than the exception.

Since becoming NDP health critic, I have asked many questions in the House relating to medical devices. None so completely exposes the weaknesses of our medical devices regulations as this one concerning Dalkon shields. None so completely exposes the fact that Liberal governments are only willing to act after large numbers of complaints are received by the Department of National Health and Welfare about a particular device.

A little history is in order. As I said before, some 127,000 Dalkon shield intrauterine devices were sold in Canada prior to 1974. Ninety per cent of these were actually implanted in the bodies of Canadian women. In 1974, A. H. Robins, the manufacturer of this particular device, ceased production presumably in an attempt to stave off the perceptions of liability which were growing with the evidence that more than 20 per cent of women who had Dalkon shields had problems within three years of insertion. This is U.S. data, as usual there is no Canadian data.

These devices were not recalled by government. Women were not informed of the danger. The company simply stopped making them. Subsequent studies showed that if a shield is left in for seven years, the probability of a major problem occurring is almost a certainty.

In September, 1980, A. H. Robins, responding to the growing body of literature associating the Dalkon shield with a certain form of pelvic infection, put out a press release concurring with recommendations that the shield be removed from asymptomatic women, which is to say, women who as yet are experiencing no problem with their Dalkon IUD.

The problem is this. According to Robert Manchester, a lawyer for the Boston Women's Network and an expert on the issue, there are likely some 12,000 women in Canada who may still be using this device.

All I have asked of the government in the House and subsequently in a letter to the Minister of National Health and Welfare (Miss Bégin) is that a medical alert be put out on this device. Why not? What is the reason for not doing so?

In a letter of reply to me, the minister said that there have not been enough Canadian incidences to justify any action. How many is enough? Does the minister think that the reproductive organs of American women are more susceptible to disease than those of Canadian women, thus invalidating the evidence? By what twisted logic or, worse, fatuous indifference characteristic of the Minister of National Health and Welfare does she purport to be acting responsibly in this particular situation?

In its response to me this evening, no doubt the government will lament the fact that there are thousands of classes of medical devices on the market, and bewail its incapacity to test or regulate them all. What it will not say is that only five classes of these devices out of those thousands are subject to regulation and premarket review, and these five have been picked in response to public opinion rather than systematic scientific caution.

We are the laughing stock of the western industrialized world when it comes to the protection we offer Canadians in this area of concern, that of medical devices. If the Minister of National Health and Welfare does not act soon on this by bringing in amendments to the appropriate legislation and in other ways so that Canadian women and their health are not sacrificed to profit and to the inertia of her bureaucracy, she will be quite rightly laughed out of her image as protector of the health of Canadians.

● (2225)

Mr. Norman Kelly (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, the intrauterine device marketed under the trade name Dalkon shield was manufactured by A. H. Robins of Richmond, Virginia, U.S.A. It was first available in Canada in August, 1971. It was promoted actively and its sales here rose from 26,000 in the first year to 54,000 in 1973. By 1975 a total of 127,000 units had been distributed.

The company became aware of some 36 cases of septic abortion in the U.S.A. in 1973 and, in consultation with the health protection branch of the Department of Health and Welfare, issued a "Dear Doctor" letter on May 30, 1974, informing Canadian physicians about potential problems. At about the same time, further sales of the device were suspended in Canada. A survey by the department's regional offices that fall confirmed that the Dalkon shield was no longer available for sale on the Canadian market.

In view of the importance of intrauterine devices, a nationwide survey was carried out in 1974 to determine use patterns and adverse reactions. The evidence obtained via questionnaires from physicians did not indicate that the Dalkon shield was significantly more hazardous than others. However, it became evident that IUDs in general could give rise to health problems, and all major manufacturers of this product were asked to submit before March 1, 1975, evidence of safety and effectiveness of their IUDs. On June 4, 1975, the Canadian distributor of A. H. Robins was informed that, on the basis of evidence submitted, further sales of the Dalkon shield would be considered a violation of the Food and Drugs Act. Other manufacturers were requested to provide a package insert listing pertinent warnings and directions for the benefit of the patient. At the same time, steps were taken to require premarket review of all future IUDs.

Mr. Speaker, in 1975, there was no firm scientific or medical evidence to justify replacement of implanted Dalkon shields. However, more recent data indicates that there may be increased risk of pelvic infection if the residence period of any IUD is extended beyond three years.

IUDs, then, have been subject to premarket review since 1976, and manufacturers are now required to recommend explanation or replacement within two years. This matter was reviewed by the health protection branch advisory committee on medical devices only yesterday, May 11, 1981. The contents of a possible "alert letter" to physicians are under discussion. This would review the recent literature and refer to recommended times of removal for each type of IUD.

Mr. Deputy Speaker: A motion to adjourn the House is now deemed to have been adopted. Accordingly this House stands adjourned until tomorrow at two o'clock p.m.

At 10.28 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, May 13, 1981

The House met at 2 p.m.

* * *

● (1405)

[*English*]

THE PAPACY

ASSASSINATION ATTEMPT ON LIFE OF POPE JOHN PAUL II

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am sure that when I make these comments I am expressing the feelings not only of the members of the House but of people throughout Canada in expressing shock and horror at the assassination attempt on the life of His Holiness, Pope John Paul II. Obviously at this stage it is difficult to know the details of this tragic occurrence. It is our hope that we will find as the day develops that the seriousness we now perceive will have been reduced. I should like to tell you, Madam Speaker, and members of the House, that the Prime Minister (Mr. Trudeau) has been informed of this assassination attempt and has conveyed a message to the Vatican foreign secretary, Cardinal Casaroli.

It is a chilling irony that a man who has given so much of himself to preaching peace and love throughout the world should himself become the target of such violence. All Canadians, I am sure, will be waiting with hope and joining with us in prayer for the life of Pope John Paul II.

Some hon. Members: Hear, hear!

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I want to associate myself, my leader, my party, and all of my colleagues in the House with the statement that has been made by the Deputy Prime Minister and Minister of Finance (Mr. MacEachen) on behalf of the people of the country.

We reacted when we heard of this assassination attempt, and are still reacting, with a sense of shock and sorrow that a man of his stature in the world should be struck down the way in which he was.

Pope John Paul II has inspired people of every religion, race and culture as he has reached out to the whole world in the search that has been his for peace and justice. He has amazed all of us with his vigour, his great warmth for people and how he has been able to touch them. People all over the world, believers and non-believers, have been moved by his messages of hope in which one theme has predominated, that the human right to a life of justice and security implanted in every human being must be achieved and safeguarded by policies and programs of peace.

We pray that this leader will be spared to a world so much in need of his message of faith, hope and love. I associate myself, my party and all of my colleagues, with these remarks. I hope there will be found a way to convey to the Vatican the messages that will come from this House of Commons today. I join with the Deputy Prime Minister in the fervent hope that, as the day unfolds, the prognosis for a full and complete recovery of this great leader of the world will be good.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Edward Broadbent (Oshawa): Madam Speaker, it was with indignation that we have learned the sad news about the assassination attempt on the life of His Holiness, Pope John Paul II. On behalf of my party I extend to him our best wishes for a prompt recovery.

[*English*]

As has already been indicated, it is tragic that one who has obviously dedicated his life to the furtherance of peace and justice should have been struck down in the worldwide spread of terrorism and violence. I know I speak for all Canadians when I say we wish him a complete and speedy recovery.

Some hon. Members: Hear, hear!

ROUTINE PROCEEDINGS

[*English*]

THE ADMINISTRATION

STATEMENTS MADE BY MINISTER OF FINANCE AND MINISTER OF AGRICULTURE—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise under Standing Order 43 to seek clarification of divergent statements made by the Minister of Finance (Mr. MacEachen) and the Minister of Agriculture (Mr. Whelan). The finance minister disclaims all responsibility for high interest rates and inflation, while his colleague, the Minister of Agriculture, has publicly promised relief to farmers and small businessmen to cushion them from the effects, through amendments to the Bank Act. I therefore move, seconded by the hon. member for Pembina (Mr. Elzinga):

That this House demands an explanation of the conflicting statements being made by members of the treasury benches—to wit, the ministers of finance and agriculture. We would like to know if this was an inadvertent slip by the Minister of Agriculture while he opened his mouth to change feet.

S.O. 43

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1410)

INDUSTRY

TRIDENT AIRCRAFT CORPORATION—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, I hope I shall receive the unanimous consent of the House to a motion under the provisions of Standing Order 43 on a matter of urgent and pressing necessity.

In light of the outlay of some $6 million in federal public funds to the Trident Aircraft Corporation of Sidney, British Columbia, thereby raising the expectations of the employees of that firm to heights from which they were bound to fall, and because of the casual and covert manner in which the assets of that company have been liquidated, only last week, at a considerable loss to the federal treasury, I move, seconded by the hon. member for Winnipeg-Assiniboine (Mr. McKenzie):

That the Auditor General be required to investigate all the circumstances surrounding this unwarranted disregard of the government's responsibility for public funds by committing them, first of all, to a venture that was foredoomed to failure because of the unmarketability of an untested product the unfortunate employees were expected to produce, and subsequently permitting liquidation procedures to be carried out without proper and open accountability.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

BURDEN OF DEBT LOAD ON LOWER INCOME FAMILIES—MOTION UNDER S.O. 43

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, under the provisions of Standing Order 43 and seconded by the hon. member for Vancouver East (Mrs. Mitchell), I move:

That this House records its deep concern over the massive load of debt being carried by Canadian families in the lower income brackets, a load that is made unbearable by today's higher than ever interest rates, and this House therefore calls on the government to roll back interest rates on the debts of those on lower incomes, and also to take immediate steps to raise all lower incomes so that no Canadian and no Canadian family will have to exist below the poverty line, a disgrace which must be corrected.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FISHERIES

BARRIER AGAINST EXPORT OF SWORDFISH TO UNITED STATES—MOTION UNDER S.O. 43

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I rise under the provisions of Standing Order 43 to move a motion on a matter of urgent and pressing necessity.

In view of the fact that the U.S. law prohibiting the importation of swordfish from Canada with a mercury content exceeding one part per million while permitting the catching of swordfish in U.S. waters is discriminating against Canadian fishermen and will cause an estimated loss this year to Nova Scotia fishermen alone of $10 million or more, I move, seconded by the hon. member for Halifax West (Mr. Crosby):

That the Minister of Finance in collaboration with the Minister of Fisheries contact their American counterparts at Washington requesting that this customs barrier be removed.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRADE

PRICING PRACTICES OF FOREIGN AUTOMOBILE MANUFACTURERS—MOTION UNDER S.O. 43

Mr. Otto Jelinek (Halton): Madam Speaker, I rise under the provisions of Standing Order 43 on an urgent and important matter.

In view of the fact that Soviet-built Ladas are being dumped into Canada at prices below their real value, and because Japanese auto imports, which, by the way, increased by a whopping 71.5 per cent in April, are entering Canada at approximately 20 per cent below their established value—for example, the basic price of a Honda Civic is $937 lower than in the United States, and a Datsun 310 has a basic price which is $863 lower than in the United States—I therefore move, seconded by the hon. member for Mississauga South (Mr. Blenkarn):

That the Minister of Industry, Trade and Commerce be instructed to initiate, forthwith, an investigation under the provisions of the Anti-Dumping Act into questionable pricing practices of offshore vehicle manufacturers, particularly those of the Soviet Union and Japan.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1415)

HONOURS AND DECORATIONS

CONDEMNATION OF PROPOSED SALE OF ORDER OF CANADA AWARD—MOTION UNDER S.O. 43

Mr. W. Kenneth Robinson (Etobicoke-Lakeshore): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The *Toronto Star* reported on March 28, 1981, that the Order of Canada awarded to the late M. J. Coldwell, leader of the former Co-operative Commonwealth Federation, the CCF, now the New Democratic Party, will be auctioned on May 23, 1981, in Toronto and is expected to fetch $4,000.

I therefore move, seconded by the hon. member for Northumberland-Miramichi (Mr. Dionne):

That this House deplore the sale of the Order of Canada which was given to the late M. J. Coldwell by the Governor General in recognition of his contributions to Canada and which, as such, should not be used for financial gain.

Madam Speaker: Is there unanimous consent for the presentation of this motion?

Some hon. Members: Agreed.

Madam Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

GRAIN

COMPENSATION TO FARMERS FOR EMBARGO ON SHIPMENTS TO RUSSIA—MOTION UNDER S.O. 43

Mr. Len Gustafson (Assiniboia): Madam Speaker, I rise under the provisions of Standing Order 43. Given the very serious economic situation facing farmers, the government's commitment to reimburse farmers for the grain embargo to Russia, and the fact that producers have lost much needed income, I move, seconded by the hon. member for Elgin (Mr. Wise):

That the Minister of Agriculture and the government bring an end to their ridiculous stalling tactics and make payment immediately to farmers for the grain embargo.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

PETRO-CANADA

RELEASE OF DRILLING TERRITORY MAPS—MOTION UNDER S.O. 43

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I too rise under the provisions of Standing Order 43. Whereas Petro-Canada has secretly been given at least three million acres and has nominated 14 million additional acres in the Mackenzie valley, and the Dene, the native people who live there, have asked Petro-Canada at least to release the maps showing where the nominated lands are so that they will know if drilling is going to take place in their front yards, and whereas the Department of Energy, Mines and Resources and the Department of Indian Affairs and Northern Development are stopping Petro-Canada from releasing these maps, in keeping with the new dictatorial and colonial attitude as the government moves to "Lalondize" the north, I move, seconded by the hon. member for Prince Albert (Mr. Hovdebo):

That this House order those departments to allow Petro-Canada to release forthwith the maps to the native people affected.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE HOME TESTING PROGRAM—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, as a result of the pussyfooting of the Minister of National Health and Welfare (Miss Bégin) over the decision to ban UFFI, on the dangers of which her department was advised as long as three years ago, and because as many as 100,000 Canadian homes may become serious health hazards and, on top of that, very substantial economic liabilities, I move, under the provisions of Standing Order 43, seconded by the hon. member for Hamilton-Wentworth (Mr. Scott):

That the Minister of National Health and Welfare undertake her full responsibilities to the people of this country, whose health may be endangered by UFFI, and launch a thorough identification and testing program to find out exactly what the extent of this problem is, thereby easing some of the anxiety, at least, of a great number of Canadians.

There is a moral obligation on the part of the government to pay home owners at least the cost of testing for possible foam insulation problems.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Oral Questions

HUMAN RIGHTS

CONDEMNATION OF TERRORISM—MOTION UNDER S.O. 43

Mr. Roland de Corneille (Eglinton-Lawrence): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas the most basic of all human rights is the right to life, whereas assassinations and terrorism are the most brutal, cowardly and despicable forms of crime and are a radical offence against humanity, whereas the trend to such opprobrious violence has escalated, with assassinations and attempted assassinations, including those aimed at the President of the United States and His Holiness, Pope John Paul II, and whereas the House of Commons unanimously passed a resolution on October 15, 1980, condemning all acts of terrorism anywhere in the world, I move, seconded by the hon. member for Chicoutimi (Mr. Dionne):

That this House expresses its deep grief and revulsion on this day which marks the attack on His Holiness the Pope, expresses our prayers for recovery as well as sorrow and sympathy, calls for all-out international co-operation of security forces to prevent such future crimes, calls for an emergency debate in the United Nations on terrorism, and urges our government to seek ways to convene at once an international conference to mobilize world public opinion, to renounce terrorism, to assist in uncovering plots of violence, and to research new means to control terrorism and assassinations.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1420)

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

QUERY RESPECTING WAGE AND PRICE CONTROLS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is for the Minister of Finance, and follows some of the questions put to that minister yesterday. Faced with a soft currency, high inflation and high interest rates, all the hallmarks of government mismanagement, the government appears to be sitting rather petrified, not knowing what to do, or alternatively, perhaps having a secret plan. Would the minister indicate if, in fact, the scenario that is developing in Canada is a scenario that he welcomes in anticipation of being able to justify the reimposition of some form of wage and price controls?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I can answer that question quite simply by saying no.

REQUEST FOR INTRODUCTION OF BUDGET

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is again to the Minister of Finance who seemed to show so little concern yesterday for the small business people, for the consumers and farmers of this nation, in relation to high interest rates. Perhaps he is a little more concerned this morning after witnessing the deterioration of his own bond issue, floated yesterday, which is down a clear point in spite of the fact that it was yielding, at the long end, over 16 per cent. Would the minsiter indicate if he anticipated such an unsatisfactory bond market as is developing, especially at the long end and, if not, would he at least agree to bring in a new budget at the earliest opportunity so that the scenario we have been referring to may be corrected before it deteriorates still further?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member calls for a new budget at the earliest opportunity. I indicated to hon. members previously that I would, in the normal course, be bringing in a budget later in the year, probably in the fall. If, in the course of debate today and tomorrow, hon. members can bring forward some new, alternative ideas that, because of their validity, would demand immediate implementation, then I would consider doing that very thing.

SUGGESTED COMMITTEE STUDY OF ECONOMY

Hon. Sinclair Stevens (York-Peel): Madam Speaker, again I direct a question to the Minister of Finance who may be conveniently forgetting that it is only about 14 months since his party told the Canadian public that, if it was elected to power, it knew what to do with respect to the economic affairs of the country.

Would the minister indicate to the House whether he is aware, first, that since the budget was brought in inflation has been running at the rate of 13.9 per cent, and that Dr. Peter Campbell, vice-president and director of Wood Gundy Limited, for example, now predicts that we are heading to a 20 per cent level of inflation? If the minister is aware of this, instead of coming out with this poppycock about this party simply offering some ideas, would he agree to have this matter of the economy referred to the Standing Committee on Finance, Trade and Economic Affairs so that we can hear witnesses, and we can hear the minister? Perhaps that committee will come up with some solutions if the minister is at a total loss to know what to do at the present time.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, in reply to the questions asked by the hon. member, the first answer is yes, the second answer is no, and the third is that if events justify making a special reference to the standing committee, I will be glad to undertake to do that.

NATIONAL ENERGY PROGRAM

IMPACT ON SERVICE INDUSTRY

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is a supplementary, to the Minister of Energy, Mines and Resources. I think today we have seen a very vivid illustration of the irresponsible approach of the government to the economy in the visit of the members of the oil and gas service industry to Ottawa. These companies, which are all Canadian-owned, estimate that 40 per cent of their number will not be in business in six months' time and that about 75 per cent will not be in business in one year's time, if things are not changed in the energy industry. These companies only represent a small sample of the industry, but they represent over $500 million in sales; they have seen employment in the industry drop by about 30 per cent, and their capital expenditures will drop by over 50 per cent this year alone.

● (1425)

Since energy development is the one area in our outlook where we can see some chance of economic growth in a very, very sick climate, does the minister fully understand the very negative effects of his energy program, particularly in relation to this very important element of the energy industry?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I had meetings with representatives of the service industry last month, and I had the opportunity of exchanges with them again today. I will be meeting other members of that industry later on this afternoon. Indeed it is one sector of the industry that is suffering; many of the smaller firms are facing difficulties. But I am happy to see that their visit to Ottawa followed a visit to Edmonton at which time they impressed upon both governments the importance of reaching a compromise solution to our present difficulties in the energy area.

Contrary to the hon. member, I think these people take a more objective view of the situation and recognize that this is not a matter which is totally dependent upon the federal government, but both the provincial governments, the Alberta government in particular—

Mr. Shields: Who brought in the NEP?

Mr. Lalonde: —and the federal government have a responsibility in that regard. There must be compromise on both parts.

Mr. Shields: Did Lougheed bring in the NEP?

Madam Speaker: Order, please. The hon. member for Athabasca does not have the floor.

Mr. Lalonde: I indicated to the people concerned that I appreciated their representations. I would hope, as we have indicated to the government of Alberta that we were ready to compromise, that there would be the same reciprocal feeling on the part of the government of Alberta.

Some hon. Members: Hear, hear!

POSSIBLE CHANGES IN PROGRAM

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I think the message these gentlemen left with the minister is that the key is breaking the deadlock. The minister must understand that he was the minister who brought in the program which created the deadlock we have today that is creating the problem.

Some hon. Members: Hear, hear!

Mr. Wilson: A related but very important problem that is falling out of the deadlock we have today is the ongoing oil brain drain, the loss of very experienced technically competent people to the United States and other parts of the world who are very important to the development of energy resources in the country and who will be sorely missed if and when the deadlock is broken.

What is the minister doing to assure these people who are leaving the country today, those who left yesterday and those who will leave tomorrow, as a result of the uncertainty here and as a result of the great demand for their talents in other countries, that there will be changes in the program which will cause them to stay in Canada so that we can make use of their talents in the years ahead?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I remind the hon. member, who has been in the House now for a couple of years and who was a member of the previous government, that the deadlock in question has been in effect for over two years. When he was in the government they did not have an agreement.

Mr. Baker (Nepean-Carleton): Nonsense.

Some hon. Members: Oh, oh!

Miss MacDonald: You will have to try harder than that.

Mr. Nielsen: Garbage.

An hon. Member: Where were you for the last year and a half?

Mr. Lalonde: Madam Speaker, no amount of shouting on the other side will twist history as they are trying to twist it.

Some hon. Members: Oh, oh!

Mr. Lalonde: The facts are there. I have already had one meeting with Mr. Leitch, the minister of energy for Alberta. I have had discussions with the minister of energy for Saskatchewan. I am planning to have another meeting with Mr. Leitch at the end of this month or early in June. In the meantime our officials have had several meetings. We are making progress. I hope that there will be as much of a willingness to compromise, to arrive at a satisfactory solution, on the part of the government of Alberta as there is on our part.

● (1430)

HOUSING

CALL FOR END TO SPECULATION AND INTRODUCTION OF MORTGAGE PAYMENT ASSISTANCE

Mr. Edward Broadbent (Oshawa): Madam Speaker, my question is with regard to the negative effects of the high interest rate policy as it affects the ordinary Canadian. My question concerns those who wish to maintain their homes. It pertains directly to the more than 1,000 families a month who are having to give up their CMHC-insured homes because they have been unable to keep up the mortgage payments. Since CMHC is now repossessing these homes and reselling them to speculators who are making a quick buck on the deal, can the minister responsible for housing tell the House why the government does not put an end to this speculation and why, simultaneously, the government does not increase mortgage assistance so that families can maintain their homes?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I thank the hon. member for his question. It gives me the opportunity to bring to his attention, and to the attention of members of the House, the fact that the industry which was in the doldrums approximately a year ago has picked up. Housing starts in April last year stood at 125,000, and starts this year of 242,000 show that the industry is improving. This shows that there is action in that industry, with the following results: the additional supply of housing should result in prices moderating. Prices have moderated significantly in the metropolitan areas of Toronto and Vancouver. The troubled industry has now rebounded.

At the same time I would like to point out to the hon. member that, although he is concerned about the rate of foreclosures at this time, I am pleased to report that the rate of foreclosures, compared with a year ago, has improved. The number of people experiencing difficulty is declining. I perceive this is related to the general strength and health of the industry.

With regard to providing assistance, we have already taken steps under the AHOP program to provide those people who are pressed with increased payments and interest rates—

Some hon. Members: Order!

Madam Speaker: Order, please.

Mr. Broadbent: Madam Speaker, I did not ask the minister to read the whole of his briefing notes. He covered five or six questions that were not asked.

The reality is that the average number of people losing their homes today—not last year—exceeds 1,000 a month. The reality is that the taxpayer is losing up to $20,000 a unit because CMHC is repossessing these houses and reselling them to speculators. One speculator in London ripped off the taxpayers to the tune of $1.5 million as a result of the policy the minister is pursuing. Instead of providing this kind of subsidization for speculators, up to $20,000 a unit, why does the government not come to its senses and enable families to maintain their homes by allowing them to pay a mortgage at a rate they can afford—to keep their homes instead of subsidizing the speculators who do not need the money?

Mr. Cosgrove: Madam Speaker, I should have indicated to the hon. member, in answer to his initial question, that as a matter of policy the corporation from the outset has attempted to resell properties which have come to it by way of default back to families who choose to live in those residences. This has been our primary objective. However, 12 months ago when the market was soft CMHC was finding it very difficult to compete in the market. Some properties, which were good, were let with others which were more difficult to sell. However, since the market has tightened I am sure that the hon. member is aware that in good markets CMHC has not sold to speculators and CMHC is receiving a comparable market price for properties which have come back into the mortgage portfolio.

MEASURES TO SOLVE EMERGENCY

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I have a supplementary question for the same minister concerning the same problem. It is interesting to note that the minister continuously speaks about the market and never about the people who are badly hurt by the housing crisis.

Some hon. Members: Hear, hear!

Mrs. Mitchell: The minister recently said that his housing policy is to stand pat. Mortgage interest rates are not standing pat. Land costs are not standing pat. Speculation is escalating. Families simply cannot afford to spend another $300 or $400 a month on their mortgages. Will the minister tell us what measures, if any, he will take or has taken to cabinet to do something that must be done to solve our housing emergency?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I am sure the comment about standing pat arose out of statements made by members opposite who thought they had identified a weakening of the government's housing commitment in 1981 over 1980. That is not correct. What I was pointing out was that the government's response, for example, to increase by 5,000 units the social commitment of the corporation toward serving people of middle and lower incomes was not repeated this year. As I have indicated, it was not repeated this year because the seasonally adjusted apartment starts for the month of April past are at a five-year high—they have not been that high in five years. We are trying to balance the commitment of the government to the tune of 25,000 units annually in order to solve the social problem and the continuing cost of keeping mortgages down on those 25,000 units to 2 per cent across this country. The government is trying to balance this continuing commitment with the challenge. As I have said, the government responded with 5,000 units last year.

HAZARDOUS SUBSTANCES

STUDY OF CELLULOSE INSULATION

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my question is for the Minister of Consumer and Corporate Affairs. Can the minister confirm that he has received a report on a two and a half year study into the combustible and toxic nature of cellulose insulation? Has he read it? When can we see it? Can the minister tell the House any specific recommendations made by the review committee which will ease the minds of consumers who have spent many millions of dollars to instal this material in their homes?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, the answers are, first yes, second no, third as soon as possible. Regarding the fourth question, I think the hon. member grossly exaggerates the situation.

[*English*]

CERTIFICATION BY CANADIAN GENERAL STANDARDS BOARD

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my supplementary question is for the Minister of Supply and Services. Can the minister explain why the Canadian General Standards Board began certifying at least one cellulose insulation manufacturer three months before the review board study on the safety of cellulose was submitted to the products safety branch? Is this another case of a product being studied by one arm of government while being certified by another? Will this mean another financial burden placed on the shoulders of the consumer?

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, the Canadian General Standards Board studied the cellulose substance in terms of its certification program and was satisfied that it could proceed with the certification from the information it had available to it.

* * *

● (1440)

CANADA DEVELOPMENT CORPORATION

PLANS FOR FUTURE ROLE

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is directed to the Minister of Finance. We have had some clear indications recently that the government is considering a revised role for the Canada Development Corporation. The Prime Minister, for example, during the 1980 election campaign indicated he foresaw a revamping of the corporation in the mould of the Petro-Canada model in the manufacturing sector. His colleague, the Minister of Industry, Trade and Commerce, has indicated some disapproval over the course of the last few months with the autonomous position taken by this corporation. I would like to ask the minister, specifically, whether he is planning to move the Canada Development Corporation under closer government control so that the company's $3.4 billion asset base will be available as a tool for implementing government industrial strategy.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker.

CHAIRMANSHIP OF BOARD OF DIRECTORS

Hon. Ray Hnatyshyn (Saskatoon West): I wonder if the minister would indicate why, then, he is moving to have appointed, as the chairman of the Canada Development Corporation, Mr. Maurice Strong, a long-time friend of the Liberal party, who understands very clearly the benefits of such friendship. I want to ask why he is promoting him for the position of the chairmanship of this particular organization, and whether the minister can say in this House that he subscribes to the position of the corporation as indicated in the 1980 annual report, namely, the support of so many investors for the CDC concept shows that increasing numbers of Canadians recognize the need to invest in their own future rather than leaving the job to non-residents and governments. Does he subscribe to that position taken by the CDC, and why is he pushing his friend into the top job?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Yes, Madam Speaker, I subscribe to that position. I should remind the hon. member that the CDC is operating under a statute which has been passed by the Parliament of Canada, in which the objectives of the CDC are established, and that when it is appropriate to change the statute it will obviously have to be brought before the House of Commons. But hon. members and others who have expressed some concern about this matter ought to look at the statute and find out that there is clearly established the functions and directions and role of the directors of the CDC.

An hon. Member: Are you or are you not interfering?

Mr. MacEachen: If there is any concern, I should like to add that it is still my view that the investment decisions of the corporation are still the responsibility of the corporation.

* * *

AUTOMOTIVE INDUSTRY

REQUEST FOR IMPOSITION OF QUOTAS ON JAPANESE IMPORTS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I have a question for the Minister of Industry, Trade and Commerce. Now that the U.S. and Japan have formally agreed to limit the exportation of automobiles to the United States, and given the integrated nature of the North American car manufacturing industry, will the minister indicate whether he is now prepared to put in place quotas similar to those which have been agreed upon and then to sit down and negotiate an agreement with the Japanese manufacturers and

the Japanese government to source and to manufacture those vehicles in Canada?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, my hon. friend alluded to what Japan did with respect to the United States. This step was not taken using the format suggested by my hon. friend. I think it very important that the Prime Minister of Canada and the Prime Minister of Japan, in their recent meeting, agreed on the importance of an early resolution of the question, for increasingly close relationships between the two countries.

An hon. Member: Breakthrough!

Mr. Gray: I would like to think that the Japanese understand sufficiently how important we consider this question and how we believe it should be resolved very soon so that the need for action by Canada, along the lines suggested by my hon. friend, will not turn out to be necessary.

Mr. Deans: It is clear to anyone who would care to read the statistics that there has been an appreciable increase in the numbers of Japanese vehicles imported into Canada this year over last year and that that trend appears likely to continue. How long is the minister going to wait, and make these stupid promises? When is he going to bring in a program?

Some hon. Members: Hear, hear!

Mr. Gray: I think it shows how lacking in understanding of the matter is the hon. member when he refers—

Some hon. Members: Oh, oh!

Mr. Gray: —to an understanding, an agreement between the Prime Ministers of Canada and Japan, as a stupid promise. I think that is a shocking comment which my hon. friend should withdraw in light of the good relationships between our two countries. I believe that action by Japan should be taken very soon in light of the close economic co-operation between our two countries, and I think the Japanese understand this.

Some hon. Members: Hear, hear!

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[*Translation*]

AGRICULTURE

REQUEST FOR ASSISTANCE FOR PORK PRODUCERS

Mr. Normand Lapointe (Beauce): Madam Speaker, my question is for the Minister of Agriculture. Considering the serious financial difficulties of pork producers and the great importance of hog production in the Quebec economy, and more particularly in the Beauce economy, can the minister tell the House whether he intends to offer quick assistance to hog producers, cow-calf operators and feeders, through fair stabilization payments so that they may improve their rather shaky situation?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): We met with the Canadian Pork Council representing producers all across Canada. One of their recommendations—

An hon. Member: Change the piggy bank!

Mr. Whelan: —and these were representatives from every part of Canada—was that we should have a national program for hogs and stabilization, and some of the people went so far as to say that we should possibly have a national marketing board for hogs. Programs should be announced for stabilization very shortly, taking their recommendations into consideration.

* * *

CANADA DEVELOPMENT CORPORATION

CHAIRMANSHIP OF BOARD OF DIRECTORS

Hon. John C. Crosbie (St. John's West): My question is to the Minister of Finance. The price of the shares of the Canada Development Corporation has gone down in the last several days because of reports of government interference with it and its selection of a chairman. It has 30,000 shareholders who own 51 per cent of the shares. The government only has a 49 per cent interest. I remind the minister that there were two public financings arranged, based on two prospectuses and a selling memorandum that promised that the corporation would be run in the interests of all its shareholders, not in the interests of the government alone as a major shareholder.

Has the minister or has any other minister, to his knowledge, or has his deputy minister of finance, who is on the board of directors, or has the deputy minister of industry, trade and commerce, who is on the board of directors, spoken to any of the directors to suggest to them that Mr. Maurice Strong should be made chairman of the board of directors of that company to replace the present chairman, Mr. Sellers, who has only been there two and one half months? Have any efforts been made by the government at all to insert Mr. Strong in the position of chairman?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): First of all, the hon. member has raised the question of the corporation being operated for the benefit of all the shareholders, including the major shareholder, which happens to be the Government of Canada, and I certainly subscribe to that view.

I would also add that I have had discussions with the management and various directors of the corporation, as is my right as a major shareholder; but I should add that the responsibility for selecting a chairman of the board is the responsibility of the directors, and at this point it certainly would be inappropriate for me to go any further.

Mr. Crosbie: In 1972 the slogan was "The land is strong", and now it is "The land is Maurice Strong".

Some hon. Members: Hear, hear!

Mr. Crosbie: The minister has avoided answering this question: has the minister, or anyone acting on his behalf or on behalf of the government, suggested to any of the directors of this company, which is a very successful company to date, led by Mr. Tony Hampson, that this Liberal lackey should be made chairman of the board of directors or given a major role, or that the role of that corporation should change so it becomes the equivalent of PetroCan in the financial and industrial area, "financey can" or something similar? Specifically, has Mr. Strong been suggested as the chairman, and, if he becomes chairman, will their bank account be moved to Switzerland?

Mr. MacEachen: First of all I would like to tell the hon. member, because he has mentioned the name of the president of the corporation, Mr. Hampson, that I have complete confidence in his work as president of the corporation, and will continue to have that confidence because of the success which the corporation has had in carrying out the mandate established by Parliament.

I would also like to respond to the suggestion made by the hon. member that it is the intention of the government to transfer or transform the Canada Development Corporation into a Petro-Canada. Obviously any transformation in the purpose and function of the Canada Development Corporation would require an amendment to the statute, which would require coming to Parliament. That has not happened. Nor has the management been given from the Minister of Finance any instructions or any directives as to a new role for Petro-Canada—

• (1450)

Some hon. Members: Oh, oh!

Mr. MacEachen: —for the Canada Development Corporation. If that were to happen, it is obvious that management and others would know.

With respect to the final question which the hon. member asked, I want to tell him that is a matter for direction and decision of the board—

Mr. Nielsen: Answer the question.

Mr. MacEachen: —of the corporation. It is not appropriate, nor will it be appropriate at this time for me to comment in any detail on discussions that I have had with management, with the current chairman and with members of the board. I must say that is my position, Madam Speaker.

Oral Questions

VETERANS AFFAIRS

REQUEST FOR ALLOCATION OF ADDITIONAL FUNDS

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, my question is for the Minister of Finance. In light of the effect that new consumer price increases, rising energy prices and interest rates have on veterans and their families, as well as the fact that over 2,000 applicants are having to wait up to two years for their pension appeals to be processed, will the Minister of Finance tell this House when he will be allocating the necessary funds so that the Minister of Veterans Affairs can bring in a bill providing some financial relief for veterans and their widows at this time of unprecedented need?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I should tell the hon. member that it is not the particular function of the Minister of Finance to allocate funds for the department or for any program of any department. It is the responsibility of the Minister of Finance to make recommendations to the cabinet on the distribution of funds as between the various envelopes of the government. The corresponding committees have the responsibility which the hon. member has assigned to me.

Mr. McKenzie: You are a wealthy old bachelor who does not care or understand about veterans and senior citizens.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

PREPARATION OF AMENDING LEGISLATION

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, my supplementary question is directed to the Acting Minister of Veterans Affairs. There has been much speculation that legislation is now being prepared which would lower the phasing-in period for widows whose husbands were in receipt of less than a 48 per cent disability pension. First, would the acting minister confirm that he will be ready to provide the necessary funding? If not, would he inquire whether this bill is going to be introduced? Second, can he inform the House whether he is going to launch an inquiry immediately into this backlog of 2,000 veteran pension applications which are going to take two years to process? What we have is a national disgrace.

Mr. John Campbell (Parliamentary Secretary to Minister of Veterans Affairs): Madam Speaker, with regard to the allegations made by the hon. member, first I must say that—

An hon. Member: You are not a bachelor!

Mr. Campbell: No, I am not a bachelor!

Some hon. Members: Oh, oh!

Mr. Campbell: I must say that the backlog is not two years but something like about 11 months.

Miss MacDonald: Shame!

Mr. Campbell: There are not 2,000 applications but approximately 1,200 applications in process.

An hon. Member: That is a disgrace.

Mr. Campbell (LaSalle): The phasing in period of six and one half years has been a priority of the acting minister and I understand that he is to take that proposal before cabinet very shortly. If there is an announcement to make in this regard the hon. member will be one of the first to know.

* * *

ENERGY

EXPORTS OF NATURAL GAS TO UNITED STATES

Mr. Maurice Foster (Algoma): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. In view of the government's policy of oil substitution and expansion of the use of natural gas in eastern Canada, is the government prepared to limit any further exports of natural gas to the United States until there is a firm commitment by the natural gas pipeline and distribution companies to provide service to the unserved areas of the country?

Mr. Taylor: Take off the excise tax.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, we have no evidence at the present time that the expansion of services for the distribution of natural gas to Canadians is impeded in any way by the current exports, or even by exports which would be at the authorized level. Therefore, at the present time we are not considering cutting further export permits or authorizations of natural gas to the United States. On the contrary, what we are doing is pressing the gas utilities in Canada to extend their services to as many Canadians as possible.

As the hon. member knows, under the National Energy Program we have also provided subsidies for consumers to substitute natural gas. In addition, we have a program which will help Canadian utilities extend their services to communities which would not otherwise be serviced. This is being done by the provision of a grant for extension of such services.

Mr. Taylor: Take off the excise tax.

* * *

TRADE

REQUEST FOR INCREASED CANADIAN CONTENT IN MANUFACTURE OF JAPANESE AUTOMOBILES

Mr. Otto Jelinek (Halton): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce. It also has to do with the ailing auto industry.

After more than a year of negotiations, meetings and discussions with the Japanese, one of the minister's officials is quoted as saying the following just this week:

> We have had a telex from our trade mission in Japan saying there was progress made on both sides during the talks . . . There was agreement to hold further talks.

That is what the officials say is progress. Obviously, the minister has failed demonstrably to obtain concessions from the Japanese. First, when will the minister and the government insist that the Japanese increase Canadian content in Japanese imports, something which is very important to the ailing auto parts manufacturers in this country? Second when will he increase Japanese investment in Canada so that all sales of automobiles in this country, be they Japanese, American or European, can compete on an equal basis? When will this happen? We have had enough of meetings. We want action, Madam Speaker.

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, having a substantial increase in Canadian content in Japanese vehicles sold not only in Canada but in the United States and in third markets has been a very important priority of this government in its dealings with Japan. I think there has been some progress because there has been some increase in the level of parts exports to Japan. But this increase has been from a very low base, and I for one am not yet satisfied, nor should we as Canadians be satisfied, with the progress to date.

We are continuing these efforts, and the degree of consensus that I see on both sides of the House will be very helpful in making sure that the Japanese get the message and act on it very soon.

Mr. Crosbie: They got the message on you long ago.

REQUEST FOR INVESTIGATION UNDER ANTI-DUMPING LEGISLATION

Mr. Otto Jelinek (Halton): Madam Speaker, the question was how much longer must we wait. We have waited for one year and imports increased as of last month by 71.5 per cent alone.

However, I have before me figures indicating that the Japanese are indeed dumping some of their autos in Canada. As I stated in a motion which I moved under the provisions of Standing Order 43, examples are that the basic price of a Honda Civic costs $937 less than in the United States, a Toyota Tercel is $738 less, the Datsun 310 is $863 less, and so on. I consider that dumping.

Would the minister consider initiating an investigation immediately under the provisions of the Anti-dumping Act into questionable pricing practices for offshore imports, particularly those from Japan, which are taking 21 per cent of the Canadian market today?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, the administration of the anti-dumping law is the responsibility of the Minister of National Revenue. I am sure that he will act very promptly and vigorously on any evidence of dumping—

Mr. Crosbie: Dump it on the fishermen again.

Mr. Gray: —because this is a very serious allegation. He will be working effectively to enforce this very important Canadian law as the evidence requires.

* * *

SMALL BUSINESS

EXTENSION OF SMALL BUSINESS DEVELOPMENT BOND PROGRAM

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, my question is also for the rich bachelor—

Some hon. Members: Oh, oh!

Mr. Riis: Excuse me, the Minister of Finance.

An hon. Member: You were right the first time.

Mr. Riis: I do not think there is a member in the House who has not been approached in the last few weeks by small business people in their ridings regarding the bludgeoning they are experiencing at the hands of this government and its high interest rate policy.

The government did bring in the small business development bond some months ago in an attempt to provide some relief of the small business community. It did provide relief but only to about 5 per cent of the small business community which actually qualified under the SBDB.

• (1500)

The question I have for the minister is this. In an effort to provide more small businesses with access to the small business development bond, will the minister consider opening up the bond to allow, as the Minister of Agriculture indicated, the opportunity for sole proprietorships to qualify? Will he eliminate the $10,000 minimum that is now on the bond? Will he allow the bond to be used for some forms of working capital?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I responded earlier in the year to the requests of all members of the House, and extended the small business development bond in accordance with their wishes at that time. That was greeted with a good deal of enthusiasm by the representatives of small business in the country because it does represent considerable advantage to those eligible firms.

Mr. Stevens: A good Tory idea.

Mr. MacEachen: New ideas and new suggestions are always made for changes and these will obviously be considered and, if found feasible, introduced at the appropriate time. In conclusion, may I tell my hon. friend that I hope my banker is listening to this epithet of the rich.

Mr. Riis: Madam Speaker, one of the main beneficiaries of the government's high interest rate policy is the lending institutions of this country. Many of us consider that to be a shame. If anyone is going to benefit, it ought not to be the chartered banks and other lending agencies. It is also well known that one of the main beneficiaries under the small business development bond is in fact the lending institutions. Once the rate reaches half prime plus 2 per cent and above, the lending institutions benefit substantially. Recognizing that the banks likely do not need any more help, and that the senior lending institutions do not need any more help, will the minister consider providing the small business development bond at simply half prime so that the benefits accrue to the small business community and not the chartered banks?

Mr. MacEachen: Madam Speaker, the hon. member knows that the inducement for the chartered banks to enter into this market, as I understand it, is because of the advantage which they experience in those instances where they have tax liabilities. It is certainly the intention, as was originally introduced by the hon. member for St. John's West, that the chartered banks should be encouraged by that method to provide this service. That is one minuscule part of his whole approach with which I enthusiastically agree.

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FISHERIES

INTERRELATIONSHIP OF AGREEMENTS ON EAST COAST FISHERIES AND BOUNDARIES

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I wish to address a question to the Minister of Finance concerning the economic effects upon Canada as a result of the United States unilaterally abandoning the east coast fisheries and boundaries agreements signed by both governments in 1979. In the opinion of Nova Scotia's fishermen, any boundary arbitration without a fisheries agreement in place is unacceptable since an unfavourable arbitration outcome could decimate or wipe out the Canadian offshore scallop fishery, which has the highest dollar value of any fishery in eastern Canada. Since the agreement initialled with the Americans does include a provision for significant adjustments in the allocation of stocks every ten years, and I am sure the minister is well aware of that, I would ask him what he is doing to ensure that no boundary agreement will be signed without a fisheries agreement in place, since this could have the effect of destroying this $75 million to $80 million industry in our province of Nova Scotia.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, obviously over the number of years during which the Government of Canada has been concerned both with the fisheries agreement and the boundary question, I have been involved, but I am not responsible at the present time either for the negotiations on the borders or on the fisheries allocations. Therefore, I will have to refer that question to one of the responsible ministers, either the minister of fisheries or the Secretary of State for External Afairs. I will, however, pick up on the very precise point of the

hon. member's question, namely, the economic effects, and I hope to get back to him at a later date.

Mr. Crouse: Madam Speaker, I have one brief supplementary for the Minister of Finance. I thank him for his concern. In view of the importance of the fishing industry to Atlantic Canada's economy, and also the fact that the initialled Canada-U.S. fisheries and boundary agreement represents 18 months of negotiation, as the minister is well aware, and there was considerable give and take before arriving at a balance, will the minister in his capacity as Deputy Prime Minister of Canada assure this House of the government's total opposition to any major changes in the initialled fisheries agreement within at least a 20-year period, for this is the estimated life span of the vessel investment that is required by the industry?

Mr. MacEachen: As the hon. member knows, Madam Speaker, the original fisheries agreement, as I recollect, was, as he has stated, the result of very intensive negotiations between our negotiator, the late Mr. Cadieu, and the representative of the government of the United States, combined with very intensive consultations with the representatives of the fisheries and representatives of the provincial governments. Ultimately there was a consensus on the Canadian side that that was what our position was. Indeed, the result from our side had to be beneficial because it received so much opposition in the New England states.

I can assure the hon. member that in future considerations we will be equally vigilant in protecting the interests of the Nova Scotia fishermen. Also, we will be equally vigilant in conducting the necessary consultations so that all points of view are finally merged at the conclusion.

* * *

AGRICULTURE

AID FOR PRODUCERS

Mr. Jack Murta (Lisgar): Madam Speaker, I wish to address a question to the Minister of Agriculture. Since the minister has indicated he has no plans to help agricultural producers cope with high interest rates at the present time, I would like to ask him whether he considers that Ottawa has some responsibility to help the hundreds of farmers who will be forced out of agriculture at the end, or before the end of this year, because of the high interest rates brought on by the government.

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member knows full well that most of the farmers who are in financial difficulty are those who borrowed money from private banking interests. I believe, and I hope the hon. member believes, that the private banking interests also have a responsibility to these people. They are making good profits and can afford to give some of these people moratoriums on their programs. They can afford to give them longer-term mortgages with a moratorium, and amortizing the program later. We suggested that to The Canadian Bankers' Association. I suggested that to the provincial ministers yesterday.

We are looking at different programs. We will try to adjust the Farm Credit Corporation to help some of these people. It will be impossible to help them all. Those farmers who are in difficulty are outside some kind of orderly marketing system that has a supply management system or a contract system for them. they are the ones in the most difficulty. It is not because they are inefficient, as some people have suggested. They are some of the most efficient producers in Canada, producing products being sold on world markets below cost, subsidizing such rich economies as Japan, Russia and other parts of the world.

Mr. Murta: Madam Speaker, that is a callous, silly, stupid answer to a very serious question, from a Minister of Agriculture who should know better. I again ask the Minister of Agriculture, does the government have any programs in place, ready to put in place, or contemplated, to help agricultural producers through this very serious situation which has developed for farmers as a result of high interest rates? I do not want the kind of diatribe which we heard from the Minister of Agriculture in his last answer.

• (1510)

Mr. Whelan: Madam Speaker, I am sure you know that I may give the kind of answer I feel like, and the hon. member may not like it, but what I told him is the truth about who is in trouble and in difficulty, and who is not in difficulty in Canada. It is those who are unorganized in Canada who are in difficulty.

Those who are obtaining long-term money from us under the Farm Credit Corporation Act are getting it at 14 per cent interest at the present time. Up to the first of October of this year we will have made loans to the extent of over $500 million under that program. We have said this should be geared especially for those who are in difficulty, and that is what the Farm Credit Corporation is all about.

I know this will not supply all the needs, and that is why I am appealing to private lending interests to do their part. They have as much responsibility, or more, in this regard as I do, because they are the ones who lend them the short-term money. They are the ones who lend them thousands and hundreds of thousands of dollars in some instances on demand notes and chattels, etc. They are the ones who put them in difficulty more than anybody else.

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, the

following questions will be answered today: Nos. 1,986, 2,153, 2,154, 2,219, 2,331, 2,333, 2,335, 2,336 and 2,338.

I ask, Madam Speaker, that the remaining questions be allowed to stand.

[*Text*]

TERMINATION OF COMMUNITY SERVICES CONTRIBUTION PROGRAM

Question No. 1,986—**Mr. Cossitt:**

1. Was the Community Services Contribution Program discontinued and, if so, how many complaints have been received from (a) individuals (b) municipalities (c) other groups, since the announcement?

2. Has the government received representations from Members of Parliament asking that the matter be reconsidered and, if so, how many?

3. Is the government aware of widespread discontent in regard to the decision and will it take steps to see that the matter is reopened for active consideration of reinstatement?

Hon. Paul J. Cosgrove (Minister of Public Works): I am advised by Canada Mortgage and Housing Corporation as follows: 1. Yes. Since the announcement of the termination of the program on November 12, 1980, up to January 31, 1981, written complaints have been received from (a) 18 individuals, (b) 321 municipalities and (c) 16 other groups.

2. Yes. Written representations have been received from 71 members of Parliament up to January 31, 1981.

3. Yes the government is aware that the decision to terminate the program has met with disapproval in many areas. The government has indicated the program will not be continued.

SUPER ENERGY-EFFICIENT HOUSES

Question No. 2,153—**Mr. Herbert:**

Will private sector home builders be able to tender on the construction of the super energy-efficient houses to be built as part of the program that will promote design and construction of such houses suited to Canadian conditions and, if so, how and where will the tender calls be advertised?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows: All builders who construct a significant number of houses each year will be eligible for the program which will promote design and construction of super energy-efficient houses. Details of the procedure for the program (including applications) are being developed in conjunction with HUDAC (Housing and Urban Development Association of Canada).

SOLAR HEATING

Question No. 2,154—**Mr. Herbert:**

Will proposals be requested, in the program to promote the commercialization of solar heating, of private-sector project managers by open advertised tenders and, if so, on what date will the tenders be called and how will they be advertised?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows: a request for proposals to manage a project in a program of accelerated demonstration of solar domestic water heating was issued by EM&R on February 12, 1981. The proposal was mailed to some 300 companies and other organizations that had responded to earlier announcements of this program in trade journals and in the national press. The address list was augmented by a selection of companies interested in solar heating provided by the science procurement centre of the Department of Supply and Services. Proposals were due on April 9, 1981. They will be evaluated by a panel comprising members from the federal government and the private sector.

DEPARTMENT OF AGRICULTURE—RESEARCH VACANCIES

Question No. 2,219—**Mr. Cossitt:**

1. Was there a program not publicly announced by the Department of Agriculture for filling research vacancies in Ottawa and, if so, what are all the details?

2. Are three francophones about to be hired at the top starting salary for a biologist although they will not be working with the department but will be studying for three years at English-language schools for Ph.D. degrees and, if so, will they receive $17,000 annually and, if not, what amount will they receive?

3. Is $8,500 the highest grant an anglophone doctorate student can obtain and, if so, for what reason?

Hon. E. F. Whelan (Minister of Agriculture): 1. No. The department uses the normal public service staffing process.

2. A competition is being held to fill three biologist positions designated as French essential. The persons chosen, whether francophones or anglophones, will become employees of Agriculture Canada. After appointment, they will be sent to university to pursue graduate studies on a subject that will allow Agriculture Canada to meet its needs for professionally and linguistically qualified personnel. The choice of university will depend on the background and qualifications of the successful candidates. The salary which will be paid is determined by Public Service Commission and Treasury Board regulations. At the present time, the recruitment rate for a person with a M.Sc. degree is $17,610. This salary may increase slightly depending on the person's related work or research experience.

3. No. For example, the scholarships granted by the Natural Sciences and Engineering Research Council to students registered in graduate studies are as follows:

Post-graduate scholarships:	$ 8,500
1967 Science scholarships:	11,200

After September 1, 1981, they will be:

Post-graduate scholarships:	$ 9,300
1967 Science scholarships:	14,000

Order Paper Questions

DEPARTMENT OF NATIONAL HEALTH AND WELFARE—PURCHASE OF MOBILE HOME

Question No. 2,331—**Mr. Stewart:**

1. Did the Department of National Health and Welfare purchase a mobile home valued at $30,574 from Hill Court Mobile Homes, Thunder Bay, Ontario and, if so, for what purpose?

2. Were public tenders called and, if so, what firms or companies submitted bids and what was the amount in each case?

Hon. J.-J. Blais (Minister of Supply and Services): 1. A contract in the amount of $30,574 was awarded by the Department of Supply and Services to Hill Court Mobile Homes, Thunder Bay, Ontario, on behalf of National Health and Welfare, for the supply of a mobile home. This unit was delivered to the New Osnaburgh nursing station in Sioux Lookout zone hospital.

2. Requests for proposals were forwarded to the following two suppliers:

(a) Hill Court Mobile Homes Ltd. Thunder Bay, Ontario.	$30,574.20
(b) Altona Homes Headingley, Manitoba.	$35,095.00

POST OFFICE—PURCHASE OF CLOTH

Question No. 2,333—**Mr. Stewart:**

1. Did the Post Office Department purchase cloth valued at $204,355 from Consoltex Inc., Montreal, Quebec and, if so, for what purpose?

2. Were public tenders called and, if so, what firms or companies submitted bids and what was the amount in each case?

Hon. J.-J. Blais (Minister of Supply and Services): 1. The Department of Supply and Services awarded a contract for the amount of $204,355 to Consoltex Inc., Montreal, Quebec, on behalf of the Post Office Department for the purchase of 78,000 meters of nylon cloth. The cloth will be used for priority post mail bags, lining for weather jackets and registered mail bags.

2. Since Consoltex Inc. is the only known Canadian company capable of manufacturing this material in accordance with Post Office requirements and inspection standards, no public tenders were called for this purchase.

DND—PURCHASE OF CHEMICALS

Question No. 2,335—**Mr. Stewart:**

Did the Department of National Defence purchase chemicals valued at $84,495 from Van Waters and Rogers Ltd., Lachine, Quebec and, if so, what were the chemicals and for what purpose were they required?

Hon. J.-J. Blais (Minister of Supply and Services): The Department of Supply and Services awarded a contract for the amount of $84,495 to Van Waters and Rogers Ltd., Lachine, Quebec, on behalf of the Department of National Defence, for the supply of 1-1-1 Trichloroethane, Technical. This chemical is used for degreasing operations on mechanical, electrical and electronic equipment, when air pollution and/or safety considerations preclude the use of other materials.

DND—PURCHASE OF TIRE PRESSURE GAUGES

Question No. 2,336—**Mr. Stewart:**

Did the Department of National Defence purchase tire pressure gauges from Patlon Aircraft and Industries Ltd., Toronto, Ontario at a cost of $16,656 and, if so (a) how many (b) what was the cost per gauge (c) were public tenders called?

Hon. J.-J. Blais (Minister of Supply and Services): The Department of Supply and Services awarded a contract to Patlon Aircraft and Industries Ltd. on behalf of the Department of National Defence for the purchase of tire pressure gauges.

(a) 1,735;

(b) $9.60;

(c) Yes.

DND—PURCHASE OF SCOOTER

Question No. 2,338—**Mr. Stewart:**

Did the Department of National Defence purchase a scooter valued at $22,365 from Yale Industrial Trucks, Dorval, Quebec and, if so (a) what are the specifications (b) for what purpose (c) were public tenders called?

Hon. J.-J. Blais (Minister of Supply and Services): The Department of Supply and Services awarded a contract for the amount of $22,365 to Yale Industrial Trucks, Dorval, Quebec, on behalf of the Department of National Defence for the purchase of three "Electric In-Plant Burden Carriers". These carriers are sometimes referred to as scooters in materiel handling applications.

(a) Exact specifications for the model purchased (Taylor-Dunn 1248-B).

(b) These vehicles are designed as indoor cargo/passenger carriers with a capacity for either four passengers or a payload of 1,500 lbs. They will be used in the warehousing operations of No. 7 Canadian Forces Supply Depot (CFSD), Edmonton and No. 1 Canadian Forces Supply Depot (CFSD), Toronto.

(c) Requests for proposals were forwarded to six firms and three replied. Yale Industrial Trucks submitted the lowest bid for a vehicle meeting the required specifications.

[*Translation*]

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Shall the remaining questions stand?

Some hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, I ask

that all notices of motions for the production of papers be allowed to stand.

Madam Speaker: Shall the notices of motions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—UNPRECEDENTED HIGH LEVELS OF INTEREST RATES

Hon. John C. Crosbie (St. John's West) moved:

That this House condemns the Minister of Finance for permitting interest rates to rise to unprecedented high levels and calls on the minister to meet his economic responsibilities or resign.

He said: Madam Speaker, this motion comes forward at a time when the Canadian economy and the people of Canada, the farmers, the fishermen and the businessmen—indeed, all aspects of Canadian life—are threatened by a most serious and unprecedented economic situation, illustrated in particular by unprecedented high interest rates.

It is also a time such as we have never seen before, with a government in Canada which is so unwilling to assume its economic and financial responsibility. This government was elected some 14 months ago on the basis that it could do better than the government which was in power then for a few months, the PC Clark government. It was elected on the basis that it could do better and on the argument that it could keep interest rates down, stimulate the economy and overcome inflation. It was elected on the argument that there was a painless way this could be done.

We have had 14 months of inactivity, 14 months of the Minister of Finance (Mr. MacEachen) hiding behind the skirts of the Prime Minister (Mr. Trudeau) on the Constitution. We now see the emperor without his clothes. The emperor has been walking down the street without his clothes, hiding behind his constitutional cloak. Yesterday he came out from behind his constitutional cloak and the people of Canada discovered there was nothing there. He was not wearing a shred, but he was still completely unashamed.

The minister said in a speech last week that inflation has been running at the rate of 13.9 per cent. The present inflation rate is 13.9 per cent. In his budget of October 28 he predicted 10.2 per cent; just five months ago the minister predicted a 10.2 per cent inflation rate for 1981. This points out another serious aspect of this situation: the forecasts of the Department of Finance can no longer be trusted. They can no longer be accepted as anywhere near accurate.

In his budget the minister predicted that this year the Canadian dollar would average 87 cents compared to the U.S. dollar. Today we see it struggling to keep above 83 cents in terms of the U.S. dollar.

We are now seeing a serious unemployment situation, with the adjusted rate being 7 per cent. There are still 886,000 people out of work. The government forecast the unemployment rate would average 7.6 per cent over the year. Statistics Canada has said there are 348,000 persons unemployed in the hidden category. This means 1.234 million Canadians are unemployed. The hidden unemployed are those who have given up looking for jobs because they know there are none there for them to find. That is a very serious situation.

Real wages are down for the fourth year in a row. The Economic Council of Canada says they will be down 2.4 per cent this year. We see productivity down for the fourth year in a row. Real growth last year was one tenth of 1 per cent. The forecast this year by the Conference Board, and I will only give one forecast, is that real growth will be 2.9 per cent if strong U.S. growth continues and if work on the oil sands and the Cold Lake projects—the tar sands and heavy oil—resumes by the end of the year. What is the government's response to that situation? It introduced a new energy policy that stopped the Cold Lake and tar sands projects and energy investment in their tracks. I will come to that later.

We must remember, Mr. Speaker, that for every one cent devaluation of the Canadian dollar, about four tenths of 1 per cent is added to the cost of living index in Canada. We must remember that when people say we should not worry about the level of the Canadian dollar. I may be in the opposition, but I am not going to be completely irresponsible as the government was a year and a half ago. For every cent the Canadian dollar goes down, the cost of living in Canada goes up four tenths of 1 per cent because of all the goods we import. We cannot afford to have the Canadian dollar go down much further. It has gone down from $1.02 in 1976 to 83 cents now; a major devaluation. I will come in a few minutes to the reason it is so important that we cannot have our dollar go into a free fall. This would cause chaos in this country, but I will expand on that in a minute.

The Conference Board says that energy investment might reach a 4.5 per cent increase this year compared to 11.4 per cent in 1979 because of the government's new energy policy. Business investment in plant and equipment is now estimated to be 3.6 per cent for this year compared to an average 9 per cent for 1979-80. These are grim economic facts which the government chooses not to deal with. The government wants to ignore them and forget they are there. The government has no policy.

The government's policy in the budget of October 28 was said to be a gradualist approach. The minister says his approach is gradualist, yet he says he supports the Bank of Canada and Mr. Bouey, and so he should. However, in the annual report of the Bank of Canada for 1980 Mr. Bouey said at page 12:

—Canada has made only limited progress since 1975 in containing inflation. The reason is not that the anti-inflationary financial policies followed were miscon-

ceived but that they were pursued with such gradualism that they did not succeed in dominating the influences that were working in the opposite direction.

He looked at the last five years and said that our policies have not succeeded. Why have they not? He says they were applied too gradually. The minister says his policies are gradualist policies. This is an admission that his policies are doomed again to failure, as they have failed for the last five years. So much for the minister's approach.

The minister did not have a gradualist approach, the Liberal party did not have a gradualist approach, and members of the government did not have a gradualist approach when they were in opposition in the fall of 1979. No, their approach then was full of guts and gumption. They had the answers. They decried high interest rates, and I will come to that a little later.

The government says it wants to fight inflation, but then the government shows everybody in the country it is not serious because it will not restrain itself. You cannot convince people that you are out to beat inflation if you will not restrain yourself. You cannot ask a worker to restrain his salary demands or the executive to restrain them or the businessman to restrain his profits if the government itself is a big greedy guts colossus that will not restrain its own spending. And spending this year is up. Officially the government says 12.8 per cent, but it is really up about 20 per cent.

• (1520)

The government's budget deficit is $13.7 billion, and this is the tenth in a row. The deficits for the last ten years total $77 billion. Is that a government that shows itself in restraint? How can they ask us to restrain our demands, needs and wishes in Canada to beat inflation when they are acting in this way, when the money is there to burn, a penitentiary here, another expenditure there, all in Liberal districts and for political reasons. There is no restraint whatsoever.

Mr. Dinsdale: Advertising.

Mr. Crosbie: Advertising, and on and on it goes.

The imported oil subsidy is costing $3.8 billion this year. The government has removed it from the estimates to pretend by a piece of fiction that government spending is less than it is. They removed the $3.8 billion cost of the oil subsidy by saying there is a $3.47 billion Canadian ownership account. They are collecting that from the people of Canada through the new petroleum taxes. They are only showing the balance as an expenditure on the oil import subsidy. They show $530 million spent in that way and not $3.8 billion. That is dishonesty in the accounting of the government in the estimates. That is why the government's spending is up 18 per cent to 20 per cent by any true comparison. There is no restraint.

Before the budget came down the Bank of Canada interest rate was 11.76 per cent. The budget came down five months ago. Today the rate is 18.71 per cent, an increase of 7 per cent. That is the result of this minister's budget. That is the result of his gradualism. That is the result of his do-nothingism.

An hon. Member: Gradually downward.

Mr. Crosbie: The prime bank rate is 19.5 per cent. I looked at the paper today. Mortgage rates are 18 per cent. The minister says to the people who have homes in Canada, the 500,000 who have to renew their mortgages this year, I think the figure is, "You should not be out spending money; you should restrain your demands if there are high interest rates".

How can you restrain your demand if you have a mortgage for $40,000 on your home, you have to renew it this week and they tell you the rate is 18 per cent? The only way to restrain your demand is to give up your house, to sell your house and live in the poor-house. That is the minister's advice to these hundreds of thousands of Canadians suffering through his and his government's lack of attention over the last ten years. The prime bank rate is 19.5 per cent.

I have a letter from a man in British Columbia. He took out a loan with the federal small business development bank back on December 2, 1980. The rate then was 14.5 per cent. On April 8 he was paying 22.25 per cent. This is the bank which is to help small business. This is what the official government bank was charging on April 8, a month ago, before the recent increases, 22.25 per cent interest on a loan to a small entrepreneur in British Columbia who took it out just a few months earlier, in December, at a rate of 14.5 per cent. That is the government's own bank, and the Minister of Agriculture (Mr. Whelan) gets up with his nonsense in the question period about how the private banks are doing this and making profits and they do not consider the farmers. What is the minister's own fat bank doing, the small business development bank? It is charging 22.25 per cent to the small businessman. It has to because it is borrowing money to lend out at rates of 18 per cent, 19 per cent and the rest. That is the way the banking system works. Let him look at the mote in his own eye and not get up with his fat bafflegab about what the banks should be doing, and trying to excuse the government.

The government's economic policy today is to drift, to keep out of view and to hide behind skirts; but the minister is now exposed, and the Canadian people at last are starting to wake up. The constitutional mirage is in the Supreme Court. They are dealing with it, and now we are dealing with the real things that bother people here in Canada, not this constitutional business that is now, luckily, off the political scene for a while.

There is only one area this inactive government has been active in. The new energy policy is their only new creative area, and that has caused the most damage of all. If people want to know why the Canadian dollar is under pressure, why it is in danger and why interest rates have to be stratospherically high to protect the Canadian dollar, it is because of the new energy policy which confiscates 25 per cent of the holdings of the oil and gas industry on federal lands without compensation, which is anti-the private sector, anti-business, anti-American and anti-foreign investment.

That is why funds are not coming into Canada. That is why funds are leaving Canada and depressing the already depressed Canadian dollar. Why is the Canadian dollar already depressed? Because for the last seven years we have had a total of $26 billion in deficits on the balance of pay-

ments on our international account. We in Canada are living off the rest of the world. We are borrowing from them. We cannot survive unless they lend or invest in Canada billions of dollars every year to meet these deficits. We are suppliants to the rest of the world. That is why the Canadian dollar is a weak dollar.

The government opposite has been in office for these last ten years, with the exception of a few months, and in those few months they did everything they could to sabotage anyone else who was trying to save the situation. They are afraid to adopt any remedies themselves but gradualism. Well, gradually they have got Canada to the point that the Canadian dollar is one of the orphans of international finance, and Canadian interest rates have to be at 19 per cent, 20 per cent and 21 per cent to get the Americans to send up some short-term money to prop up the Canadian dollar.

This did not happen overnight; it happened over ten or 12 years. There are no quick fixes, no quick solutions. When the press asks, the NDP can give them quick solutions because the NDP has never been in power, will never be in power and lives in fantasy. They have solutions to everything. You wave a magic wand, you freeze prices and you have a commission and all this nonsense. We do not get on with them. We know there are no quick solutions. The minister is bankrupt of solutions. He asks us to give him some suggestions, and I will as I go along, as other members of our party will.

The only active area is the energy policy, and that policy has driven money out of the country, has driven oil rigs out of the country and driven investment out of the country. The government likes to flex its muscles and pretend it is pro-Canadian, anti-American and anti-foreign investment, when really for the last ten years it has been begging the world to lend us money and invest money here. If they do not and if we are not successful, the Canadian dollar will go down the tubes altogether. That is the government's bold policy, the new energy policy.

PetroCan purchases Petrofina; $1.7 billion is the cost to the people of Canada who consume oil and gas. Three and a half cents a gallon was levied on oil and gas and heating products, heating oil, to pay the $1.7 billion required for PetroCan to buy Petrofina, which will not result in Canada having one more cup of gasoline or one more litre or cupful of natural gas. It does not increase the oil and gas assets of Canada at all, and we are paying out $1.7 billion, mostly to people in Belgium. Verily, the patron saint of Belgium must be Mr. Marc Lalonde because he is doing a lot for the Belgians; but he is doing nothing for us. That is another billion dollars depressing the Canadian dollar that has to be paid out over the next two or three years. This is the government's great policy, the only area that they have been active in.

The other damaging area is FIRA. The Minister of Industry, Trade and Commerce (Mr. Gray) is going to supervise all foreign investors in Canada. He is going to amend FIRA. So not only do you now have to pass his scrutiny to invest in Canada, but when you have a business here, he is going to come and look over your shoulder and say, "You are not doing the business as I would do the business" or "You are not doing the right thing" or "I don't think this is in Canada's interest". That is the threat. No wonder the Canadian dollar is at 83 cents U.S. I wonder that it can be kept up at all with the likes of the Minister of Industry, Trade and Commerce, with his narrow-minded view, with his narrow, parochial Canadian nationalist view, he calls it, threatening how he is going to change the regulations and explaining how he is going to operate.

Then we see the Canada Development Corporation, a government Crown corporation, doing well, operated properly, a major assistance to Canada, with $3.4 billion in assets, and the Minister of Industry, Trade and Commerce tries to get them to take over the sick. They say they have a policy of helping the successful, and it turns out to be Chrysler or Massey-Ferguson and so on. They try to make the CDC take Massey-Ferguson or Chrysler under its wing when they have 30,000 Canadian shareholders, individuals, small people who invested their money on the promise of the government that that corporation would operate in an ordinary profit-motive manner, concentrating its efforts on developing the resources of Canada. Now we see them attempt to make Maurice Strong, that Liberal candidate who did not even have the fortitude to run after he was nominated, chairman—he started PetroCan—so as to turn this corporation into the new PetroCan in the industrial field, and the hell with the 30,000 Canadian shareholders who were fooled by prospectuses.

Is it any wonder that the investment community lost faith in Canada? It is a wonder that the Canadian dollar is not at 60 cents, much less 83 cents. These are some of the areas where the government has been active.

Just look at interest rates in some other countries. In Germany the central bank rate is 7.5 per cent. The prime bank rate is 12 per cent. France has a 12 per cent central bank rate; Japan, a 6.25 per cent central bank rate; the United States, a 14 per cent and a 4 per cent surcharge for frequent borrowers. Look at the United Kingdom, which these people sneer at and denigrate; they tell them to hold their noses while they send over their dog's breakfast of a Constitution for them to pass. What is the bank rate in England? It is 12 per cent. The inflation rate in England is 12.6 per cent. That is what Mrs. Thatcher has done because she has guts and gumption. She has more you-know-what than all that bunch opposite put together. They have a 12.6 per cent inflation rate.

• (1530)

The U.S. inflation rate is 10.5 per cent; in Japan the inflation rate is 6.2 per cent; in France the inflation rate is 13 per cent; in Germany the inflation rate is 5.6 per cent. This government does not even have the defence that other countries are worse off than we are. The other industrial countries in the world are not. It is just this country, with its sorry, shabby, economically tattered, weary, tatterdemalion government, that is in this kind of shape. It cannot even look to other countries for comfort.

The Bank of Canada and the minister have admitted that the reason for the present high interest rates is more because of the fear of the Canadian dollar declining if interest rates do not keep up with those in the U.S. That was in the bank's news release of May 7. The minister has said that as well.

I want the people of Canada to try to understand this. The fault is not with the Bank of Canada. I am talking to the people of Canada because I know hon. members opposite are not listening and will not listen. They will not listen until the people of Canada shake their fists at them, until the people of Canada send them letters, until the people of Canada phone them, until the people of Canada put the pressure on. That is why, through the medium of television, I am speaking to the people of Canada, not to the tatterdemalion remnants across the floor.

The fault is not with the Bank of Canada. It is not with Mr. Bouey. Forget Mr. Bouey; he has done everything he can in his little sphere of monetary operation but he has had no help from the government in the fiscal area in ten years. The government is responsible for Mr. Bouey's interest rates. He recommends; the government decides. It can give him a letter tomorrow saying reduce the rate, do this, do that; and he has to do it. He has done his best for five years. If he had not done what he has, we would be a lot worse off today with respect to inflation than we are. So do not blame Mr. Bouey, people of Canada; blame the Minister of Finance; blame the Minister of Energy, Mines and Resources (Mr. Lalonde). Blame the Prime Minister over all.

Some hon. Members: Hear, hear!

Mr. Crosbie: The Prime Minister sits in this House and shrugs. He does not care about interest rates; he does not care about you mortgage holders out there; he does not care about you small businessmen. Why should he? He has lived off you for the last 12 years and he intends to live off you for the next 12. He is so pleased with his success and his unexpected comeback of nine or 12 months ago that he no longer cares. The government should say, like Shakespeare, "the fault is not in Bouey but in ourselves". It is not Mr. Bouey. Forget Mr. Bouey—forgive Mr. Bouey. The Minister of Finance is the only man who can help the Canadian people—if he would adopt the right policy.

What should the government do? The government should start the course it stopped on December 13, 1979. This is my advice to the minister. He should take the approach of the budget of December 11, 1979 and practise real restraint. He should show the Canadian public how the government is going to reduce the deficit over four years; adopt a sensible oil pricing policy—

Mr. McRae: Oh, oh!

Mr. Crosbie: Never mind; it is my turn to speak. The price has to go up to 75 per cent or 85 per cent over the next couple of years.

Mr. McRae: Oh, oh!

Mr. Crosbie: Don't be so foolish, man; listen and learn!

A sensible energy-pricing policy would give the government the financial relief it needs. It is spending $3.8 billion on a subsidy that should not be spent. It is harmful to the country. That would provide $2 billion or $3 billion with which to assist. Some of that money should be used to help lower income Canadians with an energy tax credit, just as we proposed but which the government stopped. The Canadian people would have had half a billion dollars in their pockets in April if the government had not stopped us. There would have been another one billion, two hundred and fifty million dollars to help the mortgage interest and property tax needs of the householders and mortgagors of Canada, had the government not stopped us. The money is there; it can be done. You can still have restraint and do that.

A true budget, one with real restraint, would show that the government means business. That is why it is needed now. The minister's statement that he is practising restraint, when everything shows that he is not, does not influence anyone. Everyone in Canada today expects that inflation is going to get worse and they are acting accordingly. This itself makes inflation worse.

So I say, Mr. Speaker, start now. That is the immediate thing the government can do. It is a slow process. It took ten years to get Canada into the grim economic shape it is in now, and it is going to take two or three years of proper application of policy and restraint, and of choosing priorities, to get Canada back on a stronger course, to strengthen the Canadian dollar.

What can be done immediately is to reverse the new energy policy; take out the harmful effects of it and retain some of it. Eliminate the anti-foreign investment, anti-private sector, anti-provinces, parts of that policy; make it more attractive to the entrepreneur and the investor. Get an agreement with Alberta now, not tomorrow and not next week but now. Be reasonable. If the government changes its plan and shows it is being reasonable, then the government of Alberta has no choice but to follow suit. So far the government has prevented that from occurring because its proposals are so onerous and so anti-anything that the oil producing provinces could accept that there is no chance they could be accepted. I say reverse that situation.

I say to the government, reverse the FIRA nonsense. Leave FIRA as it is. Take Mr. Gray off the backs and the necks and the legs of the people who want to invest in Canada and help the dollar. Reverse the CDC process and let the government show it is not going to break faith with the people who listened to and believed its representations in the prospectuses issued when it sold 51 per cent of the shares of that company to the public.

The inflation rate is going to be 13 per cent at least in 1981 and 1982. These kinds of high interest rates are not needed to deal with that situation; 15 per cent or 16 per cent you might argue, but not 19 per cent or 20 per cent or wherever the rate is going. Come to grips with the situation now.

The minister has two choices. Start the process now. You are going to have to inflict some pain. People like to see money spent. We all know how politicians get popular. The Liberal party has been excellent at that; it has been in power since 1963 by these methods. Now the consequences have caught up. You have to start the process now; that is one choice. Start the process now and bring in a new budget that really means something—real restraint, a proper oil pricing policy, an energy tax credit, a shelter allowance, as I have suggested. Drop the FIRA and the CDC nonsense.

If the government continues dithering, continues drifting, Mr. Speaker, then within a number of months less than six it is inevitable that the government will go to wage and price controls. It is going there politically because of the outrage of the Canadian public, which will say "You have to do something to stop this inflation; you have to do something about these interest rates". Because there is no quick and dramatic action that they can take—because they would not start the process months ago and they would not start it a year ago—they will bring in wage and price controls. Not because they think that wage and price controls are the answer. They did not solve anything in Canada permanently five years ago in the three years that they were applied. But that is where the government is heading, to wage and price controls, Mr. Speaker. That is a complete waste of time, Mr. Speaker. It is another extension of state power and interference with the lives of Canadians, another major obstacle and impediment to the market economy that this country is strengthened by because of our resources.

If the government does not act now, it is going to wait for the inevitable and we are going to have wage and price controls or some crazy tax-based incomes policy which the minister's own department says is not the solution. The minister is going to do one of those two things within six months if he does not start the painful process now of straightening out this nation's economy.

I am totally against wage and price controls, but if the minister is going to do nothing now but just dither and continue that policy of 14 months, then I say to him he is better off having wage and price controls brought in tomorrow, rather than waiting until there is an extreme emergency in Canada and bringing them in in the midst of chaos. Is he going to wait for the emergency to arise and then bully and dragoon the provinces into going along with him?

That is the choice. Start the process now, as we started it in December, 1979. They delayed the process. They not only damaged us, they damaged Canada and the Canadian people. They put us years behind, they put the energy industry behind, the tar sands development behind, the heavy oil industry behind. They can start now, or we are going to have wage and price controls.

We need new, revised forecasts. The minister said in his speech on May 6 that interest costs alone last year were up $1 billion more than his budget forecast. We need new, revised forecasts now and he should give them to us in his speech today. Here is the government's borrowing. It cost the government yesterday for a $1.2 billion issue 16.25 per cent in interest. The Government of Canada is borrowing and paying 16.25 per cent interest, and the bonds are selling at a discount. How far have we fallen? The long-term bond market is gone. One must be crazy to invest money in the long term in view of what we see today—the government being afraid to do anything. People are not doing it.

• (1540)

We have had 11 increases in oil, gas and heating oil prices since last year. Only three of them gave anything to the producers; eight of them were tax increases. Gasoline today is 49 cents a gallon more expensive in Montreal than it was a year ago. Heating oil in St. John's, Newfoundland is up 40 cents compared to a year ago. It has gone from 75 cents to $1.15 per gallon; this is over a 50 per cent increase from the minister who promised: "Vote Liberal and the price will stay down". That minister has a lot to answer for. The people voted Liberal, and we know where the price has gone and where it is going.

The minister has a new and callous attitude. He tells the people who have mortgages that it would be wrong for him to give advice as to how to manage their affairs, as reported in the Ottawa *Citizen*. Also he said that the government would not bail out individuals facing mortgage renewals, and he noted that an analysis last year found most home owners could handle the payments resulting from higher rates. That is what the minister says now. About a year and a half ago he did not say it, nor did his cohorts say it. Now interest rates are 5 per cent higher than they were when gentlemen opposite were in opposition. But today, with four safe years ahead of them, they are saying to Canadians, "You can renew. You have the income. Don't be so foolish. Don't come to us telling us your troubles. You have lots of money to renew. We are not going to give you any help".

That is a callous attitude compared to what they said just a year or a year and a half ago. The seven million home owners in Canada have been kicked by the minister and shown that they will get no relief. Then there are the farmers and the fishermen. Unfortunately I do not have the time to go into all these figures now; I think I am getting near the end of my time. Apparently I only have one minute left.

Mr. Evans: You are beyond the end of your rope.

Mr. Crosbie: No, the government is beyond the end of its rope. The people of Canada are beyond the end of their rope.

Some hon. Members: Hear, hear!

Mr. Crosbie: If we were not a peaceful, law-abiding country, they would know what to do with the rope. After having somebody tell them, after getting into office on one set of promises—that they are to forget high interest rates and that they have enough income to renew their mortgages—the people of Canada would know what to do with the rope.

Some hon. Members: Shame.

Miss MacDonald: They have no shame.

Mr. Crosbie: There is no shame. I say to the Canadian people right now that we will do what we can in the House. Do not forget, Canadian people, the New Democratic Party helped cause all this. They put us out of office and they put these people opposite back in. They stopped the mortgage interest and property tax credit. They stopped the energy tax credit. They brought on the 19.5 per cent bank rate. They helped the government; they are co-conspirators. They are the rump of the government party, so hold them responsible too.

We in this party heard the Prime Minister say that he would manage the economy in such a way that interest rates would in fact come down, as reported on February 10, 1980.

Some hon. Members: Oh, oh!

Mr. Crosbie: As reported in *The Toronto Sun* on February 4, 1980, the Minister of Industry, Trade and Commerce said:

I don't think that allowing the dollar to have some downward adjustment would do as much harm to our economy as our present high level of interest rates.

At that time they were 14 per cent and, as we all know, they are now over 20 per cent.

The minister wants suggestions. It is not our job to run the government. We were put out. Hon. gentlemen opposite had a lot to do with it. We were not politically clever enough. He was more clever then we were politically, but now the minister is the one who is responsible and the chickens are coming home to roost.

My advice to the minister, because he asked for advice, in all due modesty is that he go back and take the approach of the budget of December 11, 1979. The government should make a convincing show that they will restrain themselves; they will still help the needy, those who are the most unfortunate, as we tried to do, but they will restrain themselves after ten years of savage deficits. Give the investors some chance to feel more confident in Canada; make the outside investor feel more welcome. Never mind these other artificial changes in FIRA and the threats which come from the Minister of Industry, Trade and Commerce, who has never run anything, not even a bull's-eye factory, who says that he will tell the Americans, the Belgians and all the rest how to run their businesses. Forget that, but get together with Alberta in the national interest.

Alberta has had a hard time for the last year since it stopped its negotiations with us and had to go on with this government. They had a pretty severe pummelling; they will be in a more reasonable frame of mind. I am a national politician. I believe in the national government. The agreement must be settled in the national interest.

The Acting Speaker (Mr. Blaker): Order, please.

Mr. Crosbie: May I just conclude.

The Acting Speaker (Mr. Blaker): I will accord the hon. member 30 seconds in which to conclude.

Mr. Crosbie: Alberta is ready to be reasonable, but it is the national government which must change its national energy policy. That will let us strengthen the Canadian dollar. In turn it will allow the Bank of Canada to reduce interest rates. That is the immediate thing the government can do. It should act now. Let us have a settlement of the energy dispute by the end of May and Canadians will get immediate relief. That is my immediate suggestion. I have made more long-term suggestions. The government has put Canada in a position from which it will take a long time to recover. The process must start now. Get some courage and some gumption; they have another four years to go before facing an election.

Some hon. Members: Hear, hear!

Mr. Bob Rae (Broadview-Greenwood): Mr. Speaker, after that scholarly survey of the issue which perhaps can be summarized as, "Do as I did", I would like to put forward some suggestions to the Deputy Prime Minister and Minister of Finance (Mr. MacEachen), since he indicated that he is interested in listening to alternatives. We had a debate in December dealing with the critical situation facing the Canadian economy as a result of the interest rate problem, as a result of the severe problem of undercapacity in the economy, as a result of unemployment, as a result of the housing crisis which is facing so many Canadians, as a result of the crisis in bankruptcy which is affecting small business and farmers, the crisis in costs which is affecting fishermen, and the general increases in the cost of food and the cost of living which are affecting every Canadian.

In the last couple of days and in a speech which he made in Toronto last week, the minister made a very similar defence to that which he gave in December. It is the same defence. Although I do not intend to spend any time dealing with the pot-pourri of suggestions which have come forward from the Conservative party, they have ranged today from advocacy of an immediate introduction of wage and price controls to even stiffer cutbacks and harsher economic policies, than are currently being introduced. Apparently even higher interest rates are being suggested in the short term in order to produce magically lower interest rates in the long term.

Mr. Crosbie: Don't be such a twister, don't misquote me. I never said that.

Mr. Rae: The hon. member for St. John's West (Mr. Crosbie) has had his turn to speak to the House. I did not interrupt him, even though there were many occasions on which I might have wanted to say something. I would appreciate it if he would give me the same courtesy which I attempted to give him. I will not comment on those policies.

Mr. Crosbie: Mr. Speaker, I rise on a point of order. I have no desire to interrupt the hon. member except when he starts to misquote and put in my mouth words I never said. I did not advocate wage and price controls and I have not said a couple of the other things; I have not suggested higher interest rates. As long as the hon. member quotes me correctly, I have no desire to interrupt him.

Mr. Rae: Mr. Speaker, the hon. member for St. John's West is afraid of the consequences of some of his words. When we read *Hansard* tomorrow, I am sure we will see exactly what he had to say about wage and price controls. I stand by what I have just described in terms of the effect of what he said.

The purpose of the defence offered today by the Minister of Finance is really twofold. The first is that the interest rate policy which the government is following is necessary in order to support the Canadian dollar. The defence of the Canadian dollar and the relationship between the American and Canadian economies have been the persistent argument which the government and the bank have put forward for many, many years. The secondary defence, which the minister trots out from time to time and has put forward with even greater vigour in the last couple of weeks, is the need to have these kinds of interest rates in order to reduce inflation.

I might remind the minister that this is a significant change from what he was saying in December. If he looks at his remarks in December, he will see that he said that these rates were too high for Canada, but that they were necessary for Canada because of what was going on in the United States.

If I understand him correctly, in the last week he has been saying that these rates are necessary for Canada in order to control inflation, that these rates are not too high or excessive, that in fact they are a necessary part of government strategy.

An hon. Member: And they may go higher.

● (1550)

Mr. Rae: And they may go higher! He has no idea how high they will go. He is not opposed to the policy being followed by the bank and the effect it is having on the Canadian economy.

I want to say to the minister that what I call the domestic justification for the control of inflation is completely without foundation. There is no economy in the western world among the OECD countries which has real rates of 8 per cent, 10 per cent and 12 per cent as a measure of deliberate policy. Canada is alone in this regard. These are the highest real rates in our history. By any stretch of the imagination they are excessive, even for the objective which the government has set out for the control of inflation. I would ask the minister to come clean on this point: What does he think the real rates should be over time? I want the minister to tell us what rate he really thinks should go to lenders of all different kinds and whether he really thinks a rate of 8 per cent, 10 per cent or 12 per cent is required, even if one accepts the premise that the way to fight inflation is by raising interest rates.

The argument the minister put forward on the foreign exchange justification to the effect that we really have no choice is an argument which does many things. If I may say so, the hon. member for St. John's West did the same thing. He underestimated the real strength of the Canadian economy and the Canadian dollar. If we had an independent interest rate policy I do not think the consequence would be that our dollar would necessarily fall to 60 cents, 65 cents or 70 cents, U.S., as was suggested by the hon. member for St. John's West and many other critics who, in my view, have no real faith in the inherent strength of the Canadian economy.

The statement that we have no choice, that we must tie ourselves at every opportunity to the American policy, is an admission of our colonial status. It is an admission that there is no possibility of the government exercising any significant degree of economic independence. It is an admission and a statement that our interest rate policy is not made in Canada in order to respond to the domestic conditions of the Canadian economy but that because of Liberal party policies we have become an economic colony of the United States.

The third approach being taken by the minister, that is, when he talks about wage and price controls and the introduction of a tax-based incomes policy which would have the effect of controlling wages, is one which would create division among the Canadian people. If the minister looks back to the experiences we had under the anti-inflation board, he will see that it limited the ability of the average Canadian worker to keep up with the rate of inflation. It enriched certain Canadians and certain corporations, allowing them to take unfair advantage. It restricted the living standards of the average working person.

The interesting thing about the review released by the minister's department last year was that it showed lower income workers, many of whom work for our largest financial institutions, fell much further behind the increases in the cost of living than did almost all other workers in Canada. The argument put forward from time to time with regard to the 1975 wage controls is that it was an exercise in social justice. It is put forward that it was some kind of incomes policy, which is completely nonsensical. The minister's affection for what he calls, "market forces" and the need to restore what he calls "market discipline" to the economy will result in giving credence to the law of the jungle. The most powerful will receive the biggest increases and the least powerful will receive the smallest, which will simply increase wage disparities. This will increase the sense of unfairness in our society. This will not resolve the fundamental problem of inflation. It will not resolve the escalating prices which we see in so many parts of the economy.

I wish to turn to the alternatives, Mr. Speaker. Basically, the alternatives are fourfold. The first comes under the heading of recognition by the government of the emergency which we are facing. I remind the minister that when the government introduced the anti-inflation legislation in 1975-76 the Supreme Court took cognizance of the fact that there was an urgency and, indeed, an emergency which justified the federal government exercising its ordinary power of control over the economy. The inflation rate at that time was lower than it is today. Indeed, the government was not faced with the out of control situation with which it is faced today. So we need recognition of an emergency.

We need immediate relief—relief for home owners who are caught in a roulette game of time. These are home owners who happen to be renewing their mortgages in one month, who are paying rates two and three percentage points higher than

others. Those home owners who renew this year will pay rates four and five points higher than others. Fishermen attempting to buy boats or improve their equipment are facing interest rates which are four to six points higher. Farmers are facing the same absurd situation. We need relief directed to the groups which need it. If we do not have relief we will have not only a reduction of supply—fishermen will fish less and farmers will produce less—but we will face problems of unfairness.

Monetarism represents a kind of roulette, the roulette of not knowing from week to week whether the rate will be up or down. We are creating a nation of speculators. We are making speculators out of the average home owner as a consequence of a policy which needs to be changed. It can be changed through a relief program, under the notion of an economic emergency and urgent situation. For some time we have argued that problems are structural. In a sense, the problems are built into our modern economy. We need a prices commission, not as a temporary measure brought in as a cosmetic device every two or three years but as a permanent feature of the Canadian economy, which will have the capacity to roll back price increases where they cannot be justified.

The provincial governments have a responsibility as well. They have a responsibility to end speculation in housing, to end speculation with regard to farm land. In my view, they have an obligation to encourage land banking and policies which will keep down the price of land for farming and housing. They have a responsibility to see that it is still possible to be able to afford a house in the city of Toronto while making less than $30,000 a year. The minister of housing in the Ontario legislature admitted last week that a person had to make at least $30,000 in order to be able to buy a house in Toronto. That is absurd.

Under the heading of new policies there is quite simply a need to reduce interest rates. There is a need to change the policy. I repeat what I said to the minister: there is no evidence to suggest that any other country is living with rates which are this high and which has no control over those rates. The rates currently being inflicted on the economy are dysfunctional. They do not have the effect of controlling inflation. They have not had the effect of controlling the price explosions which we have seen with regard to housing and, indeed, which we have seen in parts of the food industry. They simply have the effect of contributing to the explosion.

There needs to be a change, a step toward economic independence. There needs to be a determination on the part of the government that Canada's interest rates policy will reflect the domestic condition of the Canadian economy and not the decisions of Congress, the Federal Reserve Board or Wall Street in the United States.

● (1600)

The third heading under which I would suggest to the minister that there needs to be changes is on the tax side. Instead of using the tax system as a way of controlling wages, I have argued many times before in this House and will argue again today that in the context of controlling inflation and of changing our interest rate policy the government needs to introduce general reforms to bring about fairness in the way it collects revenues and distributes tax burdens. If the government fears an explosion in wage demands because it is failing to deal with inflation and failing to give confidence to the average Canadian worker, it could take positive steps to increase the after tax incomes of working Canadians through a redistribution of the tax levels of different groups in society. That is the meaning of the cost of living tax credit.

The minister rejected the cost of living tax credit out of hand in his speech in Toronto, and I think this shows that he did not really understand it. He said he did not want to give blanket assistance to all groups in society. He said he did not think providing everyone with a set of gloves for dealing with the passage of the hot potato that he was talking about would restore what he calls market discipline.

I say to the minister that the government must give the assurance to the Canadian people, particularly those on low and on fixed incomes, that they, too, are part of Canadian society. They too, must be protected. They must not be left to the vagaries of the market. I cannot believe the minister talks constantly of the "discipline of the market". He knows perfectly well that for many people the market is a jungle; the market is an exercise in systematic unfairness. He knows very well that if we leave people subject to that unfairness they will seek their own private solutions which, in many cases, will be inflationary; they will lose hope and will seek private solutions to public problems. The problem of inflation is not a private problem affecting each individual as if they were Adams in society, but is a problem that affects the whole of society. That is the meaning of tax reform and the cost of living tax credit.

However, there are other things that can be done. We need to have tax reform which will deal with the problem of the banks. I see the Minister of Agriculture (Mr. Whelan) is present. I agree with him. I moved amendments to the Bank Act, I say to the Minister of Agriculture, that would have provided the minister with the power to give the assistance to farmers and small businessmen that he was talking about. Those amendments were rejected by the Minister of Finance. It is a pity I did not have his assistance during the summer when we were putting them forward. They were rejected by the Tory opposition who are now speaking so firmly about their commitment to lowering the rates. So we need to have those amendments. We need to have the government introduce tax changes that would put a damper on international speculation. Instead of rejecting out of hand the whole notion of exchange controls and considering them as if they were an undiluted whole that had to be rejected or accepted holus-bolus, I suggest to the minister that he look at changes in the tax system that would discourage international speculation, that would discourage the transfer of hot money from Canada to the United States, and that would give us a greater degree of independence.

If the minister says those suggestions are unacceptable, I remind him that when Governor Bouey appeared before the committee two years ago, when the rates were at 11 per cent,

he was asked, "What if the rates go to 15?" He said, "Then we will have to look at alternatives; at that point we will have to start considering alternatives". Well, now the rates are at 20, and the government is still refusing to consider alternatives which would have the effect of dampening speculative demand in the economy of demonstrating to the Canadian public that the government is really serious, and of giving the Canadian people the sense that they have a government which is prepared to respond with measures that are tough and swift, but measures that, above all, are fair.

My concern about the proposals which have been put forward by the minister and which are being put forward by the government now is that they are unfair; and the proposals which are being advocated by the minister as possible changes in the rules of the game, as he puts it, will be even more unfair to the Canadian people.

I therefore move, Mr. Speaker, an amendment to the motion put forward by the hon. member for St. John's West. Seconded by the hon. member for Winnipeg North Centre (Mr. Knowles) I move:

That the motion be amended by inserting therein, immediately after the words "unprecedented high levels", the following words:

"for continuing policies that not only inflict hardship on the Canadian people but make Canadian economic independence impossible",—

As a result of this amendment, the motion would read:

That this House condemns the Minister of Finance for permitting interest rates to rise to unprecedented high levels, for continuing policies that not only inflict hardship on the Canadian people but make Canadian economic independence impossible, and calls on the minister to meet his economic responsibilities or resign.

As the debate proceeds over the next few weeks—because this is not a matter which can be discussed intelligently in 20 minutes—we will be putting forward additional policies. I think the minister will see we have attempted to provide for a number of years a coherent critique of what the bank is doing, of what the minister is doing and of what the policy of the government is, to show him that there is an alternative, that it is a credible alternative and not, as has been suggested by the hon. member for St. John's West, a fantasy land alternative. In fact, it is a series of concrete and practical measures which will have benefits for the Canadian people. They are not simply sugar-coated pills that will satisfy everyone. They will deal with the problems of inflation, but will deal with them in a way which is fair and will not bring the Canadian economy to its knees. Neither will they reduce our economic independence or diminish our objective of achieving control by the Canadian people of their own economy, so that the policies of the government will eventually reflect the interest of the Canadian people and not simply respond to conditions which are taking place in the United States.

The Acting Speaker (Mr. Blaker): The hon. member for Broadview-Greenwood (Mr. Rae) was kind enough earlier to arrange that the Chair was forewarned of the amendment that he proposes. The Chair has found that the amendment is in order. Shall I dispense?

Some hon. Members: Dispense.

The Acting Speaker (Mr. Blaker): Agreed.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Mr. Speaker, I welcome the opportunity to participate in this particular debate, and I welcome too the speeches which have been made by the hon. member for St. John's West (Mr. Crosbie) and the hon. member for Broadview-Greenwood (Mr. Rae).

I am certain, as they are, that the subject matter of the Canadian economy and the problems it faces will be a matter of discussion in the House of Commons for a good period of time, as it has been since the new Parliament was created. As Your Honour knows, most of the time of the House of Commons since the new Parliament has been in session has been devoted to economic matters, including opposition days and government bills relating to the economy. It is also true that a good deal of time has been focused on the all-important question of the Constitution; but nevertheless, the members of the House of Commons have not neglected discussion of the economy. They have discussed the economy on a number of occasions and on a number of important bills, and they have taken numerous opportunities during question period to examine the government on its economic policies. I hope that trend will continue because the problems that we face, especially on the inflation front, are deep-seated and, as the hon. member for St. John's West has suggested, will not be susceptible to magic, quick or overnight solutions.

As I replied yesterday in answer to a question, the inflationary psychology has become embedded not only in the minds of the public, in the minds of the economic actors in the economy, but also deeply embedded in the institutions and the structures of the economy. It has been built up over a considerable period of time.

I am not ready to engage in a debate about the historic causes of inflation in this country. I do know that in the seventies, when the governments of the provinces and the national government, especially in the early part of the seventies, were strongly pursuing expansionary policies and adding to their deficits, the public and all political parties generally supported that type of fiscal policy. I do know that as successive ministers of finance reduced taxes in the House of Commons over the years in the 1970s, probably in the total amount of $14 billion, their actions were widely applauded and never opposed in the House of Commons.

• (1610)

Notwithstanding that, it may be instructive to review the causes of a good deal of this inflationary psychology. It has been reviewed rather clearly in the annual report of the governor of the bank, which I recommend hon. members read. They may not agree with every part of it, but I think it is a useful survey of the background to the current inflationary situation in the country.

The hon. member for St. John's West has focused his motion on the question of interest rates. I have no complaint with that. Interest rates are high; they are worryingly high.

They are a manifestation of inflation in the economic environment, and they will not be significantly reduced until the over-all level of inflation is curbed. That is absolutely clear to me.

Since I took on this job there have been three pronounced incidents of interest rate shocks, so to speak. In the spring of 1980 after I became minister, the rates went up and then down again.

Mr. Nowlan: That was the first shock, when you became minister.

Mr. MacEachen: Interest rates have been so volatile that they went up to about 20 per cent in the United States and they came down to 10 per cent, as hon. members will realize, all in the period since March, 1980. Last December they went up to an unprecedented high. They have gone down in the interim, but not as much. They are now up again. Therefore, we have been confronted with volatility in interest rates over that period of time, which have impacted in the United States on the Canadian interest rate situation. No minister of finance could be indifferent to the uncertainty created by the volatility of the interest rate policy pursued in the United States nor could a minister be indifferent to the impact which these changes have had on the Canadian economy.

I want to discuss those external developments, but I do want to say a word about the Canadian economy. The hon. member for Broadview-Greenwood drew attention to the fact that in the arguments which I advanced in December—I have not read them but I take his word and they do correspond to my own recollection—the main thrust, or the principal explanation, was pressure from the United States. Indeed, I believe I stated that the Governor of the Bank of Canada had said we were running interest rates in Canada which were higher than those required to control the money supply in this country. As I recollect, if hon. members will go back to the statement made by the governor of the bank during the ministers of finance conference in December, and subsequent to its release, he makes that point apparent.

When I brought down the budget last October, hon. members will recall that I was predicting very weak or negative growth in the economy for 1980.

Mr. Kilgour: I cannot listen to this.

Mr. MacEachen: I was also predicting a lower inflation rate for 1981 than has subsequently been the case. But that is something quite different. I believe hon. members who are looking at the economy and at what has happened in the economy since last October and last December will have to realize that we are generating considerable inflationary pressures of our own in Canada. We cannot single out pressures from the United States, though they are important, as the sole explanation because there is pressure on rates in our own country.

Hon. members may have noticed that in the statement made by the governor of the bank last Thursday following the very high bank rate announcement the concluding sentence was:

> In respect of other economic developments, the bank noted that the rate of total spending and the demand for credit in Canada have both remained disturbingly high.

There is a very strong demand for credit in this country. There is a very strong demand for bank loans. There is a booming real estate market in certain Canadian cities, despite very high mortgage rates at the present time, as was pointed out by the governor of the bank in his speech delivered in Moose Jaw.

Mr. McDermid: Who is buying the homes, Allan?

Mr. MacEachen: I have to remind hon. members that in Canada, for example, real output increased at an annual rate of over 8 per cent in the last quarter of 1980. That was quite unexpected. Real output in the first quarter of 1981 ran at annual rates of 4 per cent to 6 per cent. Residential construction in the country was the main area of weakness, especially in the first half of the year. However, the merchandise trade surplus doubled from $4 billion in 1979 to $8 billion. The combined foreign deficit on goods and services fell from $5.8 billion in 1979 to $2.8 billion in 1980. That is on the output side.

I remind hon. members also that in the budget, based upon the projections which had been worked out in the Department of Finance, we projected an unemployment rate of 8.6 per cent, I believe, for 1981. I have not looked up what my predecessor projected, the former minister of finance, but in April of this year unemployment in Canada was at 7 per cent, the lowest unemployment rate we have had in the country since June, 1976.

Mr. Crosbie: You said 8.5 per cent.

Mr. MacEachen: Either 8.5 per cent or 8.6 per cent. In any event, it is the lowest unemployment rate since 1976.

With respect to employment growth, I gave the figure yesterday. I may have said 360,000 jobs were created but I think it was probably about 346,000 for the same month in 1980, or up 3.3 per cent. This is the employment growth created from April, 1980 to April, 1981. I doubt whether there is any industrialized country in the world with a better employment creation record than Canada had in the last year. Therefore, I do not think hon. members ought to talk about the Canadian economy in stagnation or a Canadian economy which has been unable to create jobs. That is not the case.

There is no doubt that, in addition to the greater strength in real economic activity, not nominal activity, there has been a very disturbing tendency for inflation and inflationary expectations to show signs of deterioration. I have admitted more than once that the outlook for inflation in 1981 is worse than it was at the time of the budget in 1980.

• (1620)

The hon. member for Broadview-Greenwood talks about a made-in-Canada interest policy. Whatever validity may have existed for that point of view, and I have at times argued against it, I think we are making our own pressure at the present time in the Canadian economy on interest rates. I refer hon. members to the comments made by the governor of the bank in his speech in Moose Jaw. He talked about the various forces at work in the Canadian economy, providing reasons for the recent tendency of Canadian interest rates to rise. He went on to say:

> Let me recapitulate them: the strength of the current economic rebound in Canada; high and rising inflation and serious fears of still worse inflation to come, a continuing strong demand for credit even with interest rates at levels that normally would have discouraged domestic borrowing; and a persistent weakness of the Canadian dollar that was adding to the upward pressures on costs and prices in Canada.

That is the current situation in the country. The hon. member for Broadview-Greenwood may be right in saying that the explanation given last December has to be supplemented.

The second important influence is the pressure we have had on rates from the United States. There is no doubt about it, this second force from the United States has significantly intensified in recent weeks in the very rapid rise in interest rates which have once again occurred in the United States.

Maybe I should say a word about the situation in the United States because it is useful for all of us to know exactly how we see it. The new administration in the United States has taken a strong anti-inflationary stance and regards monetary policy as an important weapon in dealing with inflation. In the longer run, success in reducing the rate of inflation will help lower interest rates, but at this stage it appears that financial markets are focusing more on the possibility that the confrontation of restrictive monetary policy and the inflationary momentum in the economy may be particularly sharp over the next several months, with continuing upward pressure on interest rates.

Whatever one may say about the expectation of the financial markets or the explanation that is mentioned with respect to a conflict between monetary policies and the inflationary momentum within the economy, there is no doubt that we have had, for example, a two percentage point increase in short-term interest rates over the week, leading to what has happened to the Canadian bank rate.

I ask hon. members, what alternative in these circumstances should the Governor of the Bank of Canada have? Was it a good idea? Up to the present time he has stated, and it is still a legitimate point of view, that when these pressures on the Canadian interest rate situation and the Canadian currency arise from higher interest rates in the United States, one can take some of that pressure in increased interest rates in Canada or a decline in the Canadian currency.

The fact is that Canadian currency at the present time is trading at 83.20. It may be higher. In these economic circumstances, would it be wise to permit a further depreciation in the value of the Canadian currency? A further depreciation in the value of the Canadian currency would be inevitable if there were an outflow of capital from this country, not impeded by higher interest rates in Canada.

Mr. Nowlan: There is a national outflow when you come to the national energy policy.

Mr. MacEachen: I will come to the National Energy Program, if the hon. member wants to talk about it. It is not the problem. It may be part of the solution. I am saying that at the present time, regardless of the National Energy Program, we would have pressures from the United States in the form of very sharp increases in interest rates. How does Canada respond? By a further depreciation in the Canadian currency, a depreciation which would increase the cost to Canadians of all their imported goods, which would bring in a further blast of imported inflation from abroad and would have very little effect on the competitive capacity of Canadian exporters?

There is a great advantage now in terms of the exchange rate given to Canadian exporters. Indeed, it is so great and their incomes are so large that they can afford rather large inflationary wage settlements in the current circumstances. There is no advantage to the Canadian economy, in my view and in the view of the governor of the bank, in further depreciation because it does not give us any competitive advantage and adds to our inflationary problems.

Mr. Crosbie: Mr. Speaker, may I put a brief question to the minister? I agree with what the minister is saying about the Canadian dollar, but my question to him is this. What policies is he going to adopt and implement to strengthen the Canadian dollar so that we can have lower interest rates and will not need to keep them high to protect a weak Canadian dollar? That is what we want to know. How is he going to do that?

Mr. MacEachen: The hon. member had asked about policies to increase the strength of the Canadian dollar. He will know that the trade figures have been very strong. Indeed, for the past quarter and the quarter before that they have been very strong indeed. They have been contributing to the strength of the Canadian dollar.

The hon. member advocated in the course of his speech and yesterday that a speedy energy agreement with the oil-producing provinces would relieve somewhat the downward pressure on the Canadian dollar and put us in a position where interest rates could come down. I must say that any uncertainty that exists in the economy is best resolved. There is no doubt about that. The Government of Canada has been eager, as the former minister of finance was eager, to secure an agreement with the government of Alberta to relieve that uncertainty in the Canadian economy. Hon. members opposite did not succeed in reaching an agreement and we have not succeeded in reaching an agreement. Undoubtedly when that disagreement is cleared up, it will be better for the Canadian economy. However, I do not see that it will have very much impact on interest rates at the present time.

• (1630)

If I took the advice of the hon. member for St. John's West I would reach a solution with the government of Alberta which would bring oil prices up to at least 75 per cent of the world level. Indeed, I read the hon. member for St. John's West as having said recently to Alberta: "Hang in there; get your maximum price".

Some hon. Members: Shame!

Mr. MacEachen: That is what he was quoted as having said: "Hang in there and get your maximum price". If that is his advice to me, I want to tell him that conceding to Alberta's price demands would have a very big impact on the inflation situation in Canada. Would acceding to their pricing agreement help inflation very much?

An hon. Member: No.

Mr. MacEachen: It certainly would have a pronounced effect on the CPI, and that is why I was rebuking the hon. member for Kingston and the Islands (Miss MacDonald) yesterday, who was complaining about increases in the CPI, when she supported a motion at her convention that would immediately increase the price of energy to 75 per cent of world prices.

Miss MacDonald: Mr. Speaker, I rise on a point of order. I certainly do not wish to interrupt the minister just because he refers to me, but when he makes a statement about me that is totally incorrect, I do feel I have to draw his attention to the fact that what he says is not at all correct. There was no such thing as a resolution passed at our convention which said that the price of oil should go to 75 per cent of world prices immediately. That simply is not true and the minister should not be allowed to make these false statements.

Mr. MacEachen: Mr. Speaker, I did not attend the Conservative convention, but I did read press reports which stated quite clearly that the member from Etobicoke had argued against a proposal made by the Alberta Conservatives that the oil price should go up to 85 per cent of the world level, and that he had succeeded, because of the political dynamite behind the proposal, to get his supporters in the hall to agree to 75 per cent of world prices. That was the press report.

Mr. Taylor: A point of order, Mr. Speaker.

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Blaker): Order, please. Whether it be the hon. Minister of Finance (Mr. MacEachen) or any other member who has the floor, the Chair has no choice but to recognize an hon. member who stands on a point of order and at least hear the beginning of his comments to determine whether in fact there is a point of order.

Mr. Taylor: Mr. Speaker, I was at the convention, and the Alberta delegates did not argue the way the hon. minister just said. He should not be talking on spec; why not get some facts?

An hon. Member: Why don't you come to one of the conventions and find out what goes on?

Some hon. Members: Oh, oh!

Mr. Taylor: What are you going to gain by saying these things that are untrue?

Mr. MacEachen: Mr. Speaker, I do not have to go to the Conservative convention, nor do I have to read the press reports, because members are rejecting all that has been attributed to them in the press, namely, that they support 75 per cent of world prices.

The hon. member for St. John's West was quoted recently as telling Albertans when he was in the west to hang in there on their pricing agreement; he was telling Alberta to hang in there. I am telling him that the year over year increase in the consumer price index would jump to 16 per cent. That is what would happen. For the year as a whole—

Some hon. Members: Oh, oh!

Mr. MacEachen: Hon. members opposite find this very difficult to take. I listened very carefully and intently to all the comments by the hon. member for St. John's West and he is doing the same thing. He is not protesting about the statement attributed to him in Alberta when he said: "Hang in there Alberta and get what you want". That would represent an increase in the cost of living to 16 per cent.

Some hon. Members: Oh, oh!

Mr. MacEachen: I want to tell hon. members that the price agreement which they allegedly brought about called for an increase in prices within a four-year term to 75 per cent, and then 85 per cent of world prices. Do they still stand for that?

Some hon. Members: Get the facts.

Mr. MacEachen: Do they still stand for that increase in the CPI? Do they believe that if that is brought about, these increased energy prices would not filter through to the rest of the economy? Will they not concede in those circumstances that in order to restrain the inflation which would be caused by these very substantial energy price increases embedded in the CPI, we would require a very tight fiscal and monetary policy? In my view, an immediate energy settlement along the lines proposed by the hon. member for St. John's West would not have much of an impact on the current high interest rates we are facing in this country. In fact, the hon. member said to me to get an energy agreement with Alberta, but not at any price.

An hon. Member: We don't want it at any price.

Mr. MacEachen: I am telling hon. members opposite that when they make these pricing proposals, they ought to relate them to their concerns about the cost of living and interest

rates, because in both cases they will hurt and not help. I want to remind hon. members about that.

Some hon. Members: Hear, hear!

Mr. MacEachen: I want to assure you, Mr. Speaker, that it is our intention to seek an energy pricing agreement with the province of Alberta—

An hon. Member: When?

Mr. MacEachen: —as early and as quickly as possible, but it will be an agreement that will preserve the interests of all Canadians. It will not be my intention to ransom the future of Canada because of the current high interest rates we are facing in this country.

Some hon. Members: Hear, hear!

An hon. Member: Your deficits are already doing that.

Some hon. Members: Oh, oh!

Mr. Taylor: Albertans are Canadians and you should remember that.

Mr. MacEachen: Of course Albertans are Canadians, and no one would think of making that comment except the hon. member himself. I certainly would not make it or imply it in any way.

Some hon. Members: Oh, oh!

Mr. MacEachen: When I talk about the interests of all Canadians, I am speaking of the interests of the province of Alberta as well.

An hon. Member: Give them a fair deal.

Mr. MacEachen: I agree with all hon. members that an early energy agreement with Alberta would be desirable, but it will require accommodation on the part of the province of Alberta as well as accommodation on the part of the Government of Canada. It will require a constructive compromise between the two governments. As I have said on earlier occasions, it is not a matter of capitulation or surrender on the part of either side because neither side will do that. There will have to be compromise, adjustment and accommodation on both sides, and that is what we are seeking at the present time.

Some hon. Members: Oh, oh!

An hon. Member: For how long?

Mr. MacEachen: To follow the hon. member's suggestion of going to the price levels he is advocating at the present time, I say, would be even more inflationary than any of the other proposals which were in his budget.

Some hon. Members: Oh, oh!

• (1640)

Mr. MacEachen: I know I am coming to the end of my time.

Mr. McDermid: You sure are.

Mr. MacEachen: I regret that the hon. member for Kingston and the Islands should be so raucous during the course of debate. She has constantly interrupted me from her seat, which is something I never do, and I hope she will stop it so that I can use my time more profitably.

Miss MacDonald: Be serious.

Mr. MacEachen: I just want to make the contrast. The advice given by the hon. member for St. John's West to me was to "bring back my budget". That was his advice. He said, "We had expenditure restraint in the budget". I believe in expenditure restraint because in the expenditure line which I have projected for the next several years there is a clear commitment to expenditure growth within the growth rate of the gross national product and to bringing about from year to year a decrease in the rate of growth of public spending. We are committed to expenditure restraint, but I asked my friend, the hon. member for St. John's West, if he really believes in expenditure restraint, why he does not convince the other members of his party about expenditure restraint so that every day we will not be faced with a barrage of requests from hon. members opposite to introduce new spending programs.

Mr. Siddon: That is not true, and you know it.

Mr. MacEachen: The most notable example was the view expressed yesterday by the hon. member for Kingston and the Islands who seemed to be saying to me that I must take special action to protect every particular group in the country. I believe in expenditure restraint, I believe in bringing down inflation, and I believe that in order to bring down interest rates we have to bring down inflation, but we will not bring down inflation if I respond to every request made in the House of Commons for additional spending by adding to the deficit, adding to our financial requirements and putting further pressure on inflation in this country.

Some hon. Members: Hear, hear!

Mr. Wright: Mr. Speaker, I listened carefully to what the Minister of Finance (Mr. MacEachen) was saying. I did not want to interrupt him, but I wonder if he would entertain a question.

Mr. MacEachen: Sure.

The Acting Speaker (Mr. Blaker): That would require the unanimous consent of the House, in view of the fact that the time allotted to the Minister of Finance (Mr. MacEachen) has now expired. Is there unanimous consent?

Some hon. Members: Agreed.

Interest Rates

Mr. Wright: Mr. Speaker, the Minister of Finance (Mr. MacEachen) has said on numerous occasions in the House that interest rates in Canada are subject to influences beyond the control of the government. I understand in part what he is saying. If interest rates in Canada are lower than they are in the United States or elsewhere, then money will flow out of our country, and that would have a dramatic effect on our dollar. In part, at least, interest rates must be kept up because of this.

Just recently Premier Lougheed of Alberta made a suggestion to the Minister of Finance and the federal government in general. He said that if they would remove the export tax on natural gas and allow more gas to be exported from Alberta, that would go a long way toward solving the federal government's problem and would allow it perhaps then to decide whether it could reduce interest rates. In fact, he suggested that if the federal government would allow more exports of gas, that would certainly help reduce interest rates in Canada.

Does the minister agree with that statement by the Premier of Alberta, and would he consider taking that action?

Mr. MacEachen: Madam Speaker—

Mr. Knowles: Madam?

Mr. MacEachen: Mr. Speaker, I think it is self-evident that our trade performance, our sales abroad and our earnings of foreign exchange have a bearing on the strength of the Canadian dollar. There is no question about that, and that is why I cited the very strong trade figures we have already experienced as an underlying strength of the Canadian dollar. Any other action to improve our exports and our trade performance would have the same effect, but in this particular case—and here it is a question of fact—I understand that certainly in recent months we have been sending to the United States under permit as much gas as the markets there can take at the price, but that is a question of fact which I would have to check out.

The hon. member talks about the effect on Canada of American interest rates. Maybe we should remind ourselves that it is not just Canada which is experiencing this impact. The hon. member may recall that just recently the Chancellor of West Germany, Helmut Schmidt, was complaining very loudly and strongly about the impact of American interest rates on the exchange rate of the German currency and about the necessity for Germany to raise its interest rates in order to meet the attraction of the higher rates in the United States, so while there may be differences in the level of rates—

Mr. Crosbie: Six and a half per cent.

Mr. Rae: You can say that again, brother.

Mr. MacEachen: —the pressure arising from the United States is extending to Canada and to every European country, and I think it is better for Canadians to understand that that effect is universal.

Miss MacDonald: Do you understand the difference between 12 per cent and 19.5 per cent?

Mr. Doug Lewis (Simcoe North): Mr. Speaker, I am pleased to have this opportunity to enter into the debate on the important subject of interest rates, but before I do, I wish to note, as the House realizes, that the Minister of Finance (Mr. MacEachen) was rushed, and because of that he did not refer in his comments to the fact that of the 11 energy price increases since he took office, eight were the result of tax measures imposed by the Minister of Finance on the Canadian people. I know the minister would want that on the record.

We heard a great number of statistics about international finance from the Minister of Finance. I would like to spend some time this afternoon talking about people because the Canadian people are faced with the monetary policies of the Bank of Canada which decree high interest rates to support the Canadian dollar and to control inflation and a federal government which completely ignores the plight of Canadian home owners, farmers and small business. As a result, the current prime interest rate at Canadian banks is 19.5 per cent. But home owners, farmers and small businessmen do not pay at the prime rate. They are paying over 20 per cent. These people, the backbone of Canada, are being crushed by the indifference of the Liberal government.

In the fall of 1979, the hon. member for Windsor West, who is now the Minister of Industry, Trade and Commerce (Mr. Gray), speaking on behalf of the Liberal party, made some comments to the House of Commons Standing Committee on Finance, Trade and Economic Affairs about the prime rate at that time. He said it would mean the loss of thousands of jobs, it would mean increases in the cost of living, it would put housing beyond the reach of middle and lower-income Canadians, it would hurt small business which depends upon bank borrowing to operate, and it would hurt farmers who have the same dependence on bank borrowing and therefore add to the cost of food. One does not normally rush to support the comments of the Minister of Industry, Trade and Commerce, but these comments were surprisingly accurate. However, if that particular member was upset at that time when he was a member of the official opposition, where is he now as Minister of Industry, Trade and Commerce? When he made those comments, the prime bank rate was 14 per cent. One would think he would be beside himself today because of the lack of action on the part of the Minister of Finance when the prime rate is 19.5 per cent. However, he has sat in the House for the past two days smug and satisfied and without a flicker of concern as we on this side of the House have expressed our concerns on behalf of the Canadian people and Canadian industry and commerce.

The high interest rate policy of the Liberals has created chaos in the housing market. On the one hand there are signs of consumer panic in some major metropolitan centres. Supply has contracted, but demand has soared as Canadians strive to own homes. The minister responsible for housing recently stated that a large percentage of Canadians do not prefer home ownership as their style of living. That is nonsense. The

1976 census showed that 62 per cent of Canadian households were owner-occupied. Many tenants want to own a home. Canadians are buying homes at an unprecedented pace. Canadians are afraid that mortgage interest rates and prices will soar even higher. And why not? They do not see any definite action on the part of the Liberal government to alleviate the problem. Therefore, they are buying homes at inflated prices and paying absurd interest rates to carry them because they are afraid that soon they will be out of their reach.

● (1650)

At the same time, there is the tragedy that many Canadians are selling their homes, not because they do not want to own a home but because they just cannot afford to carry the one they presently own, or they see a mortgage renewal at prohibitive rates in the near future.

Home owners who purchased homes with 10 per cent mortgages five years ago are faced with 18 per cent mortgages today. It costs $360 to amortize $40,000 at 10 per cent over 25 years and $590 to amortize $40,000 at 18 per cent over 25 years. That increase of 61 per cent is pretty hard for the average Canadian family to find. So those home owners, discouraged and defeated by the Liberal party's high interest rate policy, are retreating to the status of tenant.

A real estate agent friend of mine in Orillia has suggested that there may not be all that much comfort for them as tenants. When the present mortgage financing of 10 per cent and 11 per cent on rental housing expires, those mortgages will be refinanced at the Liberal rate of 18 per cent. The cost of rental housing is sure to rise in the near future. Many Canadians, unable to sell their homes, are simply walking away from them.

Last year, thousands of Canadians, enrolled in the first year of the AHOP program in 1975, abandoned their homes when the five-year mortgages came up for renewal. This year, the number will increase dramatically because of increased interest rates and the fact that 1976 was the biggest year for the AHOP program. We have suggested that the minister responsible for housing study this problem and beat it to the punch, and so help Canadians to keep their homes, but to no avail.

The minister responsible for housing reported that at a meeting of representatives of banks and trust companies, he was told that the number of foreclosures was down. We can only hope that the minister was wise to their game.

There are two methods by which mortgagees can act to enforce their security upon default: foreclosure and power of sale. Foreclosure is history. Power of sale is now the popular method in Ontario. Fifteen days after default, trigger-happy banks and trust companies are starting power of sale proceedings.

In 1980 CMHC lost $231 million on the sale of repossessed real estate. Despite the comments today of the minister responsible for housing, we are all shocked at the $10,000 per unit loss and the human tragedy that is involved in those repossessions.

Interest Rates

The chaos created by the Liberal party's high interest rate policy has swept away the traditional stability of five-year mortgages. Up until the mid-1960s, some life insurance companies were still lending out mortgage money with 25-year terms. The amortization rate and the term were equal. During the years 1965 to 1979, the five-year term became standard. Now mortgages are renewed for one and two years. There is even talk of a six-month term. Certainty for five years has been replaced with one and two-year uncertainty. Canadian home owners and the Canadian mortgage market have lost stability under the term of the Minister of Finance.

Despite the hardships faced by Canadian home owners, the only action taken by the minister responsible for housing is to continue to reiterate his refusal to act. That is not action. This House does not know the reasons for the minister's apparent lack of concern. It may be his conviction that a large percentage of Canadians do not prefer home ownership as a style of living. This is a conviction which is not shared by members of the Progressive Conservative party or the public. He may be hesitant to act because the minister of housing was the only one of 11 ministries in the social development envelope that had its budget slashed. It may be that the minister is simply embarrassed by having had to reverse previous statements on the community services contribution program, shelter allowances and rent controls.

In any event this House will know that the Progressive Conservative party introduced legislation which would have assisted Canadian home owners faced with today's horrendous mortgage interest rates. Our mortgage interest and tax credit legislation would have met almost one half of the increase in mortgage interest caused by the Liberal party's high interest rate policy. But the Liberal party and the NDP voted against mortgage interest relief for Canadian home owners.

I wish to move on to comment briefly upon the effect of the Liberal party's high interest rate policy on farmers. High interest rates are driving established farmers out of business, making it difficult for young farmers to get started, and will eventually result in higher food prices. Farmers borrow money for seed fertilizer, feed and farm equipment. The cost of borrowing that money and the cost of supplies purchased has escalated. As a result, a well-respected established farmer from Mara Township in my riding, recently told me that last year his expenses had doubled but his income was only a shade higher than the previous year.

How are younger farmers to survive? If farmers have higher expenses, they must, quite properly, increase the price of the food they produce. This increases the cost to consumers. I ask the Minister of Finance how that helps to fight inflation?

A farm implement dealer outside of Orillia recently suggested that if something is not done about the Liberal party's high interest rate policy, there will soon be no inventory left in the country. The average gross margin on all performance implement dealers in Canada was 6.9 per cent last year. That does not leave enough margin to carry inventory over until next year. Farmers cannot afford to buy the equipment and implement dealers cannot afford to carry it.

Is it not typical that, while the Minister of Industry, Trade and Commerce seeks to rescue Massey-Ferguson, the Minister of Finance makes it impossible for Canadian farmers to buy the product?

While the Minister of Finance ignores the problem, the Minister of Agriculture (Mr. Whelan) has not been idle. His contribution was to increase the interest rate on farm credit loans from 12.75 per cent to 14 per cent effective April 1, 1981. With friends like that, does the Canadian farmer need enemies?

The third group which is suffering from the Liberal party's high interest rate policy is small business. On Thursday of last week, I was contacted by a tourist operator in my riding with a familiar plea: Did I know of any relief for small business from today's high interest rates? She and her husband had purchased the business three or four years ago. They had worked hard together to build up their business and they were just beginning to see the results of their efforts. Unfortunately, their first mortgage was coming up for renewal in June. They had been paying 10 per cent, but now the mortgagee was demanding prime rate plus 1 per cent, or over 20 per cent. This would result in an increase of over 100 per cent in mortgage interest payments alone, and add over $30,000 to their outlay each year. She and her husband were at their wit's end. They would be forced to put their business up for sale or face losing their equity on a foreclosure.

That example is being repeated across Canada. The spirit of initiative, hard work and pride of ownership are being driven out at a time when those qualities should be protected and encouraged. Small businesses across Canada are being driven into bankruptcy through no fault of their own.

Canadian businesses have traditionally used bank financing on a permanent, semi-permanent or cyclical basis. The cost of borrowing money has been budgeted at reasonable interest rates and incorporated into fiscal planning. But now business is faced with the disastrous fiscal policy of this government which disrupts all planning.

Bureaucrats and Liberal politicians who have never had to meet a payroll are creating chaos. Business people who have worked hard, did not go to Hawaii, like the Minister of Finance, and cut every possible corner, now find their expenses escalating because of this government. Business will be forced to increase prices in order to survive. The Liberal party's high interest rate policy does not fight inflation; it fuels inflation and causes bankruptcy. The Governor of the Bank of Canada has stated that the Bank of Canada cannot fight inflation alone. Well, it is not doing so. It has provided absolutely no innovation and no policy.

Home owners, farmers and small businesses are fighting inflation and trying to cope with high interest rates. They are the army. As usual, the Liberal party has not even signed up for the draft. The battle is not being fought on the beaches of Jamaica and Hawaii where the Prime Minister (Mr. Trudeau) and the Minister of Finance, both well-known warriors, have spent most of their recess while the rest of us were in our ridings listening to the complaints of little people, Canadian people. We were not on those beaches; we were in our ridings. The battle is being fought in Canada by little people, not on the beaches of Jamaica and Hawaii.

● (1700)

The Minister of Finance has not been silent on the issue; he has been very forthright. In fact, after a lifetime of circumlocution, the Minister of Finance has looked inflation full in the eye and stated with finality:

I am not going to begin to advise individuals on how they ought to conduct their personal affairs. I think that would be presumptuous.

He is correct. Indeed it would be presumptuous for anyone earning $66,700 a year, tired from the rigours of a flight back from Hawaii, to advise us common folk on how to conduct our affairs.

What can the minister tell Canadians about the costs of raising a family, making mortgage payments, meeting a payroll and raising a crop? Nothing. It would be more than presumptuous; it would be downright ridiculous. The Minister of Finance makes the captain of the *Titanic* look inventive.

The other spectators at the battlefront are the Canadian chartered banks. With all the personnel, with all the economists, M.As and Ph.Ds at their disposal, they have failed the Canadian people in their hour of need. How keen are the banks to put out money on small business development bonds? Are they as keen as they were under the Small Businesses Loans Act? I hope not. Are they using switch and bait techniques to go to conventional loans? Why has the average spread between what the banks pay out on savings deposits, as opposed to the prime rate they charge, increased from 2 per cent in the first two months of 1980 to 3.82 per cent in the first two months of 1981? Who is watching over that on the other side? Why are commercial mortgages almost impossible to get? They do not even look favourably on renewals. Why has the word come down from head office to get appraisals on fixed assets involved in loans to businesses connected with farming? Why are they closing down branches in towns and small villages? Why have bank profits increased dramatically? When will we see some initiative and innovation from Canadian banks? Canada may not have had a bank failure since the Home Bank in the 1920s, but I suggest that Canadian banks are morally failing Canadians every day as they face this crisis.

Our current problems are the direct result of a government which lacks the moral fibre to tackle the problem, led by a leader whose main concern is writing a political epitaph. An uninterrupted string of deficits has caused the federal government to escalate its borrowing; 16.7 per cent of the federal budget expenditure is committed to repaying interest on the government's borrowing, to say nothing of principal. The Minister of Finance blithely predicted a deficit of $13.7 billion in October, based on an inflation rate of 10.2 per cent. Since that time, he has admitted in speeches that inflation is running at 13.9 per cent. If the Liberal government were prepared to make a commitment to living within its means, perhaps we would see an end to escalating deficits which would strengthen

the dollar. In addition, a commitment by the government would stimulate action by Canadian people.

At present we have anticipatory inflation in Canada; people anticipate that inflation will continue at rampant rates. They govern their wage demands and buying patterns accordingly. They escalate their wage demands because they know they will need more to buy food, clothing and shelter. They buy on credit because they know they will be paying with cheaper dollars. Another positive step the government could take would be to settle the national energy crisis as soon as possible. It would lead to increased production, guarantee security of supply and, eventually, a reduction in the deficit.

I would like to conclude my remarks by saying that Canada is experiencing difficult times as a result of the lack of action by the Liberal government to integrate legislative action with its high interest rate policy. Home owners, farmers and small businesses are fighting the battle against inflation with absolutely no help from the government. We call on the government to take action on behalf of Canadian people.

Some hon. Members: Hear, hear!

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, tomorrow we will have another opposition day, at which time we will look at interest rates as well as some broader factors such as inflation, the growth of the economy and the general government economic policy. Today I would like to restrict my comments to a fundamental analysis of the interest rate situation with which we find ourselves faced today in order to help others understand precisely the causes of that problem and the necessary steps which must be taken by the government. In fact, those steps are being taken.

My interest is not so much in an historic review of why we are where we are, but it is what must be done to resolve the problem with which we are faced. If interest rates are to be reduced, there must be a reduction in the rate of inflation. There are several contributing factors to today's high interest rates, and primary among those is the unacceptable high rate of inflation. As the Minister of Finance (Mr. MacEachen) indicated in his speech in Toronto on May 6, inflation in Canada is not only high but it is growing, that expectations are increasing, that we are seeing an alarmingly high rate of inflation which is rising in an alarming way.

Also he indicated in that speech that the inflation rate for the 12 months prior to October, 1980, was 10.9 per cent. For the five-month period since October, inflation has in fact increased at a rate of some 13.9 per cent. This is the fundamental underlying cause of the high interest rates with which we find ourselves faced. It must be reduced if we are ever to see interest rates at low levels once again.

The second fundamental factor involved in this high interest rate condition is the transition through which we are going toward a more appropriate monetary policy for a lower inflation rate in the future. The transition is a combination of a reduction in the growth rate in the money supply, which is being most appropriately followed by the Governor of the Bank of Canada and on the other side, the rising inflationary expectations on the part of the public. The effect of those two factors is that we are finding a reduction in the real lending funds as a result of the reduced growth rate in the money supply. Now we have target ranges from 4 per cent to 8 per cent, coupled with an increase in demand for credit on the other side. With a reducing supply in real terms, and an increase in demand, there are upward pressures on the real rates of interest which are found in the marketplace. As the minister and others indicated earlier, our targets for the increase in money supply in 1981 are 4 per cent to 8 per cent, while demand for credit in April alone increased by 20 per cent.

The third factor which contributes to the present interest rate condition is the external interest rate pressures being imposed on Canada and other nations of the world from the United States. It is a contributing factor; I do not think it is the fundamental factor. The fundamental factor is inflation. Another major factor is the transition toward lower growth rates in the money supply in our anti-inflation policy, and the third factor is the interest rate pressures from the United States. All things being equal, certainly rising rates in the United States will lead to an outflow of funds from Canada to the United States for people to take advantage of the available higher rates of return on money. Short-term money can move across boundaries very easily. In fact, it does move across boundaries very easily. As the minister pointed out, and as the governor of the bank has pointed out, we can take this pressure which we face from short-term capital flowing in and out of the country either through a reduction in the value of our currency as money flows out, causing an imbalance in our current account, or by allowing our interest rates to rise. The governor of the bank and the Minister of Finance have, in my mind, appropriately chosen to take some of the pressure on the dollar and some of the pressure on rising interest rates.

• (1710)

Let me reiterate the third factor, namely, the U.S. interest rate factor. It is but one of the factors contributing to the high interest rates we now face, but it is certainly an important one. It is important to understand that the government and the minister are firmly and unequivocally committed to reducing the rate of inflation in this country. This can be seen if one reads the speech given by the minister last May 6 to the Conference Board of Canada in Toronto. To me this is a fundamentally important policy decision which the government has taken. It is one the government has had to take. It is one that all members of this House and all members of society should support. The reason I believe that this policy is so fundamentally important to the country is not only that inflation has certain obvious ramifications for our society which we all see, but, from a longer term perspective, there are much more deep-rooted, fundamental problems which arise in a society in which chronic inflation is increasing over time. We can see the obvious damage being done to farmers, small businessmen and consumers in the form of general consumer credit. Obviously, these are the damaging effects of inflation.

These problems are the fundamental reason why the government must undertake, and has undertaken, an effective anti-inflation policy, and why that policy must be adhered to, and why we must not back down in the face of adversity. More important, these problems have an effect on the moral fibre of the nation and on the very nature of democracy itself. I firmly believe that. Other scholars who have looked at the historical effects of inflation have come to the conclusion that inflation is a socially debilitating disease which, once it becomes entrenched and if it is not attacked by the powers which can reduce it, causes society to come apart at the seams. I think hon. members will agree with that. The hon. member for Simcoe North (Mr. Lewis) referred to this concept in his speech.

It is useful to look at the 1950s and 1960s versus the 1970s, when inflation began to get out of control. If we compare what our society was like in the 1950s and 1960s, when we had low rates of inflation, with what it was in the 1970s, and then compare those figures with those in any number of nations—I think of Latin America where there are high rates of inflation and the Weimar Republic in Germany in the 1920s—we find that low inflation societies tend to have high degrees of individual freedom. There tends to be social mobility in those societies. There tends to be a belief in opportunity through hard work, ambition and all of the values on which Canadian society has been built. In those societies people believe in the system; they have confidence in the future. If we look at a high inflation society, we find that the values of honesty, industry and saving tend to lose their virtue. We find there is no perceived assurance that the future can or will be better than it is today.

I think we are beginning to see that kind of attitude emerging in Canada today. It is an attitude which worries me greatly. When we talk to our constituents, we find among them the attitude that the future will not be as good as it is today, or at least it will not be any better. That is a cause for worry in our society. People ask themselves why they should save when the value of their savings made today will be less than what they put down in real terms. People ask themselves why they should invest when the future is increasingly uncertain. If it has one debilitating effect on society and our economic system, inflation increases uncertainty dramatically. We find people beginning to put their money in other stores of value, such as gold or real estate, and not into productive investment which leads to an increase in the wealth of society. We find there is a growing demand for government to intervene, to protect and provide that assurance which the system no longer seems to be able to provide on its own. That assurance is being taken away as a result of inflation.

Let me say in summing it up that you find people undertake a live-for-today policy. They say, "Why worry about tomorrow when tomorrow will not be as good as today? Let us live for today, let us spend today, let us not save or invest, let us not try to make things better for future generations, since future generations will have to face a much worse world than what we face." When that kind of philosophy takes hold in the system, the democratic way of life cannot long stand and tolerate it.

That is why it is critically important for the government to move forward expeditiously and effectively in an anti-inflation program. In the transition period we will all have to adjust. The government will have to adjust as well as the individual. I will show tomorrow that the government is making that adjustment and that it is committed to making it. I will show tomorrow, when we talk about the budget and its fundamental factors, what the thrust of the budget is.

These are the reasons why the government is solidly committed to anti-inflation measures. In the minister's speech to the Conference Board in Toronto, he said:

> The Government of Canada will allow nothing to take precedence over its commitment and efforts to reduce inflation over the medium term.

The minister could not have put it in more firm or unequivocal terms.

I would like to relate these comments on inflation back to the topic which is before us today in the opposition motion which specifically deals with interest rates. I wish to consider the relationship between inflation and interest rates. There is mass confusion going on in our society these days, as well as in this House from certain members, that interest rates cause inflation and therefore we must do everything possible to reduce them. Nothing could be further from the truth. Interest rates do not cause inflation; inflation causes interest rates. We must undertake fundamental policies which attack the root causes of high interest rates. The root causes are high rates of inflation. Interest rates are a function of inflation, just as a fever is a function of an illness, and not the other way around. Inflation is everywhere, it is a monetary phenomenon. I think the Governor of the Bank of Canada and the Minister of Finance realize this clearly. That is why the governor has undertaken the policy of reducing the growth rate in the money supply over time. Some hon. members may ask why the governor undertook this policy on a gradual basis, and I will refer to that in a couple of minutes.

The cause of inflation is excessively rapid increases in the money supply relative to growth in real output, or GNP. That is the fundamental cause of inflation. That is what must be attacked if we are to be successful.

• (1720)

The ramifications of such policies will lead to transition effects, one of which will be higher interest rates. The Bank of Canada is committed not to accommodating increases in the money supply or to use increases in the money supply to accommodate increases in relative prices; relative prices of energy, for example, or relative prices of other basic commodities. There has to be adjustment, there has to be substitution, and there has to be conservation in response to higher relative prices of goods and services, even though they are very fundamental.

The reason the governor and the government have undertaken a policy of gradualism on the monetary side and gradualism on the energy side is that the kinds of adjustments and

transitions which must take place in our society in response to rising relative prices of food and energy are difficult. They require capital investment by individuals. They take time to accomplish. If the government did not undertake a policy of transition to allow the individuals in our society the time to make those adjustments, then the disastrous effects would be great. The government has undertaken a policy of gradualism to allow that period of transition and for individuals to make those adjustments as painlessly as possible. That is why we follow a policy of gradualism. So with this as background on the current interest rate situation, as I have indicated, we have an inflation rate which has grown over the last five months. Right now it is a rate of 13.9 per cent.

Mr. Munro (Esquimalt-Saanich): I thought you were committed to bringing it down.

Mr. Evans: We have expectations in our society. There is growing pressure on our credit markets and an increased demand for loans.

Mr. Munro (Esquimalt-Saanich): Gradually higher and higher.

Mr. Evans: It is an example, and it is a symptom of growing inflationary expectations. That is why it is so critically important that the credibility of the government's program be clearly seen by the people, because those inflationary expectations have to be broken. The people have to realize that there is an anti-inflation program that is going to be effective, that the inflation rate is going to come down, and that interest rates will be brought down in its wake.

Mr. Munro (Esquimalt-Saanich): There is an economist for you!

Mr. Evans: If we look at just the inflation factor at 13.9 per cent, that implies that to get a zero real rate of return, savers, those people who are saving for retirement or a home or for some future consumption purpose, will have to get an interest rate of at least 14 per cent just to break even. No one in our society should expect savers to subsidize borrowers, to take less than 14 per cent if that is the expected inflation rate. No one should expect our savers to take less than the real rate of return. As a result, we have to expect that they will demand higher than 14 per cent on their money.

How much higher? If we look at the situation back in the fifties when the effective rate of inflation was sometimes very close to zero, and ask ourselves what the mortgage rate was when inflation was next to zero—the mortgage rates then ran between 4 per cent and 5 per cent—and if we look at the current rate of inflation and add to that the mortgage rate, which was the rate when there was no inflation, of 4 per cent to 5 per cent, we find mortgage rates of 18 per cent to 19 per cent.

That is unacceptable. It is unacceptable to all of us. But the fact of the matter is that when we couple the inflation reality with the transition effects which I mentioned earlier and, at the same time, the U.S. situation, we find that those factors are putting rates where they are now. Fundamentally, the only way we will see rates come down is to solve the inflation problem. If the inflation problem is basically monetary, it means that we must bring down the growth rate in our money supply to bring inflation under control. The transition period will require interest rates which are higher than we would expect, higher than normal, and higher than we would like to see.

However, I will tell Your Honour—and I firmly believe this to be the fact—that if we renege now on the policy of anti-inflation, if we renege now on the Bank of Canada policy, if we increase the money supply, in the—

Mr. Munro (Esquimalt-Saanich): No one suggests you do that.

Mr. Evans: —unfounded effort or belief that by expanding the money supply interest rates will come down, we will feel inflation, and we will have a worse situation six months down the road. We will truly have an inflationary situation in this country which is out of control and we will be facing interest rates which will make today's rates look low by comparison.

The government has a policy. That policy will be effective. I encourage and urge the government to stick to that policy and to see that in the future Canadians face lower inflation and much lower interest rates.

Hon. John Wise (Elgin): Mr. Speaker, I certainly welcome this occasion to join in the debate today on behalf of the motion put forward by my colleague the hon. member for St. John's West (Mr. Crosbie). In doing so, I would doubt very much that we have ever faced a more serious situation over the past number of years than we have here today with reference to the government's inability to deal effectively with the economy. We have record deficits, we have record inflation rates, and we have crippling interest rate levels.

Certainly we have had our share of problems over the years in all sectors of our economy. I suppose most people would agree that the agricultural industry has been no exception. In fact, that industry has probably received a greater share of problems in comparison with other sectors of the economy. I am sure that all would agree that we will continue to have these problems in certain commodity areas and in various provinces and regions of the country in the future.

In all seriousness, I can think of no other single problem that is so damaging and so devastating to all of the food producers of Canada, regardless of their location or lines of production, than the present interest rate level. One can think of the fruit producer in British Columbia; one can think of the problems experienced by the grain and livestock producers of western Canada in the prairies; one can think of the problems associated with high interest rate levels as they relate to the dairy farmers in the provinces of Ontario and Quebec; or one can consider the serious problems which face the diversified agricultural industry in Altantic Canada.

However, it is not my purpose today, nor is it really my nature, to promote more anxiety and to promote more fear or

perhaps more anger than already exists in this country today as it relates to this government's deliberate high interest rate policy and the continuing high interest rate level which flows as a direct result. Rather, I want to give a few examples of how this serious problem affects the industry and some suggestions to at least provide some relief.

We have to acknowledge the fact that in 1980 Canadian farmers paid $1.5 billion on interest rate charges alone. Agriculture Canada, which is, speaking from my experience, a pretty good source of information, estimated that in 1981 the Canadian farmers will pay at least $2 billion on interest rate charges alone. A bank interest rate of 18.71 per cent and a prime rate of almost 20 per cent are crippling and are absolutely unacceptable levels. They have caused a crisis situation in the agricultural community.

The deliberate high interest policies of the federal government have forced many farmers into bankruptcy or near bankruptcy. For example, on last Monday evening, the CBC news profiled the Gershbakker Brothers of Saskatchewan. They had a $2 million livestock operation, yet they are barely able to scrape together enough cash to meet day to day expenses. Why? One of the basic reasons is the fact that their interest rate charges alone amount to some $43,000.

Again, in the April 15 edition of *The Globe and Mail* there is an account of a 24-year-old farmer from the province of Ontario, Glen Smith, being interviewed. He said, "Last month the bank gave me one day's notice to pay off $170,000. When I couldn't raise the money, they sent in the trucks, took away the livestock, and they left me with nothing. The farm is frozen today, and I can't even plant a crop this season."

Another Ontario farmer, Don Morrison, was quoted as saying, "I am selling to a businessman in Australia and then I am going to rent the farm back. I don't like it but I have no choice. With inflation and interest rates the way they are—I paid some $30,000 in interest rates last year—selling my land and renting it back is the only way I can keep on farming and possibly make a profit."

Cold statistics add substance to these personal stories. In Ontario, farm bankruptcies increased by 91 per cent last year, compared to an 18 per cent increase for other businesses. The Ontario Federation of Agriculture has estimated the number of bank foreclosures or the number of farmers who have sold out because they were losing money. These numbers are at least ten time higher than the number of bankruptcies in the province.

● (1730)

Other telling facts have been provided by the Farm Credit Corporation. As of March 31, 1981, the number of Farm Credit Corporation accounts or farm operations in arrears ranges from an incredible 33.3 per cent in Newfoundland to 6 per cent in Saskatchewan and British Columbia. In Manitoba there were some 409 farm operations in arrears in 1980, while in 1981, this figure increased by almost 200 to a total of 606 farm operations in arrears, on their loans from the Farm Credit Corporation. In Ontario farm operations in arrears increased by 161, while in the province of Quebec the increase was 108.

These are very disturbing statistics, especially when one considers that there has already been a dramatic decrease in the number of farmers in Canada over the past four decades. In 1941, for example, there were 3.2 million farmers comprising 27.4 per cent of the total Canadian population. In 1976, there were only one million farmers, comprising 4.6 per cent of Canada's population. Of course, with this trend continuing, these figures would be much lower today.

I fear that the government's high interest rate policies will hasten this decline because the young farmers, the future of Canadian agriculture, are the ones who are suffering the most from these policies. If Canada loses its young farmers, it also loses its security of a stable and constant food supply in the future. This affects each and every one of us as Canadians, as well as people beyond our borders.

Canadian agriculture needs the help of the federal government in meeting this interest rate crisis. I have developed a ten-point plan of action to help the farm sector, and we on this side urge the government to give this plan very serious consideration.

First, the government should grant the Farm Credit Corporation immediately an additional $150 million. The Ontario Federation of Agriculture and the Canadian Federation of Agriculture have recommended that this be done. It should be noted that we faced the same problem when we were in government in 1979. Nevertheless, we were able to find an additional $50 million to keep the corporation going.

Second, the Minister of Agriculture (Mr. Whelan) should reconsider his attitude toward farm credit interest rates. One of his first actions upon being restored as Minister of Agriculture in March, 1980, was to increase the interest rate to 13 per cent. He set an all-time record. He was not satisfied with that, and on April 1, 1980, he again raised the rates to an all-time high in the 51 or 52-year history of the Farm Credit Corporation to 14 per cent. By choosing April Fool's Day for his announcement, the minister is only fooling himself if he believes that this record high interest rate will benefit Canadian agriculture.

I mentioned earlier that farm bankruptcies, foreclosures, forced sales and debt arrears have been increasing daily across Canada. The new farm credit interest rate will not help that situation. It will also discourage many young people from going into farming as a career, and it will discourage many established farmers from expanding their existing operations.

Third, the minister should introduce the necessary legislation which would allow the corporation to borrow supplementary funds from the private marketplace. This legislation has been promised for the past three years. Had it been in place three years ago, many farmers might not be suffering to the same degree that they are now.

Fourth, the provisions of the small business development bond ought to be extended to unincorporated farmers. The bond, first made public in the Crosbie budget, offered low

interest rates to small businessmen and to incorporated farmers who wished to expand their operations. Extending its provisions would help to reduce the level of demand on the Farm Credit Corporation, because 60 per cent of farm credit loans go toward farm expansion. Since most tax relief measures apply equally to incorporated and unincorporated farmers, the provisions of the small business development bond should be extended to unincorporated farmers.

Fifth, the federal stabilization program should be improved. At present, the stabilization payments come too late to be of maximum benefit to affect farmers. In many cases farmers, who are eligible for stabilization payments, have to borrow short-term money now at rates of 21 per cent or 22 per cent in order to pay for replacement of livestock, feed, seed, fertilizer and other day to day input costs.

The 1979-1980 hog stabilization program is an excellent example of the need for improvement. Some stabilization payments did not reach the hog producers until six months after the date on which they had applied. This has been especially unfortunate because hog producers have been one of the commodity groups hardest hit by the combination of high interest rates and low prices. Beef producers have suffered severely by finding themselves caught in the same bind.

Sixth, the minister should adopt the recommendation of the Ontario Federation of Agriculture which calls for the establishment of an independent review agency to look at each case before the banks could foreclose on a farm operation. This proposal should be extended to include all lending institutions, perhaps even to include the Farm Credit Corporation, although I must say their policy does contain far more compassion, reason and understanding than do those of most traditional lending agencies in this country.

Seventh, the Minister of Agriculture should, together with his provincial colleagues and representatives of the agricultural industry across Canada, develop—not simply get together and have a meeting and discuss the situation which occurred in Ottawa yesterday—a common approach for assisting the farm community in surviving the high interest rate problem. Because of the lack of action on the part of the federal government in solving or alleviating the interest rate crisis, they have no choice but to turn to their provincial governments.

In Ontario, for example, the OFA has called upon the provincial government to set up an interest rate assistance plan covering loans from both banks and farm suppliers to a maximum of $150,000. The plan would be based on a graduated scale. Farmers who owned less than half of their farm would receive 100 per cent of everything that the bank charged over a 12 per cent interest rate. Farmers with 90 per cent to 100 per cent equity would be subsidized at the rate of 20 per cent on everything charged over 12 per cent. Payments would be made quarterly.

My concern about such proposals is that there could be ten different assistance programs across Canada and the result could be highly discriminatory. Therefore, we urge the minister to take a leadership role, together with his provincial colleagues, and develop a national plan of action.

Our eighth point is one of encouraging the Canadian lending institutions to be more responsive to the borrowing needs of farmers. I have noted that the Minister of Agriculture has raised this point with the Canadian chartered banks, and I want to congratulate him for his initiative. I hope he will continue to work in concert, not only with the banks but with all institutions involved in farm financing in order that a loan system can be structured to meet the long-term needs of Canadian agriculture.

The federal cabinet has to be made aware that action with respect to this problem is needed and it is needed now. I am distressed by the attitude of the Minister of Agriculture that the solution to high interest rates lies solely with the banks. In an April 18 interview on CBC Radio, the minister said:

● (1740)

That's why I'm suggesting that I think the banking institutions have a public responsibility to make sure that that production entity for the total good of society stays alive.

I believe the minister is putting the cart before the horse. I always thought it was the banks which responded to government policy direction, not the other way around. Therefore I do not think the Minister of Agriculture can wash his hands of the problem by saying that it is a banking problem, not a government policy problem.

The Minister of Agriculture should be able to have some influence in shaping government policy in relation to interest rates because he is a long-time member of cabinet. He should be able to persuade his cabinet colleagues to bring forward the positive measures which farm groups have proposed and we have proposed in today's debate. However, we recognize the minister's problem: he has no clout in cabinet.

The minister should not hide his head in the sand and complain that the interest rate problem is a banking problem and that its solution lies with the banks absorbing any losses on farm loans. The banks have a role in solving the problem, but high interest rates are a deliberate federal government policy decision. As such, the federal government must take a major responsibility in alleviating the financial hardships which unfairly strike certain sectors of the economy.

As the voice in cabinet for Canadian agriculture, the Minister of Agriculture must recognize that young farmers and some commodity groups like hogs and beef producers are suffering extreme financial hardships because of high interest rates. They deserve help, and they need help now.

In closing, and it brings me to my final point, I again remind this government, and particularly the Minister of Agriculture, that his failure to deal with this problem is not a recent one. Rather, the minister will recall making a commitment to do something at least to help Canadian farmers. He made that commitment here in Ottawa to 1,000 farmers. I was there. That commitment was not made yesterday, a week ago or a month ago, but rather in Ottawa in January, 1980, 16 months ago.

The fact is that interest rates since that time have increased by 50 per cent and the minister has produced absolutely nothing. The agricultural industry is of vital importance to our Canadian economy. One in every four, 25 per cent of Canadians are employed either directly or indirectly in the agricultural and food industry. Agriculture is everyone's bread and butter.

If the Minister of Agriculture continues to simply talk, talk which borders on political mischief, and delivers nothing, if the minister refuses to recognize that high interest rates are a deliberate government policy, if he continues to refuse to accept his responsibility for resolving this problem, then he should do the honourable thing and resign. What the Canadian agricultural industry requires now, more than any time in our history, is not simply a loud voice, but rather some real action.

[*Translation*]

Mr. Pierre Gimaïel (Lac-Saint-Jean): Mr. Speaker, once again it is a great pleasure and an honour for me to take the floor today in the House to debate a subject which affects us all to various degrees; I refer to the interest rates or the prime rate of the Bank of Canada as defined in this country.

The House is now studying a motion introduced by the hon. member for St. John's West (Mr. Crosbie) who, in a few words, condemns the minister because, it would seem, he shows apathy, fails to hold discussions and shirks his responsibilities. In my opinion it is altogether dishonest to convey such an image to the people. Being a former finance minister the hon. member for St. John's West ought to know that the role of a finance minister is not limited to reviewing the over-all economic situation of a country. He has to know what is happening in every home in every country of the world as a starting point to establishing a general strategy based on several months or several years of observation with a view to solving the major economic problems.

Of course, as the member for the riding of Lac-Saint-Jean, I hail from a region where interest rates are particularly high, since it is one of the most severely affected areas in the province of Quebec. When a small businessman has to pay high interest rates on his bank credit margin and when a company is forced to borrow at such rates, it does affect job creation to a certain extent. But worse still it is again the sales market which by far has to come to grips with the direct consequences of all those problems. In addition, a segment of the population must, of course, pay the costs of high interest rates. The home owner who is facing a mortgage renewal has to expect to pay higher rates than he is doing now. Given current conditions it seems to me there is no way out, that is part of the drawback of having to borrow to make a purchase. Someone who borrows but has the money to buy does not suffer this hardship, but the one who has to borrow to purchase something is at the mercy of the person who makes the money available to him as required.

What I am getting at, Mr. Speaker, is that there are some things which the members opposite seem to have forgotten. Those things are, in my view, of utmost importance, as they are the very basis of our society. It is true that we are faced today with sky-high interest rates. I agree. But there is a much greater problem that has been facing us for years and is still facing us, that is unemployment. There are numerous jobless in this country, especially among the young.

That is the point I wanted to make. Coming from a region where unemployment is almost at 20 per cent, I know that 60 per cent of our unemployed are young people just out of school, just out of university, or who did not have the opportunity to pursue their studies very far, and they have to cope with this problem.

On the positive side of the Minister of Finance's record for the last year and a half, it must be recognized that for the first time in five years the unemployment rate has dropped significantly, that is 0.7 per cent in one year. Those are tangible results. I think that the unemployment problem is a much more serious one than the temporary one of high interest rates. Let me briefly explain why: the young person who is unemployed or on welfare is unable to borrow, whether the interest rate is 10 per cent or 18 per cent. It is simply impossible for him or her to borrow money because, as we all know, to borrow money you must have money or at least some assets. I am not at all surprised to hear my colleagues opposite say that those who have assets or money cannot borrow at such rates. I agree. But for some workers, it is even more difficult. Someone who has been living in a house for ten years and must now renew his mortgage will have to pay a bit more for a little while, probably for one year, and at worst let us say for two years. However, the fact is that most Canadian workers are able to face this problem and tighten their belts a bit.

And I am asking them to do so, not in a masochistic context but because it is the only solution now available to fight inflation which affects the poor, those who must buy coffee or oil or oranges or any one of a vast number of other imported products every day. The worst thing that we could do to them would be to devaluate the dollar. The former minister of finance is well aware that when the interest rates are lower in Canada than in the United States, the value of the Canadian dollar drops, and this means that the people without much money, such as the unemployed, and those on welfare, will have to spend even more for food, for heat, for clothing, for all the basic necessities of life.

It is true that our government has made a choice. And it says here that the Minister of Finance has permitted interest rates to rise. It is true! By doing so, what has the government done? It has taken its responsibilities. Why did it do so? First of all, to stop inflation which affects the most needy, the poorest in our society.

Second, it is true that we are harming to a certain extent one sector of the population, the average income earners, since they will have to tighten their belts for a limited time.

It still remains that as members of Parliament in this country, as a group of citizens, we have to take our responsibilities toward the young people who have been coming out of our schools for a number of years and facing what? Very strong unions who have provided job security for certain employees who are now 55 years old on average. There are very few jobs for young people because they lack experience. Because we wanted to protect the worker, we have created a blind alley which deprives our young people of the same opportunities as their predecessors. We have to realize that these young people are living in a world where ownership is important. In Canada, nearly everyone owns a piece of land, a house, or at least a car, and maybe also a cottage, a snowmobile, a fur coat—I could go on with this list for hours. Very few countries in the world have given this opportunity to their citizens.

We are now saying to one sector of our society: You will have to tighten your belt somewhat because we have to provide for our young people, for the next generation. If we are to prevent those people from being frustrated, it must be recognized now that somewhat higher interest rates will have to be paid so that in their turn things will be somewhat less expensive, because often all they can afford is oranges and coffee. This is about all they get from our society, with some occasional help from their parents in order to make ends meet or to buy some durable good that others can afford regularly. That must be understood.

What must be overcome over the next few years is that kind of unemployment, unless we want to find ourselves in a few years with a class of frustrated people, with two different generations, one living in very small rental apartments, looking at the other class in large homes. If that is what we are looking for in this country, let us keep in mind right now that tomorrow's young people will point their fingers at us and say: The billions you thought you were putting aside for your pension plans, we feel we are entitled to use them now. Because I have a social conscience, I must state that for some time I, as a consumer, will buy somewhat less because of high interest rates. I do not believe people live in misery, because there was a time not so long ago, where interest rates were at reasonable levels, let us say 9 per cent or 10 per cent. Did that help our unemployed buy homes? Did that help people without income to live in luxury? Did it make it easier for them to borrow from the banks? No! They never had any chance with the banks. Because what they need is guaranteed survival, work, an income they can depend on year after year. And this will certainly not be achieved by blaming it on American interest rates.

If Western Germany, considered one of the strongest countries in the Western World, cannot stop inflation nor withstand the pressure of American rates on the German mark, how could we here succeed when so much of our goods come from the United States? Do we want to see billions of Canadian dollars fleeing south to the United States overnight? Is that our goal, the fall of our dollar? If that is the goal, let us follow the suggestion made by the former minister of finance. We could then say we had no choice, we had to assist home owners with their payments. Admittedly they are a burden. But, as a society, should we not at some point take the time to turn and look back at those who follow us? Should we not at some point tell our children: We will try to give you the same opportunities your fathers had. Our fathers could not borrow easily just anywhere. They did not build themselves empires, grand mansions. Nor did they have huge cars. They did not own all the material goods we have. Who benefited from their efforts? Who benefited from the wages they earned? Who benefited from the sacrifices they made unless we did? Who had jobs when they left school if not ourselves? And that is the important point, Mr. Speaker. The future of a country is not built on the present but on what lies ahead, the future. The present is only what we are living. It is the time for action, granted. But those who will build the Canada of tomorrow are those we are preparing mentally. Granted, I am willing to say that in years past the government made efforts to at least help the young to keep their self-respect. We gave them—and some blamed us for doing so—we gave them, as I was saying, $130 a week in unemployment insurance to enable them to at least treat themselves to a beer and a laugh once in a while, and to buy food. That was important, because when one cannot pay for one's food, one loses all self-respect, one feels hurt. It is true also that we have created temporary jobs. I remember quite well when the Clark government decided to get rid of the Canada Works program and other job-creation projects. For what purpose? Supposedly to set up stronger economic structures. But why was it established if not for those young people who with the $100 paid to them every week—which is much less than the average wage paid in Canada—could at least manage to salvage part of their self-respect? It had to be done and it was done, but this scheme could not be expected to last for years. As the government, we are beginning to talk about economic restructuring. We are starting to look ahead to the future with computerized industries, advanced technology, the development of our own energy resources and the full utilization of our millions of square kilometres of territory for the benefit of 26 million Canadians. But in order to reach this goal we need a few months or perhaps a year of small sacrifices on the part of a population which for 20 years at least, more so than any other people in the world, has enjoyed consumer goods and facilities to raise their children and live in this country.

The present generation must be ready today to pay at least a fraction of what our fathers paid to help young people get out of the hole which has been dug for them by union rights given to workers, which was legitimate, by industries that failed to

modernize their facilities fast enough because large dividends were paid to shareholders who could be anybody. Finally, for all sorts of reasons, that is quite normal, Mr. Speaker.

This is why I cannot agree with the hon. member for St. John's West when he says that the minister has not met his responsibilities as Minister of Finance. It is quite the contrary. Just as past ministers of finance, the present Minister of Finance, under the leadership of the Right Hon. Prime Minister (Mr. Trudeau), has worked along similar lines to build the future of this country. When the time came to support our young people the Liberal finance ministers introduced legislation to do so. Today we say: Let us follow the American policy of high interest rates, let us pay the price for a while, but let us reduce the unemployment rate, make more jobs available to our young people, give them more job opportunities and especially let us control inflation which always hits the underprivileged harder so that the country will not become a living hell for the poor while the rich people continue to spend. In short, this is what I had to say, Mr. Speaker, and indeed I ask my constituents in Lac-Saint-Jean to do what I am prepared to do myself, that is, to accept for a limited time higher interest rates. I ask them to do so for the sake of those who built our country and who are now retired and often have but the bare minimum to live on, for the sake of those who have left us when their job was done and finally for the sake of our children who will carry on. It would be totally stupid today to continue to concentrate everything on our generation when so much wealth, lands and so many assets are available to all our people. The essential thing is to share with those who will succeed us as our fathers have shared with us.

[*English*]

Mr. Deputy Speaker: Order, please. It being six o'clock, it is my duty to inform the House that, pursuant to Standing Order 58(11), proceedings on the motion have expired.

[*Translation*]

This House stands adjourned until tomorrow at two o'clock p.m. pursuant to Standing Order 2(1).

At six o'clock, the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, May 14, 1981

The House met at 2 p.m.

• (1405)

[*Translation*]

NEW MEMBER

Madam Speaker: Order, please. I have the honour to inform the House that the Clerk of the House has received from the chief electoral officer a certificate of the election and return of Gaston Gourde, Esquire, member for the electoral district of Lévis.

* * *

NEW MEMBER INTRODUCED

Gaston Gourde, Esquire, member for the electoral district of Lévis, introduced by Right Hon. P. E. Trudeau and Hon. J. Gilles Lamontagne.

ROUTINE PROCEEDINGS

[*English*]

SMALL BUSINESS

CALL FOR ACTION ON INTEREST RATES—MOTION UNDER S.O. 43

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, the day before yesterday I brought a motion before this House regarding the injurious effects of high interest rates on the canning industry in Prince Edward County. These same rates have now forced a major Ontario apple packer into receivership and are affecting apple growers in this same county. Perhaps this double blow will bring the government to the realization that the primary resource of Canada, food, is in jeopardy.

I again move, seconded by the hon. member for Northumberland (Mr. Hees):

That the Minister of Finance immediately institute reasonable interest rates for small business, particularly those involved in agriculture.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

THE ECONOMY

SUGGESTED MEETING OF FIRST MINISTERS—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, in view of the fact the government has now frittered away an entire year of its mandate picking political fights with the provinces and with millions of Canadians over constitutional and energy matters, while allowing the economy of Canada to deteriorate to its worst state since the great depression, I move, under the provisions of Standing Order 43, and seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That the federal government agree to stop—to stop here and now—its antagonistic, unilateral attack on the constitutional rights of the provinces so that an emergency meeting of first ministers might be held immediately to work in a harmonious spirit seeking co-operative solutions to Canada's grave economic dilemma.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HAZARDOUS SUBSTANCES

USE OF FUNGICIDE CAPTAN—MOTION UNDER S.O. 43

Mr. Simon de Jong (Regina East): Madam Speaker, I rise today under the provisions of Standing Order 43 on a matter of urgent and pressing necessity.

Considering that Canadian health officials have known since 1978 of the health hazards, including cancer, miscarriages and birth defects, related to exposure to the fungicide Captan, and considering that Agriculture Canada has ignored the recommendation made by Health and Welfare Canada to ban or severely restrict the use of Captan, I move, seconded by the hon. member for Winnipeg-Birds Hill (Mr. Blaikie):

That this House instruct the Department of Agriculture to issue immediately a strong warning to persons potentially at risk of exposure to Captan, and that this House immediately initiate a full parliamentary inquiry into the use of pesticides in Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

UREA FORMALDEHYDE—SUPPORT FOR HOME OWNERS' ASSOCIATION—MOTION UNDER S.O. 43

Mr. Doug Lewis (Simcoe North): Madam Speaker, I rise under the provisions of Standing Order 43.

Home owners with urea formaldehyde foam insulation in their homes are organizing themselves and holding public meetings because of their concern for their health. Last evening over 400 home owners concerned about this product met in Toronto. The federal government has a responsibility for the health and safety of all Canadians.

I move, therefore, seconded by the hon. member for Cambridge (Mr. Speyer):

That this House instruct the Minister of Health and Welfare, the Minister of Supply and Services, the Minister of Consumer and Corporate Affairs and CMHC to work with the recently formed "Homes With Urea Formaldehyde Foam Insulation Association" in the interests of the health and safety of all Canadians.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1410)

FISHERIES

WEST COAST SALMON FISHING RESTRICTIONS—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, in view of the fact that talks have broken down between Canada and the United States on the Pacific coast fishing agreement, I move, seconded by the hon. member for Fraser Valley West (Mr. Wenman):

That the Minister of Fisheries and Oceans inform the United States officials that he is prepared to take action similar to that which he took a year ago on the east coast, that is, to inform fishermen that they can fish without restrictions for Canadian salmon destined to pass through American waters and back to Canadian waters, since it is more proper for Canadians to overfish Canadian stock than it is for Americans to overfish Canadian stock.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

NORTHERN IRELAND—MEDIATION BY UNITED NATIONS SECRETARY GENERAL—MOTION UNDER S.O. 43

Mr. Maurice Harquail (Restigouche): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the acts of terrorism and the number of lives which have been lost in Northern Ireland—over 500 in recent years—and in view of the fact that the situation in Northern Ireland continues unresolved and, indeed, becomes more critical daily, I move, seconded by the hon. member for Welland (Mr. Parent):

That the House request the Secretary General of the United Nations to take appropriate steps immediately to endeavour to mediate a peace settlement in Northern Ireland with the Prime Minister of Great Britain and the government of Northern Ireland.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NORTH-SOUTH RELATIONS

REGULATIONS GOVERNING AID PROJECTS—MOTION UNDER S.O. 43

Mr. Bob Ogle (Saskatoon East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. On April 21 before the Standing Committee on External Affairs and National Defence the Secretary of State for External Affairs (Mr. MacGuigan) stated that tied aid is a "minor league issue" and "a red herring", disregarding in the process mounds of evidence from independent researchers, the advice of Liberal foreign policy experts, Maurice Strong and Ivan Head, and the government's own 1975-1980 international development strategy. I move, seconded by the hon. member for Dauphin (Mr. Lewycky):

That this House direct the Government of Canada to adopt immediately the unanimous all-party recommendation of the parliamentary task force on North-South relations "that decisions concerning the procurement of goods and services required for aid projects should be made by the Canadian International Development Agency consistent with development assistance objectives. While a significant portion should be procured in Canada, CIDA should be freed from any fixed percentage rule".

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*Translation*]

POST OFFICE

PROPOSED COMMEMORATIVE STAMP TO HONOUR ST. ALBERT, EDMONTON, ALTA.—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, under the provisions of Standing Order 43 I seek the unanimous consent of the House to debate an urgent and important matter.

One hundred and twenty years ago one of the first missionaries of western Canada, Father Lacombe, founded the St. Albert mission in Alberta. That mission has contributed enormously to western Canada's growth over the years. Today St. Albert is a small city in the suburbs of Edmonton. The very identity of St. Albert is now being threatened by proposed annexation to the city of Edmonton. With a view to preserving a part of the historic character of St. Albert, I move, seconded by the hon. member for Pembina (Mr. Elzinga):

That the government issue a commemorative stamp in honour of St. Albert and its founder, Father Lacombe, to highlight the one hundredth and twentieth anniversary of that town, and that the site where the mission was founded, which is now a provincial historic site, be declared a national monument.

Madam Speaker: The presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

THE JUDICIARY

FILLING OF VACANCIES IN NEW BRUNSWICK—MOTION UNDER S.O. 43

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, I rise under the provisions of Standing Order 43. There are at least three federal judicial vacancies in the province of New Brunswick, with another to come up on July 1. One of these positions has been vacant since July 1, 1979. As a result there is a backlog of outstanding judgments of six months or more, and it is taking members of the legal profession over twice the amount of time it should to get files closed.

I therefore move, seconded by the hon. member for Prince George-Bulkley Valley (Mr. McCuish):

That the House instruct the Minister of Justice to get on with the business of his portfolio and make these appointments so that the judicial system in New Brunswick can get back on the track.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ABORIGINAL RIGHTS

CALL FOR AMENDMENT OF BILL C-48—MOTION UNDER S.O. 43

Mr. Peter Ittinuar (Nunatsiaq): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The introduction of Bill C-48 has caused enormous anxiety and frustration in the Canadian

north. I therefore move, seconded by the hon. member for Selkirk-Interlake (Mr. Sargeant):

That this House call upon the ministers responsible for Bill C-48 to include provisions in the bill which provide assurance that oil and gas benefits will be an open topic of negotiation until comprehensive claims in the north are settled.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1415)

THE CONSTITUTION

SUPPORT FOR INCLUSION OF CHARTER OF RIGHTS—MOTION UNDER S.O. 43

Mr. Mike Landers (Saint John): Madam Speaker, I rise on a matter of urgent and pressing necessity. As the latest Gallup poll indicates that 62 per cent of Canadians support the inclusion of a charter of rights in the Constitution, I move, seconded by the hon. member for Sudbury (Mr. Frith):

That this House petition the premiers opposed to the inclusion of a charter of rights to encourage them to commence to represent the view of the majority of Canadians on this important issue.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

IMPORTATION OF MEXICAN OIL—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. This Liberal government is buying Mexican oil in lumps and chunks at more than double the price of Alberta crude. After using a chain saw to get it out of the barrel—because Canadian drilling rigs are not available having left for the U.S.A.—and adding Alberta crude, eventually the mixture can be refined costing 150 per cent more than the cost of Alberta oil would have been now had the Prime Minister (Mr. Trudeau) accepted the offer made by Premier Lougheed on July 25, 1980. Therefore I move, seconded by the hon. member for Winnipeg-Assiniboine (Mr. McKenzie):

That this House demands that the Minister of Energy, Mines and Resources responsible for this fiasco immediately resign, and the Canadian government wire Premier Lougheed that his offer of July 25, 1980, will now be accepted.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MAYOR OF MEXICO CITY AND GOVERNOR OF THE FEDERAL DISTRICT OF MEXICO

Madam Speaker: Order, please. I would like to draw the attention of the House to the presence in our Gallery of Professor Hank Gonzalez, Mayor of Mexico City and Governor of the Federal District of Mexico.

Some hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

NATIONAL ENERGY PROGRAM

REQUEST FOR CHANGES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is for the Minister of Finance, who will know that he has achieved another record today. The Bank of Canada rate has been announced and it is up again slightly to a rate which has never before been exceeded in Canadian history. The minister knows, and has sometimes had the frankness to admit in this House, that one of the reasons for the high interest rate is the weakness of the Canadian dollar. He also knows that the single gravest threat to the strength of the Canadian dollar, coming from the policy of his government, is the National Energy Program.

In the interest of solving Canada's economic problems, will the Minister of Finance give us an undertaking now that there will be changes in the National Energy Program of a kind that will strengthen the Canadian dollar and begin to bring interest rates in this country back to a reasonable level?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, without agreeing with all the comments in the preamble to the question, may I assure the Right Hon. Leader of the Opposition today, as I did yesterday in my statement in the House, that it is the intention of the Government of Canada to secure an agreement with the government of Alberta on the question of energy. Discussions to that effect are under way.

The Right Hon. Leader of the Opposition specifically requests that changes be made. I believe my colleague, the Minister of Energy, Mines and Resources, has made it very clear that the Government of Canada is prepared to seek an accommodation, to be flexible; and that requires flexibility on the part of the government of Alberta. I believe, when I expressed that sentiment, there was considerable agreement in the House yesterday that there is necessity to have an accommodation and a willingness to move on the part of the Government of Canada and on the part of the government of Alberta. That is what I would like to assure the Right Hon. Leader of the Opposition about today.

* * *

● (1420)

HOUSING

POSITION OF HOME OWNERS RENEWING MORTGAGES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, one is tempted to ask the Minister of Finance how high he expects the Bank of Canada rate to be before his colleague is prepared to contemplate the kinds of changes which will result in an agreement. But let me come to another area of economic policy.

On Tuesday of this week in the House, the Minister of Finance indicated that he refused to help Canadian farmers and Canadian small businessmen who are now facing bankruptcy. The minister will know that there are some 500,000 Canadian home owners who are holding 1976 mortgages which are likely to come up for renewal this year. Does the Minister of Finance intend to introduce any specific help for these 500,000 Canadians who will be faced with staggering new costs when they renew their 1976 mortgages this year?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have gone over this ground earlier in the week.

An hon. Member: Try again. We cannot hear you.

Mr. MacEachen: I would be pleased to repeat for the benefit of the Leader of the Opposition that it is not the intention of the government at the present time to bring in a special new program, which indeed would be very costly.

Yesterday the hon. member for St. John's West made a very vigorous exhortation to me to show expenditure restraint and to reduce the deficit. I have no way of reconciling the desire of the Leader of the Opposition, when he asks me to launch new programs which will be expensive, with the requests of the hon. member for St. John's West to show expenditure restraint in the face of very high inflation. I believe in the long term that it is in the interests of all Canadians, including home owners and farmers, to take the steps now which will bring inflation down. I must say on this point that I tend to agree with the hon. member for St. John's West rather than the Leader of the Opposition.

Some hon. Members: Hear, hear!

Mr. Clark: Madam Speaker, the inconsistency of this government is that it is quite prepared to pay high finder's fees to Maurice Strong. It is quite prepared to spend public money on Petrofina; it is quite prepared to spend millions of dollars on

advertising indefensible programs. But it will not help Canadian home owners; it will not help Canadian pensioners; it will not help Canadian widows.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

THE ECONOMY

INQUIRY WHETHER MEASURES WILL BE TAKEN TO REDUCE NUMBER OF BANKRUPTCIES IN QUEBEC

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I have a question for the Right Hon. Prime Minister. He must be aware that bankruptcies in Quebec have increased by over 20 per cent during the first quarter compared with the same period last year. Can he tell the House whether he is planning to take corrective action immediately to prevent all the other industries in Quebec from going bankrupt following the disastrous economic policy of the Liberal government?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am surprised that the Leader of the Opposition would have chosen this specific day to speak about the disastrous policy of the government as we announced earlier today that a contract was being negotiated by the Bombardier Company in the province of Quebec and Mexico. This is the most important export contract ever negotiated in the industrial sector, and I believe that this fact should be taken into account.

INQUIRY WHETHER GOVERNMENT IS READY TO ANNOUNCE GLOBAL POLICY FOR SMALL BUSINESS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, perhaps the Prime Minister thinks that I can foresee the future. The Prime Minister announced a specific project. I would like to know whether he is now ready to announce a comprehensive policy to help small businessmen in Quebec and in the other Canadian provinces or whether he feels, as does the Minister of Finance, that the problems now facing small Canadian businessmen will not compel the federal government to look for an effective solution.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, as do the Leader of the Opposition and the Minister of Finance, we regret the high inflation rate which affects all Canadians and we believe that this is a disease that we must continue to fight. The Leader of the Opposition has asked for a comprehensive policy. I would like to point out to him that the budgetary measures and the other programs announced by the minister have caused economic growth in Canada, including in Quebec, to reach a rate of 8 per cent in real terms for the last quarter of last year and a rate of between 4 per cent and 6 per cent in real terms for the first quarter of 1981. This is the result of an economic policy which aims at creating employment and at promoting growth, which is not the case of the resolution introduced today by the Leader of the Opposition in the House which maintains that there is no growth in the Canadian economy. Madam Speaker, unemployment continues to go down throughout Canada, and particularly in Quebec the number of jobs continues to increase, and this is an economic policy that we are ready to stand by.

* * *

● (1425)

[*English*]

CANADA DEVELOPMENT CORPORATION

CHAIRMANSHIP OF BOARD OF DIRECTORS

Hon. John C. Crosbie (St. John's West): Madam Speaker, the only real growth in this government has been in interest rates, and they have gone up over 7 per cent since the budget came down.

My question is for the Prime Minister. Yesterday the Minister of Finance could not tell us, or would not tell us, whether Mr. Maurice Strong, the ex-Liberal candidate, was being pushed by the government on the Canada Development Corporation. Today the Prime Minister announced that he would like to have Mr. Strong made head of the Canada Development Corporation. He also said that he would like to see the company play a more active role in federal industrial and economic plans, and provide a window on industry. Yesterday the Minister of Finance said there was no change in the role of the Canada Development Corporation. I can tell the Prime Minister this is a blow to investor confidence in Canada and the Canadian dollar will be under severe pressure after this further evidence of neglect of the private sector of this country.

Would the Prime Minister tell the House whether he intends to persist in forcing Mr. Strong upon the Canada Development Corporation, which is only 49 per cent government owned and 51 per cent owned by ordinary shareholders in this country—nearly 30,000 of them? Will the Prime Minister persist in this course and deal another blow to investor confidence in this country?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, there is a small amount of confusion in the question asked by the hon. member. It is not a question of naming the president of the Canada Development Corporation. I think the Minister of Finance made it quite clear yesterday that he had confidence in the president of the CDC. It is a matter of the major shareholder, being the people of Canada represented by the Government of Canada through shares held by the Minister of Finance, wanting to have a say in the appointment of the chairman of the board. This does not seem like an extraordinary innovation. Our government and the preceding government had shown interest in naming chairmen of boards of Crown corporations in which it held all or part of the shares.

As to the predictions of disaster, no less an authoritative paper than *The Globe and Mail* this morning described Mr. Strong as a man who has a considerable reputation as a financial wizard.

Some hon. Members: Oh, oh!

An hon. Member: Just like the Minister of Finance.

Mr. Andre: He got a million dollars for doing nothing.

Mr. Trudeau: I know that reproach is made of Mr. Strong for having at one time been a Liberal candidate. I can understand the frustration of the Conservative party which has no financial wizards in its ranks.

Some hon. Members: Hear, hear!

Mr. Crosbie: Madam Speaker, Mr. Strong is like the Swiss pimpernel—he picked up a million dollars off the Petrofina deal, given to him by the government. That does not take a financial wizard, that takes an influence pedlar. That is all it takes.

Some hon. Members: Hear, hear!

• (1430)

QUERY RESPECTING POSSIBLE CHANGES IN POLICY

Hon. John C. Crosbie (St. John's West): Madam Speaker, there were two prospectuses which went out to the public of Canada, and a selling statement, in which the government made representations that the CDC would operate like a normal commercial corporation to maximize profits in the interests of all shareholders. Now the Prime Minister announces that he wants to change its role to a more active role in federal, that is, politically dictated, industrial and economic plans, and the other shareholders, the public shareholders, are forgotten.

My question to the Prime Minister is this: does Mr. Hampson, the president, agree with these efforts to push Mr. Strong on him? Does he agree with this new twisted role of this corporation, which is to be changed from its role that it had in these prospectuses? Does he agree with these matters?

My final question is this: is the Prime Minister prepared to buy out, at prices higher than the prices of several days ago when the shares started to drop in value as the result of reports of these interferences with the company by the government—is he prepared to buy out, at a considerable bonus, all of the innocent Canadian people who invested in this corporation on the government's fraudulent misrepresentations?

Madam Speaker: Order.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the former minister of finance is somewhat excessive and incorrect in his various allegations. It is not true that Mr. Maurice Strong made a million dollars in the transaction to which the hon. member refers.

Mr. Blenkarn: How much did he make, Pierre?

Mr. Trudeau: If a businessman does make money in a normal transaction, we in this party are not the ones to blame him for it. I am not asking the minister of finance how he made his money before he came into this House, and I do not think it is quite relevant. I am talking of the former minister of finance. I do not think he would welcome any public accusation by anyone about the way in which he made his money.

Mr. Crosbie: What has that got to do with it?

Mr. Trudeau: "What has that got to do with it?" he asks. I am just saying that he has no right to make allegations of the kind he has against Mr. Maurice Strong.

Some hon. Members: Hear, hear!

Mr. Trudeau: The Minister of Finance made it clear in this House that we have no intention of changing the statute governing the Canada Development Corporation. I made it clear when I was asked by the press about this subject yesterday in Calgary that the intention of the government was still to ensure the maximum profits for all the shareholders, including the shareholder which is the Government of Canada. That is still our intention.

We certainly have, as a government and as the major shareholder, a right to expect to be consulted when a chairman of the board is being changed of a corporation in which we are a major shareholder. When the former chairman of the board was appointed some seven or eight years ago, I was involved in that. I was consulted on the person to be appointed from Vancouver. The consultations went on between me and the president, Mr. Hampson.

Mr. Crosbie: There were not any private shareholders then. There is a considerable difference.

Mr. Trudeau: Madam Speaker, I think the hon. member has a right to supplementary questions if he wants to ask them.

Madam Speaker: Order, please.

Mr. Crosbie: I have a final supplementary, Madam Speaker.

Madam Speaker: No, I cannot allow—

Mr. Crosbie: The Prime Minister did not answer it. He has not answered the question, Madam Speaker. The shy, scarlet pimpernel—

Madam Speaker: I cannot allow the hon. member a further supplementary because his questions were really quite long. Order, please.

THE ECONOMY

INCREASE IN INTEREST RATES

Mr. Edward Broadbent (Oshawa): My question concerns today's jump in interest rate levels to a record point, and it is addressed to the Prime Minister.

Mr. Epp: Bring it down two percentage points, right?

Mr. Broadbent: When the Prime Minister was leader of the opposition, he asked this of the Conservative government of the day and of its high interest rate policy, and I quote:

At what point will the government look at alternatives rather than following the American interest rate up to 13 per cent, 14 per cent and God knows how high.

—said the Prime Minister when he was in opposition.

Mr. Epp: Now we know how high.

Mr. Broadbent: At what point will the Liberal government look at alternatives rather than follow the American rates up to 19 per cent, 20 per cent, and God knows how high?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Leader of the New Democratic Party wants to know at what point we will begin to consider this problem. We have considered it, and the Minister of Finance has given his considered answer to this problem.

ACTION TO HELP PEOPLE MOST AFFECTED

Mr. Edward Broadbent (Oshawa): Madam Speaker, the Minister of Finance—

Mr. Hees: Here goes the love affair!

Mr. Broadbent: The Minister of Finance, being one of the Liberal wizards, has, of course, given non-answers to this question for weeks and months in the House of Commons. I would like to go back to one of the few specifics.

An hon. Member: Hit him again, George. He is still standing.

Mr. Broadbent: One of the few specific promises the government made when it comes to interest rates, was in its throne speech last year when the government said it would help those "most affected by unacceptably high interest rates". Well, just today at noon, I heard another report from the Minister of Agriculture who was quoted as saying—

Some hon. Members: Oh, oh!

Mr. Crosbie: Piggy bank act.

Mr. Broadbent: As bizarre as it may seem coming from a Liberal, the Minister of Agriculture said bank profits are too high, the banks' profits should be reduced, and they should be forced to do something to assist farmers who are having to lose their occupations. Given the Prime Minister's commitment in the throne speech last year to help those most affected by unacceptable interest rates, and given the continuing promises provided by a variety of ministers to do something, when is the government going to put up and bring some assistance to the people of this country who need it?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I did not see the statement by the Minister of Agriculture, but he is a minister who has the concern of farmers at heart, as he should. If he is saying that the banks should show some compassion toward farmers and other small businessmen, I would agree with him.

Some hon. Members: Hear, hear!

Mr. Broadbent: That was worthy of Madam Pompadour! What expression of sympathy and concern! The people want some legislative action; not pious wishes from the Government of Canada.

HOUSING

Mr. Edward Broadbent (Oshawa): Let me take another concrete area. I asked the minister of housing a question yesterday on behalf of literally thousands of Canadians—and the Leader of the Opposition referred to this today—who own homes and who are forced to abandon them.

An hon. Member: What do you care about them?

Mr. Broadbent: Considering that there are now 1,000 Canadians each month who have to give up their houses because they cannot renew their mortgages, and considering that CMHC has adopted the brilliant policy of buying up these houses and reselling them at a loss of up to $20,000, will the Prime Minister help a specific group and instruct his minister responsible for housing to provide assistance to those Canadians so they can maintain those homes, instead of aiding the speculators in this country?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): I do not know where the Leader of the New Democratic Party got his figures, and I do not know how they compare to other periods. I have heard the minister responsible for housing from the federal point of view, state quite clearly, with factual evidence, that foreclosures had dropped in number and that housing starts—

Mr. Broadbent: There are still a thousand a month.

Mr. Trudeau: —this month over the same month last year, had increased some 38 per cent. The Leader of the New Democratic Party does not like to admit it, but there is strong growth in the Canadian economy, including the housing sector.

• (1440)

CANADA DEVELOPMENT CORPORATION

POSSIBLE FUTURE ROLE

Hon. Sinclair Stevens (York-Peel): Madam Speaker, perhaps I could follow up on the questioning to the Prime Minister, in particular, concerning the recommended appointment of Maurice Strong to the chairmanship of the CDC board. The Prime Minister is reported to have said in Calgary that, as chairman of the Crown corporation, Strong would turn the CDC into a "window on the economic activities of certain sectors with a view to Canadianization".

Mr. Andre: Socialist!

Mr. Stevens: Would the Prime Minister indicate if that is a fair reflection of what the Prime Minister said in Calgary or, if he did not say it, does he now confirm to the House that he believes that the CDC should turn itself into a window on the economic activities of certain sectors, with a view to Canadianization? If that is his belief, would he indicate to the House what he plans to do with respect to those minority shareholders who collectively own 51 per cent of CDC and who unwittingly bought into the company, not realizing it was to be his, the emperor's own personal vehicle?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am not quite sure what emperor the hon. member is referring to.

Mr. Crosbie: The Swiss empire.

Mr. Trudeau: I do not think this is the place to cast aspersions on the monarchy, Madam Speaker, and I am sorry the hon. member is doing that.

Some hon. Members: Oh, oh!

Mr. Trudeau: The hon. member asked me if the quote he read is exact. My answer is that it is not, but I did talk about having, and I quote.

—a window on an industry, and we would like to make sure that the CDC has a chairman who will understand and reflect, to a certain degree, the government's priorities.

I went on to indicate what the government's priorities were when I said, and I quote, "—the corporation should be run for the benefit of its shareholders, and take into account broad policy objectives of the Government of Canada."

The statute of the CDC makes that quite clear. That is still the government's objective.

I repeat, Madam Speaker, there is nothing untoward about the government, the major shareholder, wanting to have a say in the appointment of the chairman of a Crown corporation—

Mr. Stevens: It is not a Crown corporation.

Mr. Trudeau: —or other corporation in which it has a large interest as a shareholder.

CHAIRMANSHIP OF BOARD OF DIRECTORS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is again to the Prime Minister. Perhaps he could familiarize the House with exactly what did transpire at the board level in CDC. Who suggested that the chairmanship change? As I understand it, two and a half months ago a chairman was appointed. Why is there now a suggestion that Mr. Strong become chairman? Is Mr. Hampson in agreement with this change and, above all, did the suggestion for a new chairman come from the board or from the government side?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member must understand that in the past the government has appointed members to the board, and there were members of the board being appointed again for the next annual meeting of the shareholders. It is the government's privilege to suggest—

Mr. Crosbie: You don't own it. It is not yours—49 per cent is all that you own.

Madam Speaker: Order, please. The hon. member for St. John's West does not have the floor.

Mr. Crosbie: Oh, if I have the floor, Madam Speaker, as a supplementary question, does the Prime Minister—

Madam Speaker: Order, please. I think the hon. member misunderstood me. I said he does not have the floor. The hon. member for Esquimalt-Saanich.

* * *

[*Translation*]

MANPOWER

SUMMER EMPLOYMENT PROGRAM—USE OF FUNDS

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, my question is directed to the Prime Minister. Is he in a position to comment on a press report from the Richelieu constituency, according to which the local chairman of the subscription campaign for the federal Liberal party, Mr. Marcel Gauthier, took advantage of the launching of this campaign in early May to announce that 32 projects were being started under the federal summer employment program, which will provide jobs for 121 students in the riding, for a total expenditure of $250,000 in public funds, and in the same breath, without the Minister of Communications and the member for Saint-Hyacinthe-Bagot, who were both present, even batting an eyelid, he said, and I quote:

In return for those jobs—

And I repeat—

—in return for those jobs, those young people should get involved in the party financing campaign.

Will the Prime Minister tolerate such an abuse of public funds for clearly partisan purposes through blackmail, or is he

in favour of such pork-barrel practices in the political life of his own province?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if I remember well the beginning of the question, I was asked whether I was aware of the information provided by the hon. member. The answer is no, but if the member had given me notice of his question I could have inquired, but I will now do so.

Mr. Munro (Esquimalt-Saanich): Madam Speaker, I have a supplementary question.

Could the Prime Minister tell us, for instance, whether such practices in the Richelieu riding are consistent with the official policy of both the Liberal Party and this government concerning the public financing of political parties, or does he mean to turn away those who are feeding at the public trough?

Mr. Trudeau: Madam Speaker, if the hon. member would only listen to our replies instead of rehearsing his own questions, he would know that I answered no when he first asked whether I was aware of this situation. Now, I suggest to him that if he wants his questions to be answered, he should follow the well known procedure which is to have his questions listed on the order paper or to give ministers advance notice of them. But apparently, Madam Speaker, the hon. member is more inclined to cast aspersions than to inform the House of a situation.

* * *

[*English*]

NORTHERN AFFAIRS

REQUEST THAT MINISTER APPEAR BEFORE STANDING COMMITTEE

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is for the Minister of Indian Affairs and Northern Development. The minister knows that Bill C-48, the oil and gas act affecting the north and offshore, is presently moving through committee. He is partially responsible for that bill. The minister has refused to appear before the committee. This has resulted in a further lack of representation of the people of the north who are most affected by the speed-up of northern development. Will the minister assure this House that he is prepared to appear before the national resources committee on this bill right away and, if he is not prepared to do that, will he tell the House why?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I would advise the hon. member that I did speak to the chairman about the possibility of appearing. There was some conflict with regard to timing and the adjournment of the House. I am prepared to talk to the chairman again about the possibility of appearing. As the hon. member may know, Madam Speaker, I am leaving for the territories and the Yukon tomorrow and will be gone for approximately ten days, but I am quite prepared to talk to the chairman about it at that time.

Mr. Waddell: Madam Speaker, I gather that the minister will then appear before the committee.

SUGGESTED AMENDMENT OF BILL C-48

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, let me put my supplementary question to the real minister of the north, as a result of this bill, the Minister of Energy, Mines and Resources. Would the minister agree with me that the whole impact of the Berger and Drury reports is that in order to cope with the social and economic impact of increased northern development, as the minister admitted this morning was going to take place in the north, the Government of Canada must give northerners some share of control of both money and the pace of development? Is the minister prepared specifically, not what he has done already, but specifically, to amend Bill C-48 to give northerners a share in the control of the pace of northern development?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the minister responsible for exploration and development north of 60 in the territories is still the Minister of Indian Affairs and Northern Development. Bill C-48 provides for this very specifically.

* * *

[*Translation*]

CANADIAN BROADCASTING CORPORATION

REQUEST THAT MINISTER HASTEN SETTLEMENT OF STRIKE

Mr. Alexandre Cyr (Gaspé): Madam Speaker, my question is for the hon. Secretary of State and Minister of Communications.

As the minister is no doubt aware, the Gaspé peninsula is hardest hit by the strike of Radio-Canada journalists since the TVA network does not yet broadcast in that area. Since the beginning of the strike the people of the region have been without national and international news. Could the Minister use his good offices, and especially his influence with CBC management, in order that journalists of the French language network be offered the same deal as those of the English network of the CBC and which was accepted?

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, in reply to the first part of the question, I would say that we are of course all aware of the hon. member's interest in having the TVA network extended to the Gaspé peninsula. I do hope that this problem will be solved soon, thanks in large part to the hon. member's representations to the Department of Communications and CBC.

As for the second part of the question, this issue was raised during a press conference by some Radio-Canada journalists who wanted to know if management was prepared to offer French-speaking journalists from Quebec, who have been out on strike for six or seven months now, the same conditions it offered the union of French and English-speaking journalists outside Quebec. CBC has always maintained that not only did it make a comparable offer—

I realize the hon. member opposite is not too interested in the answer but we on this side wish to improve labour relations. The answer briefly, Madam Speaker, is that CBC maintains that its offer is at least identical to if not better than the one made to English speaking journalists and that if it could be shown that the offer made to journalists outside Quebec is better than the one made to Quebec journalists, it would be prepared to offer the same level of pay increase.

* * *

● (1450)

[*English*]

HAZARDOUS SUBSTANCES

USE OF FUNGICIDE CAPTAN—PUBLICATION OF REPORT

Hon. David Crombie (Rosedale): Madam Speaker, in the absence today on other business of the Minister of National Health and Welfare, I will direct my question on a very serious matter to the Minister of Agriculture. The minister will know that on March 31, 1981, the head of the health protection branch of the Department of National Health and Welfare, in an urgent and secret memo indicated that, at least in his opinion, it was essential that the fungicide Captan be banned or severely restricted. It has been reported that the Minister of Agriculture sought, and was successful, in stifling the publication of that report. Is the Minister of Agriculture now willing to make that report public?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I have not told anyone not to make public the report the hon. member mentions. I had some discussions with my officials and they have expressed some reservation about making it public.

Some hon. Members: Oh, oh!

Mr. Whelan: I have not told anyone not to make it public. I am sure the hon. member knows this product is used in many parts of the world. Many of the fruits and vegetables, especially fruit, brought into this country from the United States and other countries have been subjected to this in an uncontrolled fashion, whereas users of that product in Canada are all licensed.

We have no evidence that it is damaging. They suspect it may be damaging, but there is no real evidence. Testing is being carried out. If my officials bring forward to me a recommendation that it be banned and that the release be made public, I see no reason to hold it up. However, at the present time there has been no recommendation one way or the other brought to my attention.

REQUEST FOR CONSULTATION WITH MINISTER OF NATIONAL HEALTH AND WELFARE

Hon. David Crombie (Rosedale): Madam Speaker, the minister is indeed correct that it is—and this is the hard part—probably the most widely used fungicide in North America. The report sent to the minister from the Minister of National Health and Welfare, which she received from the health protection branch, linked Captan to genetic mutation, cancer, congenital deformities, and foetal abortions. That is why in September, 1978, Sweden banned it. That is why the United States has already indicated to producers that they must show cause as to why it ought not to be banned in the United States. This is a serious matter. I ask the Minister of Agriculture to consult with the Minister of National Health and Welfare immediately and have that report made public so that innocent users are not hurt.

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member knows that although our system may not be perfect it is the best in the world. He is creating a fear in the minds of the people. Health and Welfare do not have any real evidence that those countries which have banned it have sound evidence. The hon. member knows that as well as I do. We reacted even when other countries did not with regard to other products we use when we thought they were damaging. Not that much evidence has been brought forward in this instance with regard to Captan. We have given world leadership in banning other products which were not banned in other parts of the world.

Mr. Crombie: Publish the report.

Mr. Whelan: The hon. member says we should ban it. If other countries do not ban it and different varieties of fruit are imported into Canada, it will still be consumed here.

Mr. Crombie: That's a fraud. Publish the report.

Mr. Whelan: For instance, we have a product that we did not allow—

Madam Speaker: Order.

* * *

METRIC CONVERSION

REQUEST FOR POSTPONEMENT OF IMPLEMENTATION TARGET DATE FOR WEIGH SCALES

Mr. Bill Domm (Peterborough): Madam Speaker, my question is to the Minister of Finance who, I notice, has joined the backbenchers on the government side. I wonder if he could return to his seat so that I might ask him a question.

Mr. Crosbie: He's resigned.

Mr. Domm: Added to the burden of a likely consumer price increase which threatens to be the highest inflationary consumer price increase on record when it is announced this Friday, to say nothing of skyrocketing costs for everything from mortgage rates to eggs, Canadian families will soon have to shoulder the costs of an added food bill of some $584 million as weigh scales are purchased in order to convert to metric on Januray 1. Will the Minister of Finance, in the interests of the home budget and in the interests of keeping food costs down, consider recommending to cabinet that the move to metric on January 1 be deferred in order that we might avoid this added cost to the food bill of some $584 million which must be borne by the consumers of Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I take note of the hon. member's representation. I would tell him that it is unlikely I would succeed in making this change at this stage. I would remind him, and I can understand his concern about food costs which have risen quite disturbingly over the last year, that one has to take into account as well the rise in incomes that has taken place in Canada.

Some hon. Members: Oh, oh!

Mr. McDermid: Tell that one to the farmers.

Mr. MacEachen: If he looks at the situation historically and compares what is happening now to ten years ago and 20 years ago, he will find that the proportion of income made up of food purchases is a decreasing portion of total income. I think that point ought to be made in order not to create hostility toward the food producers of Canada, an important part of our economy.

Mr. Domm: The Minister of Finance is well aware that the 100 per cent capital cost allowance for metric scales is useless if (a) there is no profit in the retail business of the food small business sector, and (b), if that is claimed against profits it will represent a half billion dollar loss to the Government of Canada. Has the Minister of Finance allowed in his forecast budget an additional half billion dollars not derived by government but written off by the major foreign multinational companies as they implement weigh scales in the food sector of Canada? Has he allowed for this increase from $14 billion to $14.5 billion in losses by this government by forcing metric, inflationary as it is, on the retail food sector on January 1?

Mr. MacEachen: Madam Speaker, I will undertake to examine the hon. member's statistics and get back to him on how it has been dealt with in the projections in the budget.

* * *

CORPORATE AFFAIRS

INCREASES IN SALARIES OF COMPANY EXECUTIVES

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, my question is for the Minister of Finance. It concerns the recent report of the Securities and Exchange Commission of the United States on corporate compensation which shows the salaries of several Canadian corporate executives. It shows, for example, that while Massey-Ferguson was burning and workers were being laid off, the president of Massey-Ferguson managed to fiddle his salary up to $390,591. It shows the president and chief executive officer of Inco managed to almost double his salary to some $513,300.

In light of the fact that these salaries have gone up on average 20 per cent to 30 per cent in one year, when the minister was at the Conference Board last week delivering his homily on the fact that workers are making too much money, did he raise the point that several corporation executives are making more than half a million dollars a year? If not, why not? Second, will he make an effort to close the tax loopholes which allow these corporate executives to take even more money in deferred compensation? Will he do something about that to introduce an element of fairness into our economy?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I will give careful consideration to the representations made by the hon. member. I would remind him for the second time that the allegation made in his question about my comments on workers' incomes is not justified. In fairness, he ought not to continue repeating what is not in fact the truth.

• (1500)

REQUEST FOR AMENDMENT OF CANADA CORPORATIONS ACT

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, my supplementary question is directed to the Minister of Consumer and Corporate Affairs.

I should like to ask the minister why it is that we have to get this kind of information on what our senior executives are being paid in Canada from the United States, when a simple amendment to the Canada Corporations Act would allow all Canadians to see what kind of just society we live in, and what kind of a mockery it is when the Prime Minister and the Minister of Finance deliver homilies to average workers when their salaries have been following behind increases in the cost of living, and executives are making salaries that are simply obscene in the context of the current difficulties which the average Canadian is facing?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, in my opinion the hon. member's remarks tend to lay emphasis on salaries which would seem much too high. But he knows full well that the matter has nothing whatsoever to do with my department.

[*English*]

McDONALD ROYAL COMMISSION

APPEARANCE BY PRIME MINISTER

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my question is for the Prime Minister.

In contrast to the practice followed with every other minister or any other elected official who has appeared before the McDonald royal commission, both the commission and the Prime Minister's office appear to have deliberately attempted to conceal that the Prime Minister was requested to testify last July, although apparently very briefly. As national security could not possibly be the reason, why was no public announcement made about his appearance at the time, by either the commission or his own office?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I cannot answer, of course, for the commission, but there was no deliberate attempt to conceal, as the hon. member states. I was asked informally to appear before the commission, which I did for one afternoon.

SECURITY SERVICE OPERATION

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my supplementary question is also directed to the Prime Minister.

An important aspect of the commission's mandate, as he knows, is to ascertain the degree of ministerial knowledge of the operations of the RCMP's security service. I should like to ask the Prime Minister whether he was questioned concerning the authoritative and corroborated evidence, given to the commission early in its existence, that in 1970 when a clandestine security operation was being planned, the Prime Minister stated bluntly that if the circumstances became public he would deny any knowledge of that operation, and was he questioned by the commission as to whether this intention to lie about his knowledge would apply to his testimony before a royal commission?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have in every other case, when questions were asked about the work of the commission, referred the questions to the commission itself and indicated that as far as we were concerned we would not comment on testimony; we would wait for the report of the commission. That is still our policy.

* * *

[*Translation*]

INTERNATIONAL TERRORISM

INQUIRY WHETHER SUBJECT WILL APPEAR ON AGENDA FOR SUMMIT MEETING IN JULY

Mr. Irénée Pelletier (Sherbrooke): Madam Speaker, after the Iranian crisis last January, I asked the Prime Minister whether he intended to bring up the matter of hostage-taking with his western counterparts when they meet here in Ottawa next July. In light of this new outbreak of international terrorism involving assassination attempts, does the Prime Minister intend not only to bring up the question but to put it on the agenda for the meeting of western leaders planned for next July here in Ottawa?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Madam Speaker. I can assure the hon. member that we do intend to discuss this matter, that is, violence and hostage-taking. We will be doing it in conjunction with the initiative we took in Bonn two years ago. I would intend, on that occasion to ask for a progress report on the matter and, at the same time, bring up the problem of terrorism in the world. I thank the hon. member for having brought the matter to my attention.

* * *

[*English*]

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Nepean-Carleton): Madam Speaker, might I ask the government House leader the intentions of the government in respect of the business before the House tomorrow and next week? While he is on his feet, could he designate the appropriate allotted day or days in the coming week for the opposition?

Mr. Pinard: Madam Speaker, tomorrow we will be resuming debate on second reading of Bill C-61 concerning young offenders, followed by resumption of debate on second reading of Bill C-58, the Canada Elections Act. This will be followed by discussion of Bill S-10, to amend the Corporations and Labour Unions Returns Act. If we have time tomorrow after those three bills we will resume debate at the second reading stage of the Two-price Wheat Act.

There is an agreement among us that if any vote arises tomorrow it would be deferred until next Wednesday.

[*Translation*]

As to the business of the House next week, the Commons will not sit on Monday, pursuant to Standing Order 2(3). On Tuesday we will begin consideration of Bill C-12 concerning bankruptcy and if we complete second reading of that bill before the end of the sitting on Tuesday, or in any event before the end of the sitting Wednesday, we will then take up second reading of Bill C-10, an act respecting Canadian non-profit corporations, and Bill C-11, an act relating to the inspection of electric and gas meters and supplies. Those three bills, C-12, C-10 and C-11 are important, they have been on the order paper for quite some time and, as I see it, they do not appear to be overly controversial. That is why I list those three bills for consideration next Tuesday and next Wednesday in the order I gave, that is C-12, C-10 and C-11. Finally, Thursday and Friday of next week will be opposition days.

[*English*]

Mr. Baker (Nepean-Carleton): Madam Speaker, it is rather significant that with the economic circumstances as they exist at the moment the government has chosen among its legislative priorities for next week the Bankruptcy Act. I hope the significance of that is not lost.

While the Minister of Agriculture is in the House I would like to refer to a question put by the hon. member for Rosedale in respect of the release of a report that is apparently in the hands of the minister concerning the use, and the effect upon human beings, of the substance captan. It was referred to in the House and there has been a request by members to have that report, prepared at public expense, made available to the public. Would the government House leader undertake to consult with his colleague, the Minister of Agriculture, in order to have that report tabled next week?

[*Translation*]

Mr. Pinard: Madam Speaker, with respect to the first comment of my colleague, he knows full well that despite its title the bankruptcy legislation is basic statutory amendments which are very significant for both debtors who are in trouble and creditors who need protection. He is not without knowing that this bill has been on the order paper for a very long time and that its study has become urgent.

As to his suggestion that I consult the Minister of Agriculture about the report he has mentioned, I want to assure him that I will do just that within the next few minutes.

[*English*]

Mr. Knowles: First of all, Madam Speaker, may I confirm that we shall join in the agreement with regard to tomorrow, that if any recorded vote is called for on any measure which comes before the House, any such recorded vote shall be deferred until Wednesday.

I have two questions respecting House business which I should like to put to the government House leader. First, I would draw his attention to the fact that the Parliamentary Secretary to the Acting Minister of Veterans Affairs confirmed yesterday that the acting minister was just about to take to cabinet for approval a resolution respecting veterans which will deal, I trust, with the widows who were left out of last summer's Bill C-40. Could the minister indicate whether that bill will be on the order paper by next week, or certainly no later than the week after? He could do it with the knowledge, I am sure, that the House will take very little time to deal with a bill of that nature.

The other question I should like to put to the government House leader relates to Bill C-53, which is amending legislation respecting sexual assaults and matters of that kind. As he knows, a number of women's organizations in particular are concerned lest this legislation be delayed and not sent to committee during this session. If the government House leader would like to seek some arrangement for a short debate at second reading, we would be glad to enter into that; but at any rate, can he tell us what his thoughts are regarding Bill C-53?

● (1510)

Mr. Pinard: Madam Speaker, I think the answer which was given yesterday to the hon. member by the Parliamentary Secretary to the Acting Minister of Veterans Affairs speaks for itself and is an indication that very shortly we hope the appropriate bill will be put on the order paper. We hope that this will be done as soon as possible, but we will have to await the decision of the cabinet. I take note of the great interest in veterans shown by the hon. member and, as I just mentioned to him, the answer which was provided to him yesterday is a good indication that we also have great interest in their situation and in the situation of their widows.

Concerning Bill C-53, I will talk to the Minister of Justice and hope to be in a position to be more specific next week about his reaction to the request made by the hon. member. If we can agree in a House leaders' meeting to a short debate, we should try to arrange it so that we could proceed on a Friday afternoon some time before the end of June.

Mr. Baker (Nepean-Carleton): Madam Speaker, the gist of the last remarks of the hon. gentleman has brought another matter to mind, and that is—and I apologize for rising again—the small business development bond provisions. There have been discussions and questions in the House about the possible extension of that to unincorporated businesses, perhaps including—indeed including—farmers, fishermen and others. The Minister of Finance has indicated that he is prepared to look at that matter.

As a way of assisting the government in expediting its business, I just want to indicate to the hon. gentleman that we would be prepared to discuss the expedition of a debate on that matter. If the government could produce a bill which we might take a look at in advance, I think we could co-operate, and a broader group of Canadians could have the advantage of that kind of bill, as has been requested in the House on a number of occasions. Would my friend look into that?

Mr. Pinard: Madam Speaker, I welcome the generous offer made by the House leader for the Conservative party, and I hope I will be in a position to take advantage of that offer soon.

Mr. Knowles: We make the same offer.

Mr. Towers: Madam Speaker, some time ago the Minister of State for Small Businesses and Tourism suggested that he might be agreeable to tabling the overview report of the committee which examined metrication in Canada. I wonder if the government House leader could give us an affirmative answer today as to when this report might be tabled in the House.

Mr. Pinard: No, Madam Speaker, I cannot give that firm indication today, but I can tell the hon. member that I will talk to the minister concerned and try to get an answer so that very shortly the hon. member will be more enlightened about this.

Mr. Beatty: Madam Speaker, as the government House leader knows, shortly before the House broke for our brief recess members of the steering committee of the Standing Joint Committee on Regulations and Other Statutory Instruments met with his parliamentary secretary to request an answer from the government as to when it would be responding to the fourth report of the standing committee which was tabled last summer. Can the minister indicate to the House when he will be making that response to the committee and to the House and what action the government is prepared to take?

[*Translation*]

Mr. Pinard: Madam Speaker, I think the reports in question are interesting and complete. They deserve serious consideration, a fact which I do not deny. However, the hon. member ought to keep in mind the fact that from now until the end of June we have hardly seven weeks left and that during those seven weeks the government must designate twelve opposition days, pursuant to the Standing Orders of the House. In fact we had one yesterday. That leaves eleven. Therefore at the rate of about two opposition days a week the government has barely two or three days left to put its bills through the House and complete this session with the best positive record possible for the well-being of the people of Canada.

In other words, I am saying to the hon. member that the reports in question are important. We do not deny that. But unfortunately the time left at our disposal in the House is too limited for us to devote one day or hours of debate to those reports which warrant debate and explanations and which indeed bear on the structure of the committees of the House. As it happens, I am now working on a draft document for submission to cabinet and I intend to hold consultations concerning a proposal for parliamentary reform in the not too distant future. It will be very difficult to concur in the recommendations of the reports referred to by the hon. member without first considering what we have in mind when it comes to reforming the committees of the House. Consequently we would be putting the cart before the horse if we were to accept those reports before reaching conclusions on the type of parliamentary reform we are prepared to study or consider.

Keeping those two factors in mind, lack of time and the link between the recommendations of those reports and the possibility of a parliamentary reform, I think that the most direct answer I can give the hon. member is that we will be unable to study those reports before the summer recess, but that should not be interpreted as lack of interest on our part. We will take them into account when the time comes to review the changes in the Standing Orders of the House.

[*English*]

PRIVILEGE

MR. HAWKES—RECOGNITION OF MEMBERS DURING QUESTION PERIOD

Mr. Jim Hawkes (Calgary West): Madam Speaker, I rise, I hope briefly, on a question of privilege which arises out of the question period. I think one of the most fundamental aspects of the privileges of members of this House relates to our capacity to be free of obstacles in terms of our attendance upon this House. There is also a second principle which guarantees each of us some sense of equality in terms of our recognition. I think those principles flow from the basic understanding of our democracy, which is that it is our responsibility to represent our voters in this chamber, and that responsibility should not be impeded.

On May 27, 1980, the hon. member for Annapolis Valley-Hants (Mr. Nowlan) rose in this House to ask about Your Honour's interpretation of the rights and privileges of members.

Madam Speaker: Order. The question of privilege should be stated quite early. The hon. member has two or three sentences in which to tell the Chair what the question of privilege is about, I believe the hon. member is referring to valid matters, but what he has to do just now is to tell me immediately what his question of privilege involves.

Mr. Hawkes: Thank you, Madam Speaker; I think I can do so succinctly. On March 24 of this year, at 2.30 in the afternoon, I received a letter from the Secretary of State for External Affairs (Mr. MacGuigan). I rose at that time in question period, and I have risen every day since. That was seven weeks and three days ago. I have been in attendance and risen in this House in every single question period.

As I understand your Honour's interpretation of equal recognition in this House during question period, which flows from your Honour's statement of May 27, 1980, there is a carry-over from day to day. The basic principle is to attempt to recognize, first of all, frontbenchers, and second, those—

Madam Speaker: Order. Yes, the hon. member might perhaps have a legitimate grievance, as do other members who want to be recognized during the question period in this House, but hon. members have to realize that there are 281 members and that questions are often very long, despite my repeated attempts to get hon. members to ask their questions succinctly. I think it is in the interest of hon. members to ask brief questions. Briefer questions are clearer, and to brief questions I think hon. members are likely to receive brief answers.

This is a discipline which hon. members should apply to themselves. I try to assist them in coming closer to asking brief questions, but the time is limited. I simply cannot recognize each and every member who rises.

I think the statistics the hon. member is quoting are pretty strong. According to my recollection, the hon. member is

recognized quite often. At any rate, we were not sitting for two weeks, so the number would be five weeks instead of seven. However, that does not constitute a question of privilege, because the right of the hon. member to express himself freely is not inhibited in the sense that he is now attempting to expose this matter on a question of privilege.

Mr. Hawkes: Madam Speaker, one short—

Madam Speaker: No, I cannot hear the hon. member. It is quite clear he does not have a question of privilege. I have said there is no question of privilege, and I cannot hear him further.

Mr. Hawkes: On a point of order, Madam Speaker—

Madam Speaker: The hon. member for Vancouver-Kingsway (Mr. Waddell).

● (1520)

MR. WADDELL—REPLIES OF MINISTERS DURING QUESTION PERIOD

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I rise on a question of privilege which arises from a question I addressed to the Minister of Indian Affairs and Northern Development (Mr. Munro) today. In my submission, a member is entitled not to be misled by a minister, even inadvertently, as perhaps was the case.

Quite simply the facts are these. I asked the minister whether he would appear before the Standing Committee on National Resources and Public Works to testify on Bill C-48. The minister indicated that he would but that he was visiting the north on a ten-day trip. Since that answer was given, I have discovered that the minister is not going on an official trip but on a political trip to open up a political office in Yellowknife.

In a supplementary question which I addressed to the Minister of Energy, Mines and Resources (Mr. Lalonde), he replied that indeed the Minister of Indian Affairs and Northern Development was responsible for this bill in the north. I found out as a member of the steering committee that the committee is going clause by clause—

Madam Speaker: Order, please. I do not believe the hon. member has a question of privilege. It seems quite clear to me that he is not satisfied with the kinds of answers he has received from two ministers. That might be his opinion, to which he is entitled, but because the hon. member is not satisfied with answers given by ministers does not constitute a question of privilege. If the hon. member is not satisfied with the answers, he can seek other occasions to clarify his queries about actions or intentions of ministers.

Order Paper Questions

ROUTINE PROCEEDINGS

[*Translation*]

NORTH-SOUTH RELATIONS

Fifth report of Special Committee on North-South Relations—Mr. Breau.

[*Editor's Note: For text of above report, see today's Votes and Proceedings.*]

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, the following questions will be answered today: Nos. 1,937, 1,941, 2,043, 2,045, 2,082, 2,236, 2,249, 2,271 and 2,359.

I suggest, Madam Speaker, that the remaining questions be allowed to stand.

[*Text*]

CAST CONTAINER LINES—BOARD OF DIRECTORS

Question No. 1,937—**Mr. Crosby:**

1. What are the names of the representatives of the Canadian National Railways appointed to the board of directors of CAST Container Lines and to each related company owned or controlled in whole or in part by CAST?

2. How many board meetings did each representative attend in the year 1980 and in which location was each meeting held?

3. Are the representatives remunerated for their participation in CAST and related companies and, if so, in what amount?

4. How many man-hours did each person spend on CAST related business in 1980?

5. Do CNR investments in CAST or related companies cause a conflict of interest respecting CNR's relations with other shipping lines including Dart Containerline Ltd., Atlantic Container Lines Ltd., Hapag-Lloyd A.G., Trans Freight Lines and Polish Ocean Lines?

6. Does CNR investment in CAST result in favouritism toward Canadian ports serviced by CNR and CAST, thereby adversely affecting Canadian ports not serviced by CAST like the Port of Halifax?

7. What is the dollar value of CNR investment in CAST and related companies and what in form does this investment take?

8. Were the investments taken with full consultation and knowledge of the board of directors of CNR?

9. What return has CNR realized on such investments for each year that the investments have been held?

10. Will the government instruct CNR to divest itself of interest in CAST and related companies and, if not, for what reason?

11. What criteria were used by the government in permitting the investments by CNR and what benefits to the taxpayer are envisioned by the government from such investments?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advises as follows: the question refers to "CAST Container Lines" or "CAST". This is taken as a reference to Eurocanadian Shipholdings Limited (Eurocanadian) and

Intercast S.A. (Intercast), and unless indicated otherwise, the answer has been prepared to refer to the two companies as the "CAST Group".

1. Mr. R. A. Bandeen is Canadian National's representative on the board of directors of Eurocanadian and Intercast.

2. Although Mr. Bandeen did not attend any board meetings during 1980 of the CAST Group, he did attend three meetings of the executive committee of the board. Board meetings normally are held at the head office of the CAST Group in the Intercast S.A. Building in Fribourg, Switzerland.

3. The directors are remunerated, but as these are private companies, and as Canadian National is a minority shareholder in the CAST Group, it would be inappropriate for CN to divulge information concerning the amounts of remuneration.

4. In 1980, Mr. Bandeen spent about seven days on the affairs of the CAST Group, including travelling time.

5. No.

6. No.

7. The book value of Canadian National investments in Intercast is $100,000 in common shares.

The book value of Canadian National investments in Eurocanadian are:

$11,900,000 in common shares

$ 6,225,660 in first preference shares

$ 3,533,409 in non-convertible second preference shares

$39,854,950 in convertible second preference shares

(The preference shares are to be redeemed not later than December, 1985. Eurocanadian may decide to redeem them at an earlier date.)

8. Yes.

9. No dividends have been declared to date on the common shares of Intercast as the shareholders have decided that it is preferable to leave the earnings in the company. CN has received, as dividend on its common shares of Eurocanadian, securities previously held by Eurocanadian, which have since been sold for $10,000,073. Dividends have not yet been declared on any of the Eurocanadian preference shares, which issues are less than a year old.

10. Transport Canada advises as follows: Not at this time. The future of CN's investments in the CAST Group is being kept under review on a semi-annual basis.

11. The primary initiative for CN to enter or terminate any business arrangement with other companies rests with the board of directors of CN. CN's statute permits the board to take an ownership interest in any business which the directors consider to be incidental to, or in the best interests of, the operation of the railway. Although such decisions may be initiated by CN they must be reviewed by the Canadian Transport Commission, which may hold public hearings, and confirmed or rejected by the governor in council on advice from the commission. The principal current benefits to the Canadian public are the attainment of greater integration of multimodal transportation services between points in Canada and overseas markets and a financially sound railway company.

MR. DE MONTIGNY MARCHAND

Question No. 1,941—**Mr. Cossitt:**

1. What is the detailed government employment history of Mr. De Montigny Marchand including positions held, dates involved, etc?

2. Was there a time during his public service career, within the past 3 years, that he did not work in Canada and specifically was he in Paris and, if so (a) in what capacity (b) for how long (c) what remuneration did he receive during the time involved (d) for what reason was he in Paris (e) who sent him to Paris?

3. (a) Was he ever employed by the PCO/PMO and, if so, what are all the details of the work he performed (b) does he occupy a position with the Department of External Affairs and, if so, what are all of his qualifications for such a position?

Hon. Mark MacGuigan (Secretary of State for External Affairs):

1. 1969 Department of Communications

1969 Appointed Director of Research and Co-Secretary of the Telecommission.

1971 Promoted Assistant Deputy Minister (Operations).

1974 Promoted Senior Assistant Deputy Minister (Policy).

1975 Privy Council Office

1975 Promoted Deputy Secretary of the Cabinet (Operations).

1979 On special assignment to Western Europe with base in Paris.

1980 Department of External Affairs

1980 Promoted Associate Under-Secretary of State for External Affairs.

2. (a) to (e)—See question 1,446, answered October 27, 1980. *Debates,* page 4108.

3. (a) and (b)—See part 1 above.

RAILWAY IMPROVEMENT—SMITHS FALLS TO BROCKVILLE

Question No. 2,043—**Mr. Cossitt:**

1. With reference to the answer to question No. 1,619, which states in part, that the railway roadbed between Smiths Falls and Brockville which forms part of the Ottawa-Toronto train service, "is adequate for present train operations", what are all the reasons that the government considers the roadbed adequate?

2. With further reference to the answer which states in part, that the roadbed was built in 1854 and that it takes almost an hour to travel 28 miles, what are all the reasons that the government considers this sufficient facilities to meet present day travel demands?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): 1. The roadbed is considered adequate on the basis that traffic over this line is being carried in a safe and efficient manner. This is supported by a good accident record, in that no reportable accidents due to track or roadbed related causes have occurred in the last five years.

2. The fact that the roadbed was built in 1854 does not, in itself, have great relevance to its condition today. The current condition is determined, for the most part, by the manner and extent of the maintenance performed on it. As stated in paragraph No. 1 above, it is evident that the current condition of the roadbed is adequate for present traffic. The relatively slow service on the route is mainly due to the route's configuration (i.e. the number of curves, crossovers, etc.) rather than the condition of the roadbed. As stated previously in response to question No. 1,619, only ten minutes in time savings could be gained by upgrading the existing track. The need to improve railway passenger services in the corridor area is recognized, however, and VIA is currently reviewing a number of strategies for achieving that objective.

Question No. 2,045—**Mr. Cossitt:**

1. With reference to the answer to question No. 1,619 which states in part, that there are no plans to improve the railway roadbed between Smiths Falls and Brockville but that such plans do exist to upgrade the service and facilities on the Smiths Falls to Napanee route, has this line been out of service for approximately two and a half years and what are all the reasons to upgrade it?

2. Is there a plan to run trains from Ottawa to Toronto through Smiths Falls and direct to Napanee, thus cutting out Ottawa service to Brockville and Kingston and (a) if so, who devised the plan and on what date (b) if not, will the government confirm that the Ottawa-Brockville and through-service westward will continue?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): 1. Even though there is no regular train service on the line between Smiths Falls and Napanee, the line cannot be deemed "out of service". In fact, a maintenance-of-way work crew must ensure that the track is safe for any traffic that it may be necessary to move over it. Any steps to upgrade the service and facilities of this line would be contingent upon the decision on a long-term improvement plan for the Ottawa-Toronto-Montreal corridor.

2. VIA Rail Canada Inc. is currently developing plans to improve the entire Quebec City to Windsor corridor to be able to run passenger trains at 200 km/h. The plans would include a line between Montreal-Ottawa-Toronto going through or nearby Kingston. The future plans do not contemplate going through Brockville as this is not the most direct route, but envisage the construction of a stretch of new line between Smiths Falls and Kingston and the upgrading of service using present route geometry. These plans are still under development by VIA and have yet to be finalized or presented to the government for a final decision. No long-term government commitment can be made on the future of the Ottawa-Brockville service as a decision to continue or discontinue a service in the national railway passenger system is made based on a number of relevant economic and public interest factors e.g. current and projected operating costs and losses, the availability of alternate means of transportation, and the transportation needs of the communities served. A decision on the Ottawa-Brockville service either now or at some time in the future would be made on that basis.

Order Paper Questions

TORONTO INTERNATIONAL AIRPORT—CURFEW PERIOD

Question No. 2,082—**Mr. Blenkarn:**

1. What are the current curfew restrictions at the Toronto International Airport between 11 p.m. and 7 a.m.?

2. What regular flights are allowed in and out of the airport between 11 p.m. and 7 a.m.?

3. What special arrangements are made for aircraft that come in on an unscheduled basis during this curfew period?

4. How many unscheduled flights have there been in and out of the airport since July 1, 1980, and what is a separate schedule of such flights each day?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): 1. Charter flights, cargo flights or technical flight stops using turbo-jet aircraft may not be pre-planned to operate between the hours of 11 p.m. and 7 a.m. local time. Scheduled air carrier flights using turbo-jet aircraft may not be pre-planned to operate between the hours of 12 midnight to 7 a.m. local time. There are two exceptions to this rule by "grandfather rights":

> Air Canada flight 472, a DC-9 aircraft departs shortly after midnight and Air Canada flight 561, a DC-8 aircraft which departs approximately 1.30 a.m.

2. Exemptions to 1. above may, under extenuating circumstances, be granted by the regional administrator, Canadian Air Transportation Administration, or his designated official, the airport general manager, Toronto International Airport. Such requests are evaluated as to the cause of delay, the number of passengers involved, the impact of refusal and the hour of required operation. Extensions to operate between 3 a.m. and 7 a.m. are not granted except in extreme or emergency conditions.

3. Turbo-jet aircraft, granted an extension of the operating hours, that is, scheduled flights unable to meet normal operating hours by reason of extenuating circumstances, are permitted to depart on runways 23 right, 23 left and 32 only and, except in unusual wind and weather conditions, landing aircraft shall use runways 05 right, 05 left and 14.

4. During the period July 1 to December 31, 1980, there was a total of 301 rescheduled air carrier flights and 279 rescheduled charter/ferry/cargo flights unable to operate within normal hours and which were authorized to operate during the restricted hours. During the same period, there was a total of 414 movements by corporate (business) jet aircraft during the published restricted hours. The information concerning separate schedules of such flights is not readily available.

ICE DAMS—PORT OF MONTREAL

Question No. 2,236—**Mr. Crosby:**

1. Were ice dams constructed near the port of Montreal and, if so (a) on what date (b) at what cost?

2. (a) Was the investment in the ice dams approved by Treasury Board and, if so, on what date (b) was it included in the estimates of the Department of Transport and, if so, on what date?

3. Were any capital costs of the ice dams recovered from cargo assessments or user fees applicable to the port of Montreal and will cost recovery measures be implemented and continued in the future?

Order Paper Questions

4. Were inquiries made to determine whether ice dues are charged to users for icebreaking services in other ports utilized by worldwide marine traffic, particularly ports of the Baltic Sea?

5. Does the department intend to impose ice dues for icebreaking services on users of the port of Montreal and other ports on the St. Lawrence River?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): 1. No ice dams have been constructed near the Port of Montreal but Transport Canada has constructed ice control works as follows:

(a) An experimental ice boom was constructed in 1967, artificial islands were constructed in 1967 and 1968, and additional ice booms were constructed in 1969 and 1971.

(b) Construction costs were:

(i) $365,000 for the experimental ice boom constructed in 1967.

(ii) $446,000 for the artificial islands constructed in 1967 and 1968.

(iii) $141,000 for the ice boom constructed in 1969.

(iv) $150,000 for the ice boom constructed in 1971.

NOTE: The Laprairie Basin ice control structure was constructed by Department of Public Works prior to the winter of 1966/67 in connection with the development of the Expo 67 site.

2. (a) Under the regulations governing the seeking of Treasury Board approval some of those projects required approval and some did not. Those requiring approval were approved as follows:

(i) The experimental ice boom constructed in 1967 received Treasury Board approval on March 23, 1967.

(ii) The artificial islands were an extension of the experimental ice boom project and an amendment to that submission was approved on August 16, 1967.

(b) The experimental ice boom was included in the Main Estimates for 1967/68.

3. (a) No capital costs were recovered for these ice control structures.

(b) The question of dues for Canadian Coast Guard facilities and services is currently being considered by the government.

4. Yes.

5. See 3(b) above.

CANADIAN POW CAMPS, WORLD WAR II

Question No. 2,249—**Mr. Blackburn:**

1. During World War II, were there prisoner of war camps in Canada and, if so (a) how many and, in each case, what was the name and location (b) what was the typical daily diet for the prisoners and what was the cost of the food budget?

2. Did Canadian personnel guard prisoners of war and, if so, how many were so engaged and were wounded or killed while on duty?

3. What was the total cost of guarding such prisoners?

4. Were escapes attempted by such prisoners and, if so, how many were (a) attempted (b) successful?

5. How many of the (a) German (b) Italian (c) Japanese prisoners of war later returned to Canada and took up residence?

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): I am informed by the Departments of Employment and Immigration and National Defence as follows: 1. Yes.

(a) 25 prisoner of war (POW) camps including one camp for internees. Name and location of each camp are listed below.

(b) POWs were on the same ration scale as the Canadian Army. Detail of it is listed below. The cost of the diet is not readily available and to attempt to research this would entail a very costly procedure for which the Department of National Defence does not have the necessary resources.

2. Yes. As of May 23, 1945, 5,466 members of the Veteran's Guard of Canada, a corps of the Canadian Active Service Force were employed guarding POWs. None were killed or wounded as a result of guarding POWs.

3. This information is not readily available and to attempt such costing would entail a great deal of research for which the Department of National Defence does not have the necessary resources.

4. Yes. (a) 600; (b) One.

5. The information requested was never recorded by the Canada Employment and Immigration Commission and is therefore unavailable.

Camps in which Prisoners of War and Internees Were Held During the Second World War

Camp "L"	Cove Fields, (Quebec City) Que.
Camp "R"	Red Rock, Ont.
Camp "T"	Three Rivers, Que.
Camp "V"	Valcartier, Que.
Camp 10	Chatham, Ont.
Camp 20	Gravenhurst, Ont.
Camp 21	Espanola, Ont.
Camp 22	Mimico, (New Toronto), Ont.
Camp 30	Bowmanville, Ont.
Camp 31	Kingston (Fort Henry), Ont.
Camp 32	Hull, Que.
Camp 33	Petawawa, Ont.
Camp 40	Farnham, Que.
Camp 41	Ile aux Noix, Que. (Internees only)
Camp 42	Sherbrooke (Newington), Que.
Camp 43	Montreal (St. Helen's Island), Que.
Camp 44	Grande Ligne, Que.
Camp 45	Sorel, Que.
Camp 70	Fredericton, N.B.
Camp 100	Neys, Ont.
Camp 101	Angler, Ont.
Camp 130	Kananaskis, Alta and later at Seebe, Alta.
Camp 132	Medicine Hat, Alta.
Camp 133	Ozada, Alta. and later at Lethbridge, Alta.
Camp 135	Wainwright, Alta.

Prisoner of War and Internee Menu
for the 1st, 11th and 21st Days

Menu	Ingredients	Issue for 100 Prisoners
Breakfast:	Quantity and Unit	
		Meats
Whole Wheat Cereal	4-20 oz. pkgs. cereal, whole wheat	25 lbs. frankfurters
	2 lbs sugar, gran.	25 lbs. bologna
Fresh Milk	25 quarts milk, fresh	
Coffee Cake	4 lbs. sugar, gran.	Eggs
	2 lbs. lard	2 doz. eggs
	1 doz. eggs	
	12 oz. milk, skim, dry	Milk
	1 lb. yeast	25 qts. milk, fresh
	20 lbs. flour	3 lbs. 6 ozs. milk, skim, dry
Bread	10 lbs. bread	
Margarine	2 lbs. margarine	Margarine
Coffee	3 lbs. coffee	4 lbs. margarine
	3 lbs. sugar, gran.	
	12 oz. milk, skim, dry	Fats, other
		2 lbs. lard
Dinner:		Sugar, etc.
Fresh Fruit	100 servings fresh fruit	17 lbs. sugar, gran.
Frankfurters	25 lbs. frankfurters	
Mashed Potatoes	50 lbs. potatoes, fresh	Cereals
Sauerkraut	4 No. 10 cans, sauerkraut	16 lbs. bread, white
Vegetable Salad	5 lbs. greens for salad	60 lbs. bread, rye
	5 lbs. turnips	20 lbs. flour
	5 lbs. onions, dry	4-35 oz. pkgs. cereal, whole wheat
	10 lbs. beets	
	(½ qt. oil, salad)	Vegetables, L.G.Y.
	(½ qt. vinegar)	35 lbs. salad greens
Rye bread	30 lbs. bread, rye	
Margarine	1 lb. margarine	
Bread Pudding	6 lbs. bread	Potatoes
	2 lbs. raisins	100 lbs. potatoes, fresh
	3 lbs. sugar, gran.	
	12 oz. milk, skim, dry	Vegetables, other
	1 doz. eggs	5 lbs. turnips
Coffee	3 lbs. coffee	5 lbs. onions, dry
	3 lbs. sugar, gran.	10 lbs. beets
	12 oz. milk, skim, dry	4 No. 10 cans sauerkraut
Supper:		Fruits, other
Bologna	25 lbs. bologna	100 serv. fresh fruit
Boiled Potatoes	50 lbs. potatoes, fresh	
Mixed Green Salad	30 lbs. greens for salad	Fruits, dried
	(½ qt. oil, salad)	2 lbs. raisins
	(½ qt. vinegar)	7 lbs. prunes, evap.
Rye Bread	30 lbs. bread, rye	Beverages
Margarine	1 lb. margarine	7 oz. tea
Stewed Prunes	7 lbs. prunes, evap.	6 lbs. coffee, R & G
Tea	7 oz. tea	
	2½ lbs. sugar, gran.	Miscellaneous
	6 oz. milk, skim, dry	1 lb. yeast

NEWFOUNDLAND STEAMSHIP LIMITED—ELIGIBILITY FOR SUBSIDY

Question No. 2,271—**Mr. Crosby:**

1. Is the Newfoundland Steamship Limited (Company) eligible for a subsidy for a vessel or vessels operating between the port of Montreal and the province of Newfoundland under Article of Agreement, contract No. 75, between the company and the Canadian Transport Commission?

2. Would a subsidy under the contract be paid to the company if the vessel or vessels operated from the port of Halifax and, if not, would failure to pay the subsidy discriminate against the port of Halifax?

3. Are officials of the government, any department, agency or Crown corporation permitted to travel free of charge on vessels of the company under the contract or under any other agreement and, if so, what (a) were the names of any persons who travelled free of charge (b) was the date and time of each trip?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Transport Canada advises as follows: 1. Yes, but this agreement is now administered by Transport Canada.

2. No, the subsidy is for a service operated from Montreal to St. John's and Corner Brook.

3. Yes, in the performance of their duties. (a) and (b) None.

PENSION REVIEW BOARD APPEALS

Question No. 2,359—**Mr. Halliday:**

1. For each of the past five years for which statistics are available, what was the number of applications of appeal (a) received (b) processed (c) pending decision at the end of the year by the Pension Review Board?

2. For the same years, what was the number of board members working (a) full time (b) part time?

Hon. J. Gilles Lamontagne (Minister of National Defence):

1.

Fiscal year	(a) Appeals received	Withdrawn	(b) Processed	(c) Yearly backlog	Comulative backlog
Previous years					589
1976-77	1,182	-22	587	573	1,162
1977-78	1,272	-13	868	391	1,553
1978-79	1,374	-20	1,085	269	1,822
1979-80	1,346	-25	1,110	211	2,033
1980-81	1,246	-31	1,292	-77	1,956

2. Members working. See list below.

Fiscal year	Composition	Total
1976-1977	Chairman, deputy chairman and three members	5
1977-1978	Chairman, deputy chairman and five members	7
	One of the ad hoc members appointed 9-6-77 (10 months)	7
	One of the ad hoc members appointed 27-6-77 (9 months)	7
1978-1979	Chairman, deputy chairman and five members	7
	One of the members retired 10-11-78 (7½ months)	6
	One of the ad hoc members left on 8-6-78 (2 months)	5
	One of the ad hoc members retired on 26-6-78 (3 months)	4
	One of the ad hoc members appointed on 10-7-78	5
1979-1980	Chairman, deputy chairman and three members	5
	One member appointed 1-8-79	6
	One ad hoc member reappointed 10-7-79 to 9-1-80 and reappointed 10-1-80 to 31-3-80	6
1980-1981	Chairman, deputy chairman and four members	6
	One member retired 17-4-80	5
	One member appointed 21-7-80	6
	One ad hoc member reappointed 1-4-80	6
	One ad hoc member appointed 2-6-80	7

[*Translation*]

Madam Speaker: The questions enumerated by the hon. Parliamentary Secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

[*English*]

Mr. Beatty: Madam Speaker, on December 9, 1980, I placed question No. 1,852 on the order paper. It dealt with the chairman of the Canadian Film Development Corporation and the concern as to how regulations relating to conflict of interest apply to him. You will recall that prior to the Easter recess, on April 23, as reported at page 9436 of *Hansard*, I brought to the attention of the Parliamentary Secretary to the President of the Privy Council the fact that this question remained on the Order Paper unanswered since December 9, and yet the Chairman of the CFDC had furnished the government with information for reply some weeks before. At that time the parliamentary secretary replied as follows:

> Madam Speaker, following my conversation with the hon. member this morning, I am checking on the matter. I fail to understand why an answer has not been transmitted through the Privy Council office to be presented in the House. I will do my best to have it as soon as we return from the recess.

Question No. 1,852 is still on the Order Paper unanswered. It has been on the Order Paper for five months now. I would appreciate it if the parliamentary secretary could see to it that the House is furnished with an answer.

[*Translation*]

Mr. Pinard: Madam Speaker, I shall take notice of the recommendation made by the hon. member concerning his question. I shall consult the parliamentary secretary and ensure that he can provide the hon. member with an answer as soon as possible. There are undoubtedly very valid reasons to justify this delay, and we shall try to give them to him as soon as I have talked with the parliamentary secretary.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—EFFECTS OF HIGH INTEREST RATES AND DOUBLE-DIGIT INFLATION

Right Hon. Joe Clark (Leader of the Opposition) moved:

> That this House deplores the record high interest rates imposed on Canadians by the Liberal government which together with double-digit inflation and slow economic growth are causing acute hardship and human suffering for Canadians, and demands that the government immediately introduce a budget and implement other economic programs to address these urgent and pressing problems.

He said: Mr. Speaker, for the past several months we in this Parliament have spent our time debating what amounted to the personal priority of the Prime Minister of Canada (Mr. Trudeau).

In the motion we presented yesterday, and in the motion I am introducing today, we are saying that it is now time for the Parliament of Canada to give attention to the priorities of the people of this nation. Those priorities concern the resolution of our economic and energy problems, but particularly they are a means by which the Government of Canada can come to grips with inflation, unemployment and interest rates, problems which are causing very serious and real, human hardship to individual Canadians across the country.

We use question period and we use days like today, the only instruments available to an opposition, to raise issues. However, all that we can do in opposition is to raise these questions. The government alone has the power to resolve Canada's economic problems. By its actions the government has either made those problems worse, by driving jobs and investment out of Canada, or it has ignored the anger and the sense of betrayal which most Canadians feel about Ottawa's refusal to meet its responsibility of economic leadership.

What concerns Canadians are rising living costs that are making it impossible for the average wage earner to make ends meet; record interest rates that are forcing more and more small businesses and more and more Canadian farmers into bankruptcy; mortgage rates that turn the Canadian dream of owning a home into a financial nightmare; and a lack of economic growth and economic direction that has put a million Canadians out of work today and deeply threatens the job security of thousands more tomorrow.

The individual problems are acute enough, but this Liberal government's greatest crime against Canada now is that it is not even trying to face economic issues. The minister's policy is to do nothing. He says that anything he might do would only make matters worse.

Would it be worse for a pensioner to be getting an energy tax credit today? Would it be worse for a home buyer to be receiving a mortgage tax credit today? Would it be worse for a widow living in her own home to be receiving a property tax credit today? Of course it would not be worse. Those people need help and they need it now. The government's excuse that it cannot afford help for suffering Canadians is utterly false. It is an excuse that is denied by the government's own actions. I say to you, Mr. Speaker, I say to the House and I say to the government that if public money can buy an oil company like Petrofina, public money can protect Canadians against high energy costs and high accommodation costs.

Certainly the issue here is not the principle of spending. This government spends money like water. The question is the priority of spending. This Liberal government would sooner pay approximately a million dollars in a finder's fee to its millionaire friend, Maurice Strong, rather than pay $240 per family for an energy tax credit to low-income Canadians. That is not just raw patronage; that is contempt for Canadians in need.

Mr. Lalonde: That is a lie.

Mr. Clark: The minister of energy, who might want to put his seat on the line, says that is a lie. He is saying it is a lie that the Government of Canada paid $942,000 to the good Liberal friend, Maurice Strong.

Mr. Lalonde: To Maurice Strong, that is a lie.

Mr. Clark: He can check the record, because in his own responses to the House he says it is a lie. His accusation is a matter which we will pursue in the House later on when he will be called upon to withdraw that allegation, defend it or surrender his seat.

• (1530)

In field after field the government is prepared to spend money on the wrong things but ignores the needs of ordinary Canadians who are caught in an economic squeeze. They increase by 17 per cent the amount of public money spent on consultants and on services, and they ignore Canadians who are caught with the prospect of bankruptcy or with high interest rates. They are buying Petrofina at a cost to the average Canadian energy user of $60 a year, yet they refuse to use that kind of tax money to help Canadians who are now facing serious economic problems.

They run a propaganda machine which has the government budget up now by $13.2 million from last year; it now stands at $62.8 million. They are prepared to help sell their own case to the people of Canada, but they are not prepared to make help available to individual Canadians in need. It is not a question of the principle of spending; it is a question of the priority of spending. The government put their own interests first and the interests of the people of Canada last.

[*Translation*]

Mr. Speaker, we are all aware of the disastrous effects our present economic situation is having. The cost of living is increasing by over 12 per cent a year, which is the worst inflation rate we have had for over six years. The average Canadian who borrows is now paying the unprecedented interest rates of 20 per cent on a personal loan and 18 per cent on a mortgage loan. Commercial bankruptcies increased by 17 per cent last year and by over 20 per cent in the first quarter of this year. Farm bankruptcies are increasing at an even greater rate. Housing starts were low last year and will probably not increase much this year. One now needs a family income of $32,000 a year to get a mortgage on a standard house. Also, if we include those who are so discouraged that they do not even bother to register with the unemployment office, there are at least one million jobless in this country. What is even worse is that we are entering an age where technology threatens thousands of workers most of whom do not have the skills required to go from a job that automation made obsolete to another one which resulted from automation.

Bankruptcy for a small business, Mr. Speaker, is not merely a matter of statistics, it affects men and women who devoted their lives and invested their money to build something and who suddenly see their hopes shattered. When a farmer must give up his land because he can no longer meet his bank payments, not only does this constitute a crime against a world hungry for all that we can produce, but it is also a case where a family becomes uprooted and where often a way of life, handed down from generation to generation, based on the love of the land ceases to exist.

[*English*]

When a young couple finds that saving every available cent will not get them a home, or where renewing a mortgage means finding $300 more per month that one does not have, it is not just an economic problem. It means that families who came to this country believing that Canada was a place in which they could get ahead if they were prepared to work begin to question the promise of Canada. If you are a telephone operator, an insurance clerk, an auto worker, or a worker in any other industry where technology and machines are replacing people, you cannot avoid asking yourself if your job is next and, even more troubling, what you will do with work skills society does not seem to need any more. Those are the real economic issues of Canada because they are the issues which directly touch the lives of Canadians. Of course the problems are complex. Governments are elected to resolve complex problems. The minister says, "It is so difficult I will not do anything". If the Minister of Finance (Mr. MacEachen) were Noah, he would say, "I will not build an ark because it is raining too hard".

The minister is protected against the consequences of his do-nothing policy. He is protected by his comfortable minister's salary and by the complacency of being too long in office. The people he was elected to care about are not protected, and the people he used to pretend to care about are not protected.

The government came into office by being against an 18-cent per gallon increase in the cost of gasoline and they have since raised the price 52 cents per gallon. Now the minister says that Canadians should absorb that increase and pay for it out of money he claims they have. Where does the minister think all this loose money is in the budget of the average Canadian family? It is not in their housing budgets with mortgage rates at 18 per cent. It is not in their food budgets with food costs up 15 per cent from a year ago. It will not come out of rising incomes because the government's own statistics show that incomes have been declining in real terms for the last few years.

The only economic policy to come from this government has been to hurt people who need help. The government's major economic initiative has been the national energy policy, which is driving Canadian jobs and Canadian investment out of Canada. Instead of building on energy, the Liberal government is crippling what could be the single strongest growth factor in our economy.

Its other initiative is to blame it all on Bouey, to pretend that the government is not responsible for economic policy, it is just the Bank of Canada. If the minister were more honest, he would admit that he is only taking half the advice of the

Bank of Canada. He accepts that part of the bank's advice which is hard on people, but he ignores that part of the bank's advice which requires sacrifice by his own government. Governor Bouey has often made it clear that it is very difficult for him to dampen credit demand if the country's largest creditor, the federal government, continues to make massive borrowings to finance its deficits. That is exactly what the minister is doing. Canada's economic situation is the following: we have no Minister of Finance and we have only half of Gerald Bouey.

[*Translation*]

The minister—who, incidentally, has become the invisible man—is faced with two very simple alternatives. He can live up to the economic challenge and start to show the leadership that the nation expects of him, or else he can resign as we asked yesterday. If he stays on as a minister, he must without delay introduce a budget, not in the fall, but before the end of this session. He has held his portfolio for nearly 15 months and he has not yet clearly explained his economic policy to the country.

It is essential that we have a budget, and in this budget the minister must deal with two basic issues. First, he must attack squarely the issue of inflation, especially as concerns the current interest rates, which have reached a record high. If the minister believes that his monetary policy is inadequate, time has come to change it. I say his policy because there is no doubt that, in his capacity as Minister of Finance, he has the last word and the ultimate responsibility regarding monetary issues such as interest rates. He cannot hide behind the Governor of the Bank of Canada.

On the other hand, if the minister believes that his present policy of high interest rates remains the most appropriate for Canada, he must act accordingly and heed the advice of the Bank of Canada, which is to reduce the federal deficit. If he wants to maintain his policy of high interest rates, his budget must provide assistance for the Canadians who are the hardest hit by a double-digit inflation. The minister says that he does not have much room to manoeuvre. We faced the same dilemma when we came to power and inherited the financial mess created by hon. members opposite during the last decade. But we took our responsibilities; we made the hard decisions which were required; the Crosbie budget contained proposals designed to help low and medium income Canadians.

This must become a priority in the Minister's budget. It is about time for him and the government to start saying to Canadians how they expect our economy to develop in the coming decade, and especially how they expect to provide employment opportunities and employment security for Canadians in the eighties.

● (1540)

[*English*]

Mr. Speaker, three great tasks await us if we want to give to Canadians the kind of economic future that this country is capable of. First, we have to produce enough jobs, at least 1.5 million new jobs over the next four years, if we are to make a reasonable dent in the rate of unemployment, if we are to absorb new entrants into the labour force and if we are to provide alternate employment to women and others who are displaced by advanced technology.

Second, we must create the right kind of jobs. We do not need make-work programs which offer marginal pay today and no future tomorrow. We need jobs in the growth industries of the future, the kind of rewarding jobs which excite people and which they know will exist and grow in the years to come. In this country we have the potential to create those kinds of jobs. We have industries, electronics, transportation, northern development, oceanography, as well as energy and food. These are the kinds of industries where we can be among the leaders of the world if we have strong national leadership and effective programs to support our own companies. It is time we began receiving that leadership from this government and seeing those programs emanating from it.

Finally, we must ensure that Canadians who need jobs have the skills and training necessary to qualify for the opportunities we create. We are facing a mammoth problem in that regard. Among our current unemployed we have literally hundreds of thousands of Canadians who simply lack the skills needed to qualify for anything but the most marginal and menial kinds of jobs. The problem will get worse. A recent conference reported that as many as one million women could lose their current jobs during the 1980s to advanced technology. There are estimates that in the auto industry alone as many as 20 per cent of the existing jobs could be lost to automation.

We are dealing with an economic crisis today which was created over the last ten years. This government can do much more for Canadians in need. Its flexibility is limited by the deficits of John Turner, Donald Macdonald and past Liberal ministers. But just as the lack of economic courage in the past created problems today, the lack of economic courage today will create problems for the future of Canada. The nature of jobs in Canada is changing. Many traditional jobs will no longer exist. Many people now working will see their jobs lost to technology. Much of the training available to Canadians today is looking backward rather than forward. We have to build job security for the future. That must start now, and it can only start with federal leadership.

[*Translation*]

When we were in power, we made plans for a conference on economic development in Winnipeg to be held in February of last year. I therefore find it most regrettable that this government should not have shown any real interest in pursuing the matter any further. I deplore the arrogant way in which the Prime Minister has turned down the constructive proposal made by the Premier of Ontario that the first ministers meet to discuss the economic challenges of the nation. A responsible national government would not have missed such a great opportunity of finding a solution in consultation with the provinces.

The new budget must come to grips with today's urgent problems, but it must also, and without delay, provide measures capable of guaranteeing Canadians security of employment in the years to come. If nothing is done now, not only will all Canadians suffer but there may also be two specific categories of victims: young people and women. Our young people need new training to be able to tackle the jobs of tomorrow. Women who want to join the labour market or acquire new skills are in need of better opportunities, better orientation and better incentives. We must give priority to jobs which will make it possible for our women, our young people and other Canadians to contemplate with confidence a secure future on the labour market.

We have here, in Canada, the energy, the food and the other resources we need to develop fully. We also have an industrial base which can cope more and more with international competition. Our labour force is young, well trained and dedicated. In spite of their current preoccupations, the uncertainty and the apprehension which they must face today, Canadians still have faith in their country. What they need is leadership and this they expect from their national leaders. They can meet the challenges today if they are assured of a better future.

[*English*]

The government has been ignoring its economic responsibility. It has been driving Canadians into bankruptcy, despair and anger. It has been abandoning its responsibilities to help Canadians prepare for a future which will be profoundly changed but which can be profoundly promising for this country if we have the wisdom and the courage to seize that future. We have been following the Prime Minister's personal priorities for six months now in the House of Commons. It is time to give the priorities of the people of Canada a chance.

Some hon. Members: Hear, hear!

Mr. Clark: It is time for this government to put aside its preoccupation and to realize that there is a country which wants to build, that there are people who want to be free of the burdens of economic policy placed upon them by this government and that there are individuals who are prepared to go out and work to build a secure future for the country. This must be recognized by the government. The place to start is with a new budget—soon, before the end of June. We must not wait again, ducking behind other elements of policy as was done the last time. We need a new national budget but, most important, we need a new commitment by this government, a commitment which recognizes that the people of Canada have priorities too and that those are priorities which have been ignored. These priorities can no longer be ignored.

Our country was built upon respect for individuals who were prepared to go forward and make a mark for themselves. This government is making that more difficult every day. We live in a country which can become one of the strongest nations in the world if we are prepared to use our resources and take account of the changing world of work. This government must give some kind of leadership. That can come only if there is a willingness on the part of the government to put its personal priorities behind and to adopt and confront the priorities of the people of Canada. That is what this motion urges the government to do. We devoutly hope that it will act on that, that it will bring in a budget, that it will begin to pay attention to the problems and to the immense potential of the people of this country.

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa): Mr. Speaker, before I make my comments on the motion before us I wish to make one observation. We have before us a motion moved by the Leader of the Opposition (Mr. Clark) in the Parliament of Canada which deals with an important subject. I have learned that not only will the Prime Minister (Mr. Trudeau) not be replying, but neither will the Minister of Finance (Mr. MacEachen) involve himself in this debate. I could understand the situation if one or the other was not participating. In most parliaments of the western world, as a normal matter of courtesy if the leader of the opposition or his equivalent was leading off the debate then the prime minister of the country would be there to participate. If that is not possible I would suggest that at the very least it is incumbent upon the Minister of Finance to reply to the Leader of the Opposition on a subject matter which is of profound concern to the people of Canada.

Mr. MacEachen: I spoke yesterday.

Mr. Broadbent: The Minister of Finance says he spoke yesterday.

Mr. MacEachen: It is the same argument.

● (1550)

Mr. Broadbent: Well, the minister should know. The minister is now saying it is the same argument. I listened to the Leader of the Opposition with care. I want to say on behalf of my colleagues that there is much in what the Leader of the Opposition had to say with which we would agree.

Mr. MacEachen: But the hon. member was not here yesterday. Where was the hon. member yesterday?

Mr. Broadbent: Even the Minister of Finance knows that the argument which he has made is absurd. I am exercising my responsibility in speaking today.

Mr. MacEachen: Don't lecture today!

Mr. Broadbent: I am saying through you, Mr. Speaker, to the Minister of Finance, that if the government had any respect for Parliament, and particularly for the people of Canada, it would be responding to today's question, which is the call for a new budget. That is a serious question and it is not responding to it.

Some hon. Members: Hear, hear!

Mr. Broadbent: However, it reflects the attitude of the government. I do not object to the concerns which the government has had with the Constitution as that is, indeed, an important matter. However, we in this House all know the Prime Minister has shown no interest or concern with the question of economics since he became Prime Minister of this country. That is demonstrated by his response today, and more particularly by the government's over-all response by having neither himself nor the Minister of Finance enter into this important debate.

I now want to turn to the specific subject matter. At the root of the government's lack of policy is its commitment to the perpetuation of a myth which has been established, at this point in the twentieth century, not only in Canada with the present government but also in the United States of America and in Great Britain; that is the myth that in dealing with inflation a government should adopt a policy that forces up the cost of everything we buy and almost everything we consume.

In short, the high interest rate policy which is being pursued by this government is exactly the same in its effects on people as would be an admonition to a drowning man that he would be saved if we only made the water just a bit deeper. That is the kind of economic brilliance this government is displaying in the pursuit of its high interest rate policy.

The experience of Margaret Thatcher in the United Kingdom, or that of President Carter and his successor, President Reagan, in the United States, and the previous experience of Liberal administrations and that of the Leader of the Opposition, ought to have shown this government that rather than curbing inflation or reducing the cost of living, a high interest rate policy does just the opposite.

I want to come back and deal with some proposals. The kinds of suggestions we are making, contrary to what the Minister of Finance has said in his blanket condemnation about opposition suggestions being inflationary, would have quite the opposite effect. I hope he changes his mind and participates in this debate soon.

Now that we are in a situation where workers are in their fourth year in a row with a decline in the standard of living, when we are now at almost 12.5 per cent inflation, when just this afternoon we heard that we have set a record in Canadian history for interest rates, I would like to ask, when is it going to end?

The general situation has not been described better than in words which were uttered not long ago in the House of Commons, and I would like to quote them as they relate to the effects of this kind of high interest rate policy, because I think that that is the core of the current problem. It is by no means the whole problem, as I will indicate later. This is what was said just a while ago in the House of Commons:

> The present record level of interest rates, ... cuts back the ability of Canadians to buy goods and services of all kinds—cars, homes, food and clothing, everything people need. These high interest rates cut back the ability of factories and businesses generally to expand, to create more production and jobs. These high interest rates limit the ability of business, especially small business, simply to operate at basic non-inflationary levels. Therefore these high interest rates mean losses of production and jobs now and over the coming winter months.
>
> The Conservative government has been saying that these high interest rates are needed to fight inflation, but they in themselves drive up costs and add to inflation. All this has been demonstrated by the jump in the cost of living—

Then of one full point.

> —obviously incorporating increases in costs due to increases in interest rates. The government has allowed these increases to go into effect in the period since it has been in office.

These words which, as I say, are quite accurate as a general description of the high interest rate policy and its impact on our kind of economy, were uttered by the present Minister of Industry, Trade and Commerce (Mr. Gray) when he was finance critic for the Liberal party when they were in opposition. The point is that what the minister said when he was in opposition is just as true today as it was in 1979, and just as the high interest rate policy did more harm than good then, it does so now. Just as it was an inappropriate policy when it was pursued by the Conservatives, so, too, is it an inappropriate policy which is being pursued by the Liberals.

Some hon. Members: Hear, hear!

Mr. Broadbent: I want to ask: When is the message finally going to get home to the government? When is it going to abandon an intellectual commitment to an ossified theory—this absurd preoccupation with monetarism which is now as deeply embedded in the Government of Canada as it is in the government of the United Kingdom and in the government of the United States?

Are we going to wait until the number of families which have to abandon their homes reaches 1,100 a month instead of 1,000? Are we going to wait until a record number of small businessmen have to organize and come to demonstrate on Parliament Hill? Are we going to wait until thousands of additional farmers have to abandon their herds because they cannot meet the interest rate level needed to maintain their existence? Workers have become exasperated with the fact that their living standards have declined three years in a row, so that on the average they have lost $35 a week in real disposable income. Will this loss have to increase to $40 or $50 a week before they must literally organize some riots to force the government to act?

Will the poor finally organize? We just learned, in what I consider to be a very moving and deeply disturbing report not many days ago, that the people who are disproportionately affected by high interest rate charges are the poor. As the people responsible for the study indicated, the poor are more deeply in debt, not because they are buying coloured television sets or taking holidays in Florida or anywhere else, but because they are buying the necessities of life. Are the poor finally going to have to get exasperated, come to Ottawa and force this government to act?

The point is that this MacEachen monetary madness must stop; the people of Canada will have to rise up and force the government to abandon this policy.

Some hon. Members: Hear, hear!

Mr. Broadbent: The motion before the House calls for a new budget, and we agree. The other day and also in the past our financial critic, on behalf of our party, outlined a number of measures which would be appropriate in a new budget, not simply to deal with the question of inflation, but to deal with the long-range structural problem of the Canadian economy which must be dealt with if we are to have full employment.

Today I want to deal with those measures, specifically in the context of dealing with the question of inflation in a serious way. I hope the government will have the honesty today to do what it did not do yesterday in the debate: that is, to reply to the points which are made; not to sit there in arrogant indifference while listening to what is being said on this side of the House, but to take on the arguments. If our arguments are shown to be wrong, we will admit they are wrong. However, we want this serious matter dealt with in a serious way.

Before going to three of four very specific suggestions on how to deal with inflation, I must say that although I have indicated my party agrees with some of the suggestions which the official opposition has made in terms of dealing with inflation, there is one matter on which we frankly cannot accept any criticism from their corner, and that is the interest rate policy itself.

The Leader of the Opposition should know better than anyone else in the House of Commons, perhaps, in spite of his own criticism as Leader of the Opposition before he became prime minister, that when he was in office interest rates not only went up one, two or three times, but more than that. So when it comes to interest rate policy, neither we nor anyone else has to listen to the Conservative Party of Canada. However, I want to put that aside. The Liberal party is the government of the day and it has the responsibility to deal with the important matter before us.

I now want to suggest three or four specific ways of dealing particularly with the pervasive problem of inflation. In so doing, I repeat that I want to see the government put up or shut up today and to respond to the arguments. More than respond to the arguments, I would like to see the government act on them if it agrees with them.

• (1600)

First is the question of interest rates. I have already said that the evidence is overwhelmingly clear to everyone, except someone who gets so rigidly locked into some economic theory that he decides to lock out all the evidence, that the increase in interest rates has not resulted at all in a reduction of the cost of living but has had the opposite effect.

What do we say should be done? We are saying that instead of sitting back and responding in a knee-jerk reaction to what takes place in the United States in terms of interest rates, we should move in the opposite direction. At his regular meetings with the Governor of the Bank of Canada, or by telephone, the Minister of Finance should make it clear that he expects the Bank of Canada to start moving immediately, step by step, in the direction of a reduced interest rate policy in order to bring interest rates down to roughly the level of inflation in Canada. We think that would work.

I want to say to the Minister of Finance that if there is a run on the dollar or if there is a concern about a flow of money south of the border in the short run, then certain action could be taken. We do not withdraw from the suggestion of a form of exchange controls. The minister should know better than anyone else that some form of exchange controls has been put in place by many countries in western Europe and by the United States. In fact, the administration of John F. Kennedy in 1963 and that of Richard Nixon in the early 1970s introduced special measures to deal with the problem of the outflow of capital. They showed a little more imagination than has been demonstrated by the Government of Canada. When President Kennedy was in office he introduced for a limited period of time a special tax intended to discourage the outflow of capital. That practice was duplicated almost a decade later by President Nixon.

I say to the Minister of Finance that it is hardly a radical idea and hardly a profound change. Some countries in Europe and also the United States have done this. I repeat, this party does not back away from a little innovation. If we need a limited form of control to deal with a possible export of capital, then the New Democratic Party says, "Let's do it if it benefits the people of Canada".

Some hon. Members: Hear, hear!

Mr. Broadbent: A second area in which the government could act is in the domain of energy prices, on certain aspects of prices. It could consider seriously the government study done over many years which showed that the oil companies had been ripping off consumers from 1958 to 1973 to the tune of $500 for every man, woman and child in Canada. We all know that this has gone on to an equal or greater degree since.

What is an appropriate response to this? I see the Minister of Finance has been joined by the Minister of Employment and Immigration (Mr. Axworthy) who obstensibly is going to reply. They are sitting there giggling over the situation. I should like them to consider the argument again. The argument is that if there is a report which shows that the oil companies have gouged the people of Canada by $500 per citizen over that period of time and which makes recommendations on how to lower energy costs, why would the Liberal government not act if it is concerned about the impact of energy prices on the people of Canada?

In our view, the following suggestions are workable. First of all, by a price reduction of a few cents per gallon the government could order a reduction at the retail outlet level in the price of petroleum to compensate the Canadian consumer for that great loss. I speak not only of the consumer buying gasoline for his or her car but also of the consumer buying fuel to heat his home. A price reduction which was aimed at getting back for the consumer that money which has been gouged from him would make sense and would reduce the cost of living.

As the study pointed out, one of the major reasons for the excess profits or charges was the multinational structure which enabled Exxon Corporation to overcharge Imperial Oil which, as the price leader in the market in Canada, in turn passed on excess prices to the people of Canada. There is a solution to that problem as well, and that is to do what other countries have done with state-owned oil companies, and that is in our case to make Petro-Canada the exclusive importer. Prices passed on to all retail outlets in Canada could be passed on at a reduced level. I repeat, that is a practical suggestion that would not be inflationary.

Let me deal with one other aspect of energy costs. We now subsidize the price of energy in Atlantic Canada but we do nothing for people who live in our northern regions. People have to pay higher prices in all northern communities across Canada. We recommend that there should be a slight fuel subsidy for northern Canadians in order to bring the price of gasoline and home heating fuel in northern communities across the land down to the average national level. So much for energy prices, Mr. Speaker. I repeat, I do not think that suggestion is inflationary at all; it is non-inflationary and would help reduce the cost of living.

Now I come to high prices. We have said that the government has constitutional authority to act now to establish a fair prices commission to administer key prices in the economy. This is not a revolutionary idea. The Prime Minister misled the House a while ago when he said that the government did not have that authority. That is absurd. It has the same constitutional authority to do in practice what it did when it brought in a wage control program a few years ago. This time we say that it should do something to act on behalf of workers instead of against them.

A fair prices commission would act in a flexible way. It could force reductions where price increases occurred that were unjustified in terms of reasonable profit margins. It would not take action, obviously, against all price increases. Again, this is not an inflationary kind of government response.

My next proposal is a tax reduction to assist average and low-income people. As I suggested in two election campaigns, and as our finance critic mentioned yesterday in the House and before that in previous debates, if this were complemented with serious tax reform that would deal with the banks' excess profits, tax loopholes for the corporate sector and for private individuals, there could be this kind of tax reduction which would help poor people cope with inflation without increasing the debt of Canada at all.

Another item is housing. Of all the countries in the world that ought to have established adequate housing as a right for its people, surely Canada ought to have been doing that a long time ago. Instead of seeing 1,000 families per month having to abandon their houses, we should be seeing 1,000 families moving into new housing. It is only because of the government's inaction in this regard that we do not see housing established as a universal right, like medicare, in Canada.

What would we do? Instead of CMHC buying up houses that people have had to abandon and then selling them at a loss, we would at least take steps to extend mortgages to enable people to maintain their homes instead of abandoning them. Beyond that, we would say that in a country that produces lumber in the way we do and which still has more than one million workers unemployed, instead of failing to spend the CMHC budget on non-profit and co-op housing, we should deal with the needs of renters in Canada and the needs of people who desire co-op housing by significantly expanding these budgets to ensure that housing is available. That would deal with job creation, and in the not so long run would increase the supply of housing and have the effect of driving down the price of housing as well.

● (1610)

There is something which characterizes these few points I have made. First, in our view they are not inflationary. Second, they would have the effect of reducing costs in a serious, tangible way for ordinary Canadians. Third—and this is the reason I suggest we get no action from the government, from the Liberals and as well from the Conservatives—the kinds of proposals I have advocated here are objectionable not because they are inflationary but because they require, on the one hand, taking action against the banks or oil companies in a tough-minded way, which those two parties do not like to do, or they would require a more activist government in the economy. That really gets at the nub of it.

Whether we talk about a fair prices commission, expansion in the housing sector or the government's having a deepening role in the energy sector, all of these points mean the kind of thing that François Mitterand represents in France today, that Helmut Schmidt represents in Germany today, and Olaf Palme will represent when he is returned as prime minister of Sweden in an election that will probably take place next month. They reflect a social democratic philosophy which says that government activity of itself is not evil. I say to the Minister of Finance that it was government activity which moved this country into medicare, took it out of the market system, and did the same earlier with pensions. We are saying in these sectors of the economy that we need a little more government involvement. That is not bad.

I see, Mr. Speaker, you are getting to your feet. I will conclude in one minute. Just as the people of Canada accepted government involvement in pensions and the government establishment of medicare, so too in dealing with a crisis economy the people of Canada would accept the kind of innovative government action I am advocating here today.

If I have the patience of the House, and I see you are getting to your feet, Mr. Speaker, I will conclude with one observation.

The Acting Speaker (Mr. Blaker): Order, please. I think probably hon. members will accord the Leader of the New Democratic Party the extra moment, but the Chair is in a bit of an awkward position. I have allowed the hon. member to go way past his time. Is there consent for the hon. member for Oshawa (Mr. Broadbent) to continue?

Some hon. Members: Agreed.

Mr. Broadbent: I appreciate the extra time, Mr. Speaker; I will not abuse the courtesy.

I want to conclude with the following observation. When the Conservatives were in power for a brief period of time, the Liberals had a saying about the Conservatives. They said the people of Canada had a non-government. With the deception that has been inflicted upon the people of Canada by the Liberals since they have come back to office, with the Minister of Agriculture (Mr. Whelan) and the Minister of National Health and Welfare (Miss Bégin), to name two, promising certain things to the people of Canada and their systematically being denied implementation by the Minister of Finance, we have replaced a "non-government" with what can only be described as a "con government". That is what we have today.

The people of Canada do not want a non-government and certainly do not want a con government. They want an honest and direct government which will deal with their real problems in a way that will be both effective and just. That is precisely what we are proposing.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, I am very pleased to have the opportunity to participate in this debate. I feel badly that the Leader of the New Democratic Party has a sense of outrage that his fresh participation is not being responded to by the Minister of Finance (Mr. MacEachen). I remind him that the Minister of Finance has now spent a full two days in this House dealing with the debate. We are very pleased to welcome the Leader of the New Democratic Party and the Leader of the Opposition (Mr. Clark) to this debate for the first time. We are very pleased to have them here. It is nice to have them drop in on us like this. It is nice to have them show that for 30 minutes or so they are able to take some time out of their travelling arrangements to drop into the House of Commons to discuss this very important topic.

We certainly share many of the concerns that are being raised in the economic questions that are being posed in this debate. The Leader of the Opposition is a little wrong, as he often is, in describing this as the first time this government has come to grips with the economic issue. If he had spent more time in the House or spent a little more time calculating what went on, he would realize that we have spent more time in this session of Parliament debating economic matters than we have matters concerning the Constitution. His own obsession and preoccupation with his losing cause in the Constitution is no reason to judge other people by what he sees in his own reflection. The fact is we have spent a good deal of time and have taken a number of significant and important initiatives in coming to grips with the economic conditions being faced in Canada.

Unlike members opposite, we do not pretend we have the magic solution, the simple panaceas. That is one of the luxuries that can be afforded by the perpetual state of opposition in which hon. ladies and gentlemen opposite find themselves. They do not have to deal with the responsibility of making tough choices and coming to grips with the realities. They can concoct their own realities and develop their own mythology. They have become the great myth machine in Canada in trying to describe an economic landscape which simply is not there.

This is why it is important that we have the opportunity to try to clarify what kinds of real conditions do exist and the kinds of initiatives that we in this country are putting forward as ways of responding to them. These are real issues and real solutions, not the fantasy-like island which the Leader of the Opposition has been on for so long. It is not the kind of ideological rigidity of the framework in which the Leader of the New Democratic Party exists, with answers or solutions simply being drawn from age old, traditional orthodoxies upon which they solely exist because any sense of innovation is totally lacking.

I remind the Leader of the Opposition that one mythology he would be very wise to overcome is the feeling on his part that he was defeated a year and a half ago. He was not defeated, he defeated himself.

One of the ironies is that we have a group opposite talking to us about how we should be more realistic in looking at economic figures. They could not even add up the number of members they had in the House of Commons on December 13, a year and a half ago. If they cannot add up to 282, I suggest it places in some doubt their ability to deal with numbers that are a little more complicated and perhaps more complex.

We in Canada have to face the fact that the economic landscape is changing. The terrain we have to traverse is not as it was ten years ago, or even two or three years ago. There are a number of significant economic changes taking place. No one has a clear road map as to what the precise direction must be.

Every country in the industrialized world, in fact every country around the world, is searching for those kinds of solutions. I would hope that we would use this debate for a mutual search for solutions, not for acrimony, not for the kind of adversarial nonsense that we hear, but for a genuine attempt to find what kind of leadership can be given, not just from the government sector but from the private sector as well. Because this is a responsibility shared by all sectors of the economy. This is not something which we can provide for the villains of the piece. It does not fit some morality play. It will require the full involvement and contribution of businessmen, labour people, and government officials at all levels to come to grips with these kinds of questions. That is what we are trying to do, to develop a series of signals that will provide the kind of direction which other major actors and players in this economy can follow.

The first thing we have to understand is that there are parts of the economy that we must assess as being at the present time positive, useful and constructive. The Leader of the Opposition is still reading old speeches. He has not quite been able to update his material yet. He is like an old actor who simply repeats the same old lines.

• (1620)

The fact of the matter is that when he concentrates on matters of employment creation in this country there is no doubt, by every indicator that is available, that the economic performance of this country far surpasses that of any other country in the industrial world. We have created 346,000 jobs in one year. To try to pretend that somehow that fact does not exist, that it is not a fact of life, simply means that the Leader of the Opposition has either forgotten to read or refuses to face reality. In fact, they do the economy of this country a disservice by constantly conjuring up these images of 1.5 million unemployed. The figures speak for themselves. They are there in black and white. The unemployment rate is down to 7 per cent, the best record since 1976. The growth rate of employment is 3.3 per cent, which far surpasses that of the United States, West Germany and Great Britain.

Let us talk for a minute about Great Britain. I have heard members opposite talk with a great deal of pride and admiration about the remarkable economic theories of their counterparts in Great Britain. We have heard the hon. member for York-Peel (Mr. Stevens) talk with great enthusiasm about the magic solutions of Margaret Thatcher. I will tell the House what those magic solutions have created. They have created an unemployment rate of 11 per cent in Great Britain, a full four points higher than we have in this country. If we followed the sort of musings of the Conservative party, the kind of admonition they have raised that we should follow the example of Great Britain, then we would have several hundreds of thousands of additional Canadians out of work. In fact, if we followed the admonitions that were put forward in the Crosbie budget, we would have more Canadians out of work than there are right now.

We were not prepared to adopt the savage-like cuts that would have created an enormous sort of recessionary impulse in this country and put Canadians out of work. We were not prepared to follow the kind of exorbitant and extravagant oil prices which again would have thrown the economy out of kilter and created unemployment for Canadians. The fact of the matter is that we all have to face the reality of rising oil prices, but to bring them in in the kind of cold turkey fashion the member for St. John's West (Mr. Crosbie) prophesied a year and a half ago would have given enormous jolts to the economy of this country, something we were not prepared to accept, which in turn led the Canadian people, in their judgment, to adopt our proposals.

If we look at oil pricing—and this really is one of the major inflationary pushes—we realize that if you increase the price of oil by 100 per cent, that will add almost a full 10 percentage points to the inflation rate. What would have happened if we had followed the Conservative oil pricing policy is that we would have had substantially higher oil prices. In our estimation we would have had an additional 100,000 people out of work.

An hon. Member: Don't be so stupid.

Mr. Axworthy: If we were to accept the proposals of the spokespeople on the Conservative side, we know what kind of repercussions would have been created, particularly by their budgetary policies, by the slashing savagery the former President of the Treasury Board was advocating.

While we are on the subject, Mr. Speaker, I know the Leader of the Opposition has a wonderful sort of theory about the community of communities in Canada. He is the great defender of provincial rights in this House. He is the individual who says, let the provinces do it, we do not need an effective national government.

An hon. Member: He never said that.

Mr. Axworthy: Let us give more and more to the provincial governments; let us pass over power, let us transfer—

Mr. Clark: A point of order, Mr. Speaker.

The Acting Speaker (Mr. Blaker): Order, please. I recognize the Right Hon. Leader of the Opposition on a point of order.

Mr. Clark: Mr. Speaker, we can put up with a surfeit of absurdity from the Minister of Employment and Immigration (Mr. Axworthy), but I think even he will realize that he exceeded his own standards in that last comment. He can find nowhere in the record, nowhere in my conduct and nowhere in any of my public activities in Canada any suggestion that I want anything other than a national community in which there is strength at the centre and strength in the parts. The difference between him and me is that I also want to have a country that is united instead of a country as deeply divided as his government's policies have divided this nation.

Mr. Axworthy: Mr. Speaker, we understand the tolerance for absurdity in the Conservative party as we witnessed at the last convention just how much absurdity they are prepared to accept and continue with.

An hon. Member: Tell us about your leadership convention.

Mr. Axworthy: I do not know if the Leader of the Opposition is really serious, but if he looked at the Gallup poll that showed 80 per cent of Canadians felt that the proposals in our constitutional position were adding to the unity of this country, he might do some rethinking about his own absurd positions which he has adopted in this House over the past six months.

I would also like to say to him, Mr. Speaker, this great defender of transferring resources to provincial governments, combined with the kind of position taken by his colleagues in saying that it is this government that is responsible, that he should take one look, if he can spend his time away from his defence of his position amongst his colleagues, at the real facts and figures. He might then realize that over the last year the big spenders in this country, the people who added to the growth of government, were not those at the federal level. We had a 1.5 per cent growth rate of public employees. It was those provincial governments which he defends that added 14

per cent to the growth of public employees in Canada. When this government asks for more authority to manage the national economy, it is because we need to provide for a greater degree of control and management of a national scheme so as not to allow that fragmentation, of which he is an advocate, which would permit the economy to get out of shape and out of whack.

I think it is worth talking about some of the positions put forward by the NDP in this area. They talk about their solutions to the problems. Perhaps one of the most inflationary positions we face is that their supply of solutions far exceeds the demand. They are simply out of date on this. They say they are prepared to accept foreign exchange controls. Let us just ask what the result of that might be for a moment. Let us put the case to Canadians as to what the result of a falling dollar and foreign exchange controls might be.

First, there is the whole question of policing. Perhaps the experience the Leader of the New Democratic Party (Mr. Broadbent) might want to examine is that of other countries who have foreign exchange controls and the wide variety of schemes and gimmicks that are used to get around those controls. The fact of the matter is that the primary beneficiaries of foreign exchange controls are the large financial institutions which he does not like. It is the Canadian consumer, the small person, who suffers under exchange controls, because he is the one who does not have the sophistication to find the tools with which they can slice their money.

I think it would be useful for the Leader of the New Democratic Party to examine that particular proposal he is making. I am afraid he would end up hurting the very people he wants to help, and he would hurt them even more by a falling dollar. Because the immediate result of that would not be to cut into the economic growth of this country, because we are already at virtually full capacity; what would happen—

An hon. Member: We are not at full capacity.

Mr. Axworthy: What would happen is that we would import inflation to this country. We would import inflation to this country through the kinds of proposals put forward by the Leader of the New Democratic Party.

An hon. Member: Don't talk such nonsense.

Mr. Axworthy: If that is the kind of proposal he wants, then I am prepared to—

Mr. Broadbent: I rise on a point of order, Mr. Speaker. The minister, among his continuing series of distortions, even managed to exceed himself by a gross untruth, inadvertent I am sure. He just said we are operating at full capacity. I wonder if he would demonstrate his knowledge of economics by telling us what capacity the Canadian economy is operating at now, and is he defining that as full capacity?

Mr. Axworthy: The fact of the matter is, Mr. Speaker, that if the Leader of the NDP paid less attention to the response of other people and paid a little more attention to the comments we are making, he would realize that we have had in the past year an employment growth rate of 3.3 per cent, amounting to the creation of 346,000 additional jobs, which far exceeds the record of any other economy in the western world.

• (1630)

If he looks at manufacturing, mining and industrial processing, he will find that we are virtually bumping up against our capacity to produce. One of the real discussions we should be having in this House is with respect to the issue of how to deal with the bottlenecks in our economy. How can we come to grips with the shortages of skilled workers which are developing? How do we deal with capital supply? Again what the Leader of the New Democratic Party forgets, with his peculiar economic theory, is that foreign exchange controls would have a very severe repercussion on the capital flows into this country which are required for investment in new mines, new machinery, new factories and new plants. In other words, his particular nostrum or panacea is restricting growth, imposing higher costs on consumers and developing another way of providing advantages to the very wealthy financial institutions in this country which can move their money around at ease. The small, average Canadian cannot do that. That would be the result of the policies put forward by the Leader of the New Democratic Party.

I think it useful in this economic debate that we talk about some of the proposals we have put forward. I think the Leader of the Opposition referred to the areas of employment and training as being areas where leadership is required. I suggest that that is exactly what we have been providing. While the Leader of the Opposition has been involved in the protection and defence of his own political position, he somehow has not been recognizing what has been put forward as a series of initiatives to deal with employment and training in order to provide workers with greater skills and provide greater opportunities for women and native people to obtain the skills they need.

I would like to take a minute, if I might, to talk about leadership in coming to grips with the structural problems of the labour market and responding to the need for new training. We have just finished signing a series of agreements with major industrial groups in Canada regarding aerospace, shipbuilding, mining, coal mining and construction so as to develop planning arrangements, human resource planning and skill training arrangements to enable us to work in total co-operation and in conjunction with major industrial sectors. This will enable us to have a clear assessment of their human resource needs, so that we can apply new training programs to their needs and introduce affirmative action programs to ensure equality of opportunity for those who have been excluded from the labour force.

We signed one agreement yesterday with the aerospace industry. Tomorrow I will be signing one with the shipbuilding industry. We are making those kinds of agreements in order to come to grips with the very problems identified by the Leader of the Opposition.

We have introduced a new training program for women in non-traditional work. That program has been greeted with a great deal of support. It is now providing the opportunity for women to move into fields such as pipefitting, machinery and welding. These are areas from which women have long been excluded. That is a program that is now being adopted across this country.

We have just introduced a new program to help the physically handicapped obtain their first jobs. That is a $52 million program which the Leader of the Opposition has not come across.

We introduced in the budget of the Minister of Finance the industrial adjustment program, which is an innovative way of dealing with the problems of industrial change and industrial obsolescence. We will now provide direct assistance to workers who are displaced from their jobs because the factories at which they were employed no longer produce products which are needed. That program is now available in five communities and will be available in others. That is one way by which we work together with local businessmen, labour people and provincial government officials to come to grips with the problems of industrial change and adjustment. That again is an example of how we are trying to take a comprehensive and cohesive approach to developing better skills in this country.

We have introduced employment programs which have shifted the resources of this government to help those who have the greatest difficulty in the workplace. We have introduced for the first time an affirmative action program in our own public service to provide leadership in the hiring of women, disabled people and native people in this country. We have worked out a number of new agreements respecting large megaprojects so that they will provide greater assistance to natives to find employment and training opportunities. At the same time we have provided an additional native training assistance program.

For one year I think that is not a bad record. It begins to show that we have put into place a number of new programs. We believe those programs in themselves are not enough, and we must take a still much broader approach to the problem. That is one reason this government recommended the establishment of a parliamentary task force, which will be reporting in a month or so. The task force has spent a full six or seven months crossing Canada, consulting Canadians and coming up with solutions to the very employment and training programs the Leader of the Opposition was so concerned about.

My own department has been working and developing new data analyses and will be coming forward with a statement in a matter of three or four weeks putting forward a number of recommendations which we hope to use in consultation with the provinces and the private sector to provide for a full range of new solutions to the labour market problems of the 1980s.

We believe that one of the most effective ways of dealing with inflation in this country is to tackle the bottlenecks in the economy, to look at where shortages exist and to develop responses which are effective and useful. However, we recognize that solutions cannot be adopted unilaterally. We cannot conjure up solutions from a magician's hat. We cannot pull answers out of some old Fabian pamphlet the Leader of the New Democratic Party carries around. The answers must be based on up-to-date analyses and arrived at in full consultation with all the partners in the economy. They must be worked out in conjunction with those partners. We must obtain the co-operation of the trade unions with respect to changing practices and providing for greater mobility of workers in Canada so that they will go where the jobs are. We must work out, in co-operation with the industrial companies of this country, new training programs which provide, for the first time, a much higher degree of support in relation to the introduction of on-site industrial training programs. We must work out with the provinces an understanding of how we must change our training allocations, which are decided by provincial governments' in order to develop more up-to-date and relevant training opportunities for Canadians.

I suggest to this House and to Canadians that we are trying to provide real leadership in coming to grips with the structural problems of labour in this country and in providing the initiatives and innovations which will signal to other major actors in the Canadian economy solutions and answers to those kinds of problems. This indicates that we work in partnership and consultation and that we are prepared to work with all sectors of the Canadian economy in finding the solutions which are needed.

We are not here to pretend that somehow the economy of Canada can be changed overnight. It is a very painstaking and at times very difficult process to bring about real reform and change.

Mr. Stevens: How long do you need?

Mr. Axworthy: The fact of the matter is that in the first year we have put the building blocks in place. We have initiated programs. We have initiated the analyses and the consultations which are required. At the same time, I think it is true to our principles and philosophy that we have been prepared to accept and introduce those programs which would provide a cushion and a support for those in the economy who are hurt by inflation and who are sometimes the losers when other incomes go up. I remind hon. members that ours is one of the few countries in the industrial world which has an indexing of the income tax system. That program costs the treasury substantial amounts of money. It is very easy to point to the United States as an example, but the United States does not have the income tax index we do in this country. That provides a major degree of support for those Canadian consumers about whom we have heard so much. It provides us with the ability to keep taxes in line with incomes on an inflationary basis. I suggest that that is a very important support for the Canadian consumer.

We have also introduced supports in the area of helping older people through income supplement programs. That is a very necessary support for those who do not have incomes which rise as fast as the incomes of those who have unions

working for them or those who are organized and have full wage opportunities.

We have provided for a degree of support in other areas in the economy. Individuals are being cushioned. Canada Mortgage and Housing Corporation provides a non-profit housing program which is prepared to provide rental housing at interest rates of no more than 1 per cent or 2 per cent at the present moment. If hon. members do not think the minister responsible for housing is not crying about the fact that he cannot do more, he is, but that is a program which is one of the major suppliers of rental housing across Canada. The federal government is putting up capital to supply housing, whereas many of our provincial counterparts simply will not introduce comparable housing programs.

At the same time the Minister of Consumer and Corporate Affairs (Mr. Ouellet) has introduced programs to deal with price-fixing. He has examined the oil industry. He is providing answers. The Minister of State for Science and Technology (Mr. Roberts) has introduced major programs to increase research spending in this country up to 22 per cent. The Minister of National Health and Welfare (Miss Bégin) has been able to obtain major advantages for medical research in this country. The Minister of Industry, Trade and Commerce (Mr. Gray) has provided for additional funding through DIP and other means in order to increase productivity.

● (1640)

Over the past year we have been trying to redress some of the serious and grievous errors made by the previous government, a government which cancelled all employment programs, a government which took no initiatives in training or in providing ability to develop new ideas and innovations. On the other hand, we have been trying to do this in the very real recognition that we have fiscal restraint. But we cannot go whole hog, as the Leader of the New Democratic Party wants us to do. We have to provide a balance between what we can spend and what we must do in terms of maintaining some hedge against inflation.

No one on this side has ever tried to say that what we are doing is absolutely perfect at all times. But we are making a good and effective effort. If members of this House would support the Minister of Finance in the kinds of proposals he is putting forward which are designed to cut into that inflationary cycle, to provide the bite for the kinds of cost increases we have, to provide for the kinds of incentives needed to gain the co-operation of the business community and to get the unions to start restraining their own demands, then I think we can begin to beat inflation in Canada.

The Economy

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The hon. member for Simcoe North (Mr. Lewis)—Housing—Position of home owners; the hon. member for Winnipeg-Assiniboine (Mr. McKenzie)—Veterans Affairs—(1) Request for allocation of additional funds. (2) Preparation of amending legislation; and the hon. member for Burnaby (Mr. Robinson)—Royal Canadian Mounted Police—Query respecting legislation and collective bargaining rights.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—EFFECTS OF HIGH INTEREST RATES AND DOUBLE-DIGIT INFLATION

The House resumed consideration of the motion of the Leader of the Opposition (Mr. Clark):

That this House deplores the record high interest rates imposed on Canadians by the Liberal government which together with double-digit inflation and slow economic growth are causing acute hardship and human suffering for Canadians, and demands that the government immediately introduce a budget and implement other economic programs to address these urgent and pressing problems.

Hon. Sinclair Stevens (York-Peel): Mr. Speaker, I am sorry that the Minister of Finance (Mr. MacEachen) has chosen at this time to vacate the House. I was going to mention it was rather fortunate that three ministers of the Crown were here who I felt hold a tremendous responsibility for the plight in which we Canadians find ourselves. I refer, of course, to the emperor's triumverate. We have the 20 per cent kid, sometimes referred to as the Minister of Finance, who has decided to leave; we have Dr. Doolittle, sometimes referred to as the Minister of Industry, Trade and Commerce (Mr. Gray); and then we have old ironclad himself, sometimes referred to as the Minister of Energy, Mines and Resources (Mr. Lalonde). I hope that the 20 per cent kid will, in due course, read my remarks and take to heart some of the things I am going to say.

I rise to participate in this debate at a time when our inflation level is approaching 14 per cent, when we have a prime interest rate of approximately 20 per cent, and when our dollar is literally limp in relation to the American dollar. I find it most strange that we have such a complacent, rather indifferent attitude on the part of the government to the problems which this nation is facing. In fact, it is worse than that. It is

not just indifferent, it is a tendency to want to distort the facts, to mislead the public into thinking that what is in fact true today is somehow not the way it appears. Surely Mr. Speaker, you will recall only yesterday when the 20 per cent kid rose to speak on this subject, and as reported at page 9551 of *Hansard* said:

I am not ready to engage in a debate about the historic causes of inflation in this country.

Frankly, I do not blame the Minister of Finance for not wanting to get into that debate because I know he would agree how damning it is of his government's own record. Having said that, the minister went on to say the following, talking about governments:

—especially in the early part of the seventies, were strongly pursuing expansionary policies and adding to their deficits, the public and all political parties generally supported that type of fiscal policy.

I was not here before 1972 but I have been in this House since 1972. I find it astounding that a minister of the Crown would stand up and mislead everyone, not only this House but the Canadian public, by suggesting that the deficit financing which Liberal governments engaged in during the 1970s was agreed to by all parties, because that is just not true. For four of those years I was financial spokesperson for the official opposition. I can tell you, Mr. Speaker, and I know you will agree, that I repeatedly, on behalf of my party, pleaded with the government to come to its senses, to cut back on its spending and reduce its deficit. I did that because the country was falling into a pattern which was going to produce the same inflationary atmosphere in which we are now living.

It is one thing for the government to have made mistakes in the past, to have led us into the bewildering situation that we have today; but for the government now to be trying to create the impression that we did it all together, that we all agreed to the type of economic approach which has led to the present inflationary pressures, is totally untrue. It is not worthy of the Minister of Finance and I would ask him to withdraw that type of comment.

One might say that three years ago it was all right for the government to say, "Let us try this thing called gradualism which has been recommended by our officials. Let us try this process where we are told that if we allow interest rates to rise, somehow or another that will eventually dampen the economy and lower inflation." I can understand the government of the day accepting that kind of thinking. But at some point, surely, we have to ask when the experiment will end.

We should also conclude that if the remedy is wrong then it must be corrected. For example, in April, 1978, the chartered bank prime rate was 8.5 per cent. In fact, it had ranged from the 6.75 per cent to the 8.5 per cent level through November, 1970, to April, 1978. In short, we never had the type of interest rate structure during that period with which we are now living. In fact, right up to May, 1978, the rate was still 8.75 per cent. On May 30 it rose to 9 per cent.

Since May, 1978, under the inspiration of the present government, the prime rates of our chartered banks have risen from 8.75 per cent to the present 19.5 per cent. They have more than doubled. One would have thought that if the spirit or the theory behind gradualism and rising interest rates was to work and curb inflation, we would now be seeing the fruits of it. But we find that inflation in 1977, judged by the CPI, was 8 per cent; in 1978 it was 9 per cent; in 1979 it was 9.1 per cent; in 1980 it was 11.2 per cent; and currently it is running at 13.9 per cent on the minister's own admission. At least, that has been the rate since he brought in his last budget. Notwithstanding the interest rate explosion of rates doubling in that period, we also have an inflation level which has risen more than 50 per cent during the same period.

Can the government not come to its senses? Can it not at least step back and say, "We have become the mad scientists who have put forth a theory which obviously is not working; we must adjust our theory"? In short, economists from coast to coast are now saying that there is a better way, that there should be credit controls or that some type of more direct approach to the entire financial economic system is needed as opposed to this rather arbitrary, "Let's have higher rates of interest in the hope that they will cool out inflation".

● (1650)

The reason I emphasize this is that I feel we in the House somehow become removed from the reality of what we are talking about. It is easy to talk about 10 per cent or 15 per cent per annum inflation, or, as Dr. Campbell of Wood Gundy Limited said, that we are heading for 20 per cent if the government does not come to its senses as far as inflation is concerned. But the reality for the average home owner or average consumer who must shop for groceries is very much more vivid.

Since 1970 I have kept a record of the cost of what we call a shopping basket in my riding which contains 15 different items one might buy when shopping on the week end at a local store. This record is telling of the hardships being inflicted upon the Canadian public. I would like to review how those items have soared in price due to government policy or lack of policy concerning inflation. For example, in November, 1970 the 15 items had a total cost of $9.97. That is what it cost a consumer to buy a 15-ounce package of Special K, a three-quart jug of 2 per cent milk, a one-pound sirloin steak, a dozen grade A eggs, a pound of Maxwell House coffee, two 19-ounce tins of Libby's pork and beans, two ten-ounce tins of Campbell's tomato soup, ten pounds of white sugar, six ten-ounce tins of coke, a 48-ounce tin of Mitchell apple juice, a pound of centre cut pork chops, a pound of centre cut ham, eight eight-ounce slices of Kraft Canadian cheese, a 12-ounce jar of Billy Bee honey, and a one-pound package of chicken breasts.

If one goes down to the local store to buy those same articles—and some of them are now expressed in metric, to make it more confusing—they will cost today $34.65. This is a jump of 247 per cent since November, 1970. Faced with that, surely the government of the day must accept the responsibility for this crisis. It is time that it quit playing political games. It is time for Dr. Doolittle over there to do something to help the poor, downtrodden Canadian who is overtaxed and over

regulated, rather than pompously saying, "I am the Minister of Industry, Trade and Commerce; I am a man of great authority".

I have touched upon the cost of those items, but we must realize that a 15-ounce package of Special K which cost 56 cents in November, 1970, now costs $1.99, thanks to the policies of the government; a three-quart jug of 2 per cent milk which then cost 67 cents, thanks to the emperor who has ruled the country for 12 years now costs $2.97.

Mr. Lalonde: Respect the monarchy.

Mr. Stevens: Mr. Speaker, do you see how pompous these ministers are? They feel that I have referred disrespectfully to their leader, the emperor, in the House of Commons. I take it they want me to pay tribute.

Mr. Evans: Mr. Speaker, I rise on a point of order. The general rule in this House, which has been well-established, is that hon. members should refer to members of the House as hon. members or hon. ministers. The hon. member for York-Peel (Mr. Stevens) has a tendency to make very derogatory comments about other hon. members. It is clear in the rules that this is unacceptable. I ask that the hon. member be requested to withdraw and mend his ways.

Mr. Kempling: That is not a point of order.

The Acting Speaker (Mr. Taylor): The point of order is within the rules and I would ask the hon. member to refer to members in the proper way.

Some hon. Members: Hear, hear!

Mr. Stevens: Mr. Speaker, certainly I appreciate your intervention and the fact that you agree; I have referred to the various members in the proper way.

An hon. Member: That is not what he ruled.

Mr. Stevens: I was referring to the cost of some of these items. For example, a pound of sirloin steak which could have been bought for 99 cents in November, 1970, now costs $4.69 at the local A & P store; a dozen eggs, which were 42 cents then, are now $1.26; a pound of Maxwell House coffee which was then $1.19 is now $4.08; Libby's pork and beans which were then 54 cents are now $1.94; two tins of Campbell's soup which were then 24 cents are now 84 cents; ten pounds of sugar which were then 96 cents are now $4.07. I could cite each item, but the point I am trying to make is that these are not simply statistics on this rather misunderstood inflation which is up to 13.9 per cent on an annualized basis. It is the reality with which housewives are faced when they go to stores to buy these necessities every weekend.

Mr. Peterson: What about househusbands?

Mr. Stevens: I remind hon. members what we are debating. It is a resolution of my leader which reads as follows:

The Economy

That this House deplores the record high interest rates imposed on Canadians by the Liberal government which together with double-digit inflation and slow economic growth are causing acute hardship and human suffering for Canadians—

Today we are debating what we really believe, that the inflationary spiral, the spiral of rising interest rates and the lack of real growth in the country, do not have to continue. If the government does not change its ways, if it does not do something effective, the prices of those commodities will continue to rise. I should like to refer to what the prices of those commodities will be in 1985. I have not gone back and then ahead ten years; I have simply taken a look at what will be the prices of these various commodities four years down the road if the government does not get a handle on inflation soon. We will find in 1985 that a three-quart jug of 2 per cent milk will be selling for $6.53.

Mr. Peterson: Tell us about Billy Bee honey.

Mr. Stevens: It sold for 67 cents in 1970 and it will be selling for $6.53 in 1985, if the last four years of inflationary price increases on 2 per cent milk continue for another four years. The hon. member for Willowdale (Mr. Peterson), of all places, asks about Billy Bee honey. I can assure you, Mr. Speaker, that if that hon. member partakes of Bill Bee honey, that is the sweetest thing about him. A 12-ounce jar of Billy Bee honey which sold for 31 cents in November, 1970, will sell for $2.10 four years from now if something is not done. I point out for example, that sirloin steak, which cost 99 cents a pound in November, 1970, and which now costs $4.69, will cost $13.88 per pound by 1985 if we do not halt the price increases we are referring to in our motion. We have a situation now where the apple juice I referred to earlier, which cost 34 cents in November, 1970, and which currently costs $1.13, will cost $1.61 four years down the road. This is why I urge all members to take a serious look at our motion instead of meekly sitting on the government benches accepting what has been told them by their masters. If they cannot take a serious look at this during this debate, then I suggest they do so in the discussions which should ensue concerning the plight facing this nation.

• (1700)

I see, Mr. Speaker, that you are trying to attract the attention of the House. I do not know whether it is because of my time or whether it is because you wish to make an announcement. In any event, I await your words.

The Acting Speaker (Mr. Taylor): The hon. member's time has expired.

Hon. Bud Cullen (Sarnia-Lambton): Mr. Speaker, I notice that the member who just sat down was very generous in his use of nicknames with regard to methods by which he identifies some members on this side of the House. I think he might be interested to know that quite often the Liberal caucus refers to him as the Elmer Fudd of Tory economic policy. So the names do go both ways, in case the hon. member is interested.

I would have thought that the opposition party would have given some weight, if you will, to their motion by at least calling for a vote on it. But what we have is a motion which will be talked out at ten o'clock tonight. The motion will be over. It will not be put to a vote and, in effect, it will die on the Order Paper. I wonder how sincere the opposition is about the criticisms they are making with respect to the actions being taken by this government.

Mr. Stevens: I rise on a point of order, Mr. Speaker. Because amendments can be made to the motion, it would be most helpful at this point if the hon. member would indicate, if we do call for a vote on this motion, whether he will vote in support of it.

The Acting Speaker (Mr. Taylor): That is not a point of order. The hon. member for Sarnia may continue his remarks.

Mr. Cullen: Mr. Speaker, I certainly would not vote for such a motion because, frankly, it does not hold up under any kind of scrutiny at all, particularly when one remembers what was done by the party opposite when it formed the government.

I welcome the opportunity to say a few words on this particular subject since I think it is a matter of serious concern to all Canadians, whether it be 1970 or in the present circumstances. We are all concerned about what is happening at the present time with respect to the economy and what the impact will be on us, our children and our children's children. We have a heavy responsibility to do more than engage in what is, in my view, simply condemning rhetoric.

In answer to a question earlier this week, the Minister of Finance (Mr. MacEachen) said he would await with interest some constructive criticism from members opposite to help in this fight against inflation. I, too, as chairman of the Standing Committee on Finance, Trade and Economic Affairs would have welcomed suggestions about how the economy might be improved, about what actions we might take to curb inflation and about methods which could be used to bring down interest rates. I would have been happy to weigh those views and suggestions and, where I could agree with them, to press them upon the Minister of Finance of this government. But, Mr. Speaker, I have waited in vain. I heard a great deal of rhetoric and condemnation but very little in the way of positive actions which could be taken to reduce inflation in the country.

I listened to the former minister of finance, the hon. member for St. John's West (Mr. Crosbie). I thought he would have given us something a little better and more self-serving than the suggestion that we should reintroduce his budget. His was a budget which was defeated not only in the House of Commons but in the country when put to a vote. What kind of a recommendation is that? It is a kind of stand pat suggestion which was rejected by this House and by the people of Canada.

Listen to this, Mr. Speaker:

> —we wage the battle against inflation, Mr. Speaker. It is to save those and to defend those who are having their savings destroyed; those who are so essential to society that we need to save, and see that their savings don't go down the drain because governments are unwilling to fight inflation. That is what high interest rates are all about, because the world, the western industrialized world, has not conducted its economic and monetary system properly, so that we are in a period of high inflation.
>
> That high inflation has to be dealt with, and that is our main enemy if we are to have any kind of progressive society in the future here in Canada. That is why interest rates are high. Why are interest rates high? They are high because we have an inflation rate . . . annualized during September of 14 per cent. Because our dollar has fallen in value to 83 cents or 84 cents, those imports are costing us more and adding to our inflation. Therefore, we have to try to protect the Canadian dollar, to protect it from falling much further because of the effect that will have on the inflation we are importing from the United States.
>
> We do not have high interest rates because this government wants high interest rates. That is not our policy. As politicians we do not want high interest rates. The people do not want high interest rates. Nobody wants high interest rates, so it is not a policy of the government to have high interest rates, it is a condition that the government cannot do anything about at the moment. It is not through choice.

Those are not the words of our Minister of Finance, Mr. Speaker; those are the words of the hon. member for St. John's West when he was minister of finance and responsible for guiding the economy of this country. It was at a time when he recognized the problem and defended the impact of high interest rates.

The people of Canada know that the fight against inflation will be long and difficult. Inflation has been caused by a series of events and the Canadian public, fortunately, are sophisticated enough to appreciate that it is not solely the government which is to blame for the problems we face today with respect to inflation. There have been many who have contributed to inflation. For that reason the fight against it will be difficult.

But it is not a fight from which we can back away. The people of Canada know that the quadrupling of the price of oil by OPEC and subsequent increases have played a major role for the worst in our economy. Canadians who live under the banner of rising expectations make the fight against inflation very difficult. American interest rates impact in a monstrous way and now even Germany, in effect, is saying to the United States, "Cool it!". Germany is telling the United States to watch what it is doing to the economies of the industrialized world. Not just Canada is suffering from this impact, Germany is now speaking out and indicating its concern with the impact of high interest rates on its economy.

Whenever we have unfettered demands for unreasonable wage and salary increases we have trouble of the most serious nature. I am happy to say that union leaders are more reasonable and understanding now than I have ever known to be the case before. However, they too have a constituency. They have an obligation to represent the people who have elected them to a position of trust and to a position of looking after their interests. Those companies which charge what the market will bear, rather than setting themselves a standard where they would get a reasonable return on investments, do great harm to the economy. All of these factors can be shown to have a substantial impact on any attempt to control inflation.

● (1710)

I believe the Governor of the Bank of Canada is right to be concerned about the strength of the Canadian dollar which now fluctuates somewhere between 82 cents and 85 cents U.S.

Those who buy goods from abroad recognize that a weaker dollar would push inflation beyond tolerable levels. I have heard the comment, "Why don't you just say, okay, no more increase in interest rates, or pass a law to reduce interest rates?" Where would the dollar plummet? Who in this chamber charged with the responsibility of deciding would make that particular move? Only someone totally irresponsible or one who does not have to face the music of the plummeting dollar.

Mr. Mayer: That is what Herb Gray said a year ago.

Mr. Cullen: Once, on a visit to the OECD, I asked a couple of economists and two politicians from other countries who were interested in this subject and involved with the finance departments of their own countries: "Tomorrow, if you were named the economic czar of Canada and had the uncontrolled right to take action, what would you do for us, as Canadians, to control inflation?" Not one of their suggestions had practical, political credibility. There were ideas such as closing down all the inefficient industries; to force some corporations to join together to rationalize, to give each a particular share of the market; to do away with unemployment insurance, that without it people would find work because they would have to and they would be satisfied just to be working. Suggestions were made to stop DREE, as it forces corporations to locate where it is economically inadvisable to conduct business; to raise taxes to cover our deficit. I wonder, if that kind of action was taken, raise taxes on whom?

They said we should encourage foreign investment and close down FIRA. They said we should raise the price of stamps to cover whatever it cost to run the Post Office. If management in the Post Office saw that they would lose business by being inefficient, they would work together to become more efficient so that the cost of mail and parcel delivery would decrease. I told those particular advisers that I was thankful they were not the economic czars of Canada. I told them that in Canada, instead of having a revolution of rising expectations, we would have a revolution of a different kind.

Because we are in the Parliament of Canada, we should be making suggestions about what the federal government can do to assume its responsibility in its fight against inflation. Much pleasure has been taken by the opposition in tweaking the Prime Minister (Mr. Trudeau) for saying on one occasion that we had wrestled inflation to the ground. I would like to remind the opposition, and maybe the Prime Minister as well, that wrestling is often, at best, two out of three falls. Maybe the battle is even at the present time and we still have a job of work to do if we are going into that particular ring.

At the present time the deficit is barely manageable, and for it to become much larger is unthinkable. So one area we must look to is reducing our demands on the taxpayers' dollar. Not too often do I hear MPs suggesting we should cut expenditures, or at least in any amount which would have a significant impact on the deficit. I have heard expressions like "a stimulative deficit", "spend more money", "use more money", "do more protecting", to use this money and call it a stimulative deficit. My concern there is that if it does not stimulate, then we have nothing but a larger deficit, again working to the detriment of the Canadian public and certainly of the Canadian economy.

I hear from time to time that certain protections should be put in place, and it has a nice ring to it. But protection costs taxpayers dollars. I was not here at the time the hon. member for St. John's West introduced his mortgage deductibility plan. However, I studied the idea of it and I talked to people who saw it in place in the United States; after all, my riding is a border community. I was very pleased to note that we did not adopt that particular program because there would have been a built-in cost factor which we would have found very difficult to unload at some time in the future. I think it would have been reprehensible for Parliament to have adopted that particular program, knowing the cost of it and knowing that even though it is really basically unacceptable to the government of the United States, now that it is locked into it there is no way that it can get out.

We did take some action in the areas of most vulnerability. The guaranteed income supplement was increased immediately after this Parliament resumed. I think that was an appropriate move. I would like to see the government give some thought to issuing tax-free bonds where money derived from that particular source could be used for government projects. We should be looking at that area, and I have made that suggestion to the Minister of Finance.

I would like to join with a portion of the comments made by the Minister of Agriculture (Mr. Whelan). I do not think they should be forced to do it at the present time, but I think banks and trust companies must look to their social responsibilities in this Canadian society. Mortgages become due, and "boom", immediately up goes the interest rate. A company which has made a substantial amount of money as a result of someone who has paid on a mortgage for five, ten or 15 years should surely let that individual know that he is a good creditor who can be depended on, and that he has given no difficulty because he has kept up his payments. Surely these institutions have a social, moral and, for that matter, should possibly have a legal obligation to see to it that they protect the customers they encourage to come in and borrow funds, and from whom they have made a significant profit. They must face up to that particular social responsibility.

When one is in a one-industry town and there is a major strike, mortgage companies, not because they want to but because they really have no alternative, must find a method not to foreclose on mortgages, giving those who are on strike a little time instead of demanding that the full backlog be paid up immediately. When a strike lasts for six months or a year or some time-frame like that, a way must be found to accommodate those who are on strike. If these companies do not do so, they know that they are acting at their peril because when those people are back to work they will no longer deal with that particular institution. They do it not because they want to, but because they have to.

I think banks must be reminded that it is not a computer print-out with which they are dealing but people. I am not as much concerned with showing a large profit at a time of difficulty as I am with convincing banks and trust companies that they have an obligation in tough times to see to it that they do what they can to help, particularly their steady customers and those from whom they have made substantial amounts of money. This is particularly true when they are trampling on their hopes, dreams and aspirations which are completely shattered for the sake of the few dollars which they could not come up with, even though they have come up with money over the last five, ten or 15 years. There comes a time when the Canadian public says that enough is enough, and they will put pressure on politicians to say that banks must accept this responsibility.

I think the banks should be reminded that in the provinces landlords were too tough on tenants, with the result that the provinces moved in with rent controls and provisions in landlord and tenants acts to protect tenants. I think they have probably gone too far in some instances; but the legislatures and the politicians had to react. I say to the banks and trust companies, be careful; people will only be pushed so far. Then they will push their politicians to do in the short run what they may see as necessary but which we might very well know will be counterproductive in the long run. If they do not recognize their social obligation, they will be acting at their peril.

Naturally, to help the economy we must come to an agreement with respect to the price of oil and gas in Canada. We have to have an agreement between the producing provinces and the federal government. I am happy to see we are prepared to make concessions to try to arrive at some form of agreement on pricing which will not totally decimate the people who have to buy the particular product. At the same time it will give a fair rate of return to the people who are doing the producing and to the producing provinces.

It seems to me that what is taking place now is good, that the officials are meeting, and we are at least talking about the same set of figures. At the federal level we have a tendency to say that the split for a barrel of oil is 45, 45 and 10, and the provincial government says that that is not true because there are other taxes and benefits which we at the federal level derive which makes that figure inappropriate. Let us get the figure down and agreed upon. Surely that is step one.

● (1720)

We should then say to industry, which wants to get back working, which wants to go on exploring, which wants to expand, "You will derive a certain figure from a barrel of oil and that is the bottom line. That money will be available to you." For the balance, let the federal and provincial governments work out some form of agreement but not hold up progress, so that these people can work.

I am proud of the fact that the federal government saw fit to make $40 million available to keep one particularly large project operating until, I believe, June 1, in order to see if some settlement could not be reached prior to that time. The pressure is on; concessions will have to be made. I know that at the federal level we are prepared to do this. I am satisfied with the minister when he says he will move in that direction. I hope we can expect the same kind of co-operation from the producing provinces.

There is one other area of pricing that I should like to deal with. We have already indicated in the case of the tar sands and heavy oils that we are prepared to go to $37 per barrel, plus an indexing factor. That may not be enough but it strikes me that it is a substantial amount of money. Surely that is an area in which there can be negotiation. Maybe that figure is fine at the moment; to my way of thinking it seems to be adequate as the bottom line, given the fact that there is a built-in index.

My colleague from the riding adjacent to mine has indicated that he would like to see a two or three-price system; one price for the heavy oils and tar sands products, one for the ordinary oil, and more funding made available to the marginal wells. That would put a lot of people back to work on those wells because they would then be economically viable.

I note your indication that my time is about up, Mr. Speaker. I should just like to repeat what I said at the beginning, that rhetoric will not bring down inflation. We must all recognize that the solution is with us, that each of us in our own sector has a responsibility to do what we can to alleviate it. We must give protection to vulnerable members of our society, as we have done with the guaranteed income supplement. I think we must also give more money to bodies like the Farm Credit Corporation.

At the government level we must learn to say no unless it can be shown that the expenditure of more money will involve an investment which will be beneficial to the economy of the country and to all Canadians.

I do not envy the Minister of Finance in his very difficult and perplexing role. I know that he is sincere in his concern for his fellow Canadians. He is an individual who has taken on an almost impossible task and is doing what I think is a superb job.

Some hon. Members: Hear, hear!

Hon. J. Robert Howie (York-Sunbury): Mr. Speaker, the government's complacency in regard to economic issues is clearly illustrated by the agenda which it has placed before Parliament since this session began.

The government rejoices when its bad record at job creation in April compares favourably with its worse record in March, but this brings little comfort to the families of 886,000 unemployed Canadians.

The high interest policy of the government, which is now counterproductive and is contributing directly to increases in prices, has destroyed home building and condemned thousands of Canadians to renting expensive apartments with the certain knowledge that the rents will go even higher.

This government stubbornly refuses to bring in legislation to permit Canadians to deduct their mortgage interest from their

income tax, as the leader of the Progressive Conservative government did. It will, however, continue to allow the wealthiest industries in this country to deduct their interest payments from their income for tax purposes.

The economic recovery of our nation and the elimination of areas that suffer from regional disparity requires a plan. We need a national industrial strategy, and a piece of the action, at long last, should go to the Atlantic provinces.

The battle with regional disparity in Atlantic Canada will be won or lost on the industrial front. The development of secondary manufacturing is the top priority for the economic recovery of the Atlantic provinces. Secondary manufacturing must be upgraded, more specialized and more efficient. The benefits to the Atlantic provinces and the rest of the country are obvious.

At this point in time the Atlantic account, in terms of federal expenditures, shows that the Government of Canada spends $5 billion more each year in the Atlantic provinces than it recovers in revenues. It is therefore in the Atlantic provinces that a new industrial capacity, in terms of its impact on the totality of the nation, would be most beneficial. If we expand the industrial base, then we expand the revenue base for provincial governments and enable them to become less dependent on equalization and transfer payments. This would require fewer federal dollars and would be of direct benefit to every taxpayer in Canada.

The Prime Minister (Mr. Trudeau) and the Minister of Regional Economic Expansion (Mr. De Bané) can mount an effective argument in persuading large industrial taxpayers to consider the Atlantic provinces in terms of their future expansion. It is in their interest, indeed in everybody's interest, to develop a broader tax base in Atlantic Canada in order to whittle away at transfer payments.

In terms of development, we have to ask ourselves where we are going to be in 1990 and in the year 2000. I want Atlantic Canada to be standing on its own two feet and making a net contribution to Canada, and I believe it will take strong financial incentives and moral suasion to bring this about.

The 50 per cent tax incentive credit that the government has recently brought in is a step in the right direction, but it has one glowing deficiency in that it does not apply to all of the Altantic provinces. Specifically excluded from the incentive is the area in New Brunswick with the greatest industrial potential for manufacturing plants, and that is the Moncton-Saint John-Fredericton triangle.

Another incentive recommended by the New Brunswick Development Institute and ignored by the government is the 30 per cent tax incentive for labour costs in manufacturing plants for the first three years of operation. This is intended to offset the training costs for employees in new plants at new jobs. The greatest benefit of these two incentives is that they would not cost the federal treasury anything. They would only postpone the tax-paying liability of companies that do not now exist and so do not pay taxes; in fact, taxpayers would be created. This would meet the requirement mentioned earlier by an hon. member opposite.

We need strong incentives and these are important, but so is the element of persuasion.

The government missed the chance to contribute to a more balanced economic growth in western and eastern Canada when it signed the auto pact. The government failed to use the opportunity to persuade the automobile giants of the importance of locating some aspect of their industrial empires in eastern and western Canada.

The social benefits of 500 jobs would have far greater impact in Altantic Canada than anywhere else in our nation. The taxes derived from 500 taxpayers would nibble away at the need for equalization grants and federal transfer payments. Where nearly one dollar out of two spent by governments in Atlantic Canada can be traced back to the federal government, there is a real incentive for an enlightened federal government to look at this proposition very seriously.

Secondary manufacturing plants have a great development impact because they buy goods and services, employ a large number of people and stimulate other service and support industries.

I want to pay tribute to DREE and to those who have worked hard to establish our industrial parks in Atlantic Canada. These industrial parks have made a contribution to development, but regrettably more often than not we find very few manufacturing plants in our industrial parks. Space is taken more by warehouses, wholesale and commercial undertakings which, while they are very important, do not create the number of jobs that a manufacturing plant would. In order to attract manufacturing plants, strong incentives are essential and so is moral suasion exercised by the Prime Minister and the ministers of the Crown.

In order to create a climate attractive to industry and development we need many things. One of them is a sound transportation policy. The maritime provinces through their governments working with DREE and the Department of Transport have taken some good steps in this direction, but there is much yet to be done.

● (1730)

The blueprint for the development of the port of Saint John has to be followed aggressively, and a similar blueprint for the development of the port of Halifax has to be put in place and acted upon. The significant transfer of shipping from Halifax to Montreal is a horror story that should never have been told. It should have been nipped in the bud by the alert ministers of the Crown from Nova Scotia and the Minister of Transport.

The retrenchment of rail and express services in the maritime provinces is a betrayal of one of the fundamental reasons for our entry into confederation. This government of contradictions that, on the one hand, enshrines the principles of equalization in our Constitution and at the same time sets in motion a parliamentary task force to examine federal-provincial fiscal arrangements with a view to reducing them, is now

talking openly about putting its contribution to the improvement of the transportation systems in the maritimes in an envelope. It will essentially pass the buck to the maritime governments themselves to decide which mode will get the least. Why? Because the federal government has no policy, it has no strategy, it has no plan, and it will not take the time to sit down with the provincial governments involved and work one out. It would rather bunch its meagre efforts in one bundle than allocate the funds in accordance with a meaningful plan so the cutbacks in its reduced efforts will not be so apparent.

In Prince Edward Island the federal-provincial development agreement is moving ahead like a fly with a wooden leg walking across a saucer of molasses. In New Brunswick, the subsidiary agreement to provide federal assistance for small business incentive programs has expired and not been renewed. The highway subsidiary agreement has expired and has not been renewed. The tourism agreement has expired and has not been renewed. The fisheries agreement has not expired because it has never been completed. These are good programs. They create a climate attractive to industry. They should not have been allowed to expire. We are now two months into the current fiscal year and without the agreements, the funds allocated for the programs cannot be spent. This is not good planning. It is not good administration. The government is not doing its homework and is not operating efficiently.

I would like to identify some individual projects for the government to consider as it contemplates its next budget. Most of these projects will not involve expenditures which have not already been contemplated, but would, I believe, focus them in a more meaningful way.

The forestry complex to be located at the university of New Brunswick would put meaning and purpose into research and development for the vital forest industry in New Brunswick. It is an urgent necessity that has attracted the interest and support of two of the more able ministers of the Crown, and I hope that their enlightenment will soon be shared by the Treasury Board. This project would give industry a window on research that would be very valuable for the whole Atlantic region.

I would like to see the practice of contracting out research and development projects of large magnitude continue, but I would like to suggest that very large contracts in this field could be used as an inducement to our high technology industry to promote a more balanced growth across the country. I realize it is not possible to suggest that an industry should locate in an area in order to get a grant, and then find out that it is unable to sustain its production after that, but I do suggest that it is a factor which, combined with other elements, should be considered. In this regard, I would like to see the appropriate ministers of the Crown set up an interdepartmental committee to address the prospect of giving a development dimension to research and development in our high technology industry in Canada.

I would also like to see the Department of Supply and Services take another look at its procurement policy with respect to foreign aid. Right now the department centres its bidding process on goods delivered to the port of Montreal because it is from that port that it ships its supplies to developing countries. I would like to see this practice varied once in awhile and the ports of Saint John and Halifax used as the gathering point to give a better chance to suppliers in Atlantic Canada to participate in these large orders.

Before closing I would like to touch upon two development opportunities in my riding. In the town of Oromocto we have a large number of vacant married quarters for armed forces personnel stationed at Canadian Forces Base Gagetown. The changing complexion of the armed forces which sees more single persons than has been the case has resulted in the depopulation of the town of Oromocto which was created originally by the Department of National Defence. This model town was originally designed as a combination of civilian and military personnel and for many years operated under the direction of a commission, with a majority of its officers being appointed by the Department of National Defence. Over a period of time it has evolved and acquired the status of a town. It now elects its own government, the same as other Canadian towns.

I feel that the Department of National Defence still has a moral obligation as the largest taxpayer in the town and as its founder to do all it can for the well-being of the municipality and the people who live there.

The depopulation of the town of Oromocto has created a serious problem in the school system, and commercial and professional people in the town do not have the same potential as they had before the population decreased. Strong efforts are being made to attract industry to the town, and I think the government of Canada should do all it can to assist it.

Specifically I would like to see the Department of National Defence give serious consideration to stationing more personnel in the town and make a greater effort to fulfil its obligation, both to the armed forces and to the people of central New Brunswick.

In New Brunswick we have one of the most beautiful natural attractions in the world in the Saint John river which divides the city of Fredericton and is bordered by a very attractive green. I would like to see an in-depth study done of the recreation potential of the river. Environment officials tell me that it is essentially pollution free, although an incident last winter would have to be checked out. Any such study would have to check carefully all the safety factors. The question of fluctuating water levels and its effect on safe swimming, boating and skating would have to be given very careful consideration. The topography and condition of the river bottom and the possibility of moving in sand to locate some beaches are other factors.

Now that the two government wharfs have been removed for the access roads leading to the new bridge, the question of a new wharf to permit boating and river boat cruises has arisen.

One very attractive proposal for the development of river boat cruises along the Saint John river is taking shape at this

moment and it has my support. I think the development of natural resources such as the Saint John river for our own people as well as tourists would make New Brunswick a very attractive site for developments of all kinds.

I mentioned this last project because it has a very small federal content and would essentially be developed by two other levels of government. However, it is important for us as members of Parliament to identify projects which can be accomplished with staff and resources that are now in place. It can make our areas in Canada more attractive for development.

The government has suggested that the opposition is using this opportunity just to be negative and to expose the government's frailties. I have chosen to lay before the government some positive suggestions which I hope will attract its attention. They would involve very little in the way of more investment on the part of the government, in fact none that has not already been contemplated in the estimates.

Mr. Jim Peterson (Willowdale): Mr. Speaker, I welcome this opportunity to speak in this debate on the severe increase in interest rates. In so doing, I would like to address two major points. First, I would like to sum up the facts as they relate to our present economic circumstances. Second, I want to respond to the challenge presented by the Leader of the New Democratic Party to deal in a positive and constructive way with some of the alternatives which have been presented to us, not only by his party but by the official opposition.

First, it must be recognized that Canada, more than any other nation in the world, is dependent for its economic well-being, economic health and economic fundamentals on world trade and international capital flow. More than 25 per cent of our gross national product comes from exports, and this is a higher figure than even for Japan. We are not an isolated nation. We cannot set out to conduct our economic affairs on the basis that we are in watertight compartments, or that we are an island unto ourselves. World economic realities are there and always will be, and the moment we as Canadians ignore those economic realities and start to look inward we will begin to suffer severe economic consequences.

• (1740)

What are some of these facts which relate to our present economic condition? I want to set these forth in the light of the seven major countries in OECD. These are Canada, France, Germany, the United Kingdom, the United States, Italy and Japan. Let us look at the way in which Canada relates in its economic performance to those specific countries. I want to do this within the context of the theory which has been put forward that other countries have had to go to world prices in oil, have gone to world prices in oil and have been able to digest those prices within their own domestic economies.

Yes, they have digested world prices for energy but at what price; what price have they had to pay? I want to look at this because, in looking at the facts, we will see that since 1973 they have digested these higher prices for oil at great cost to themselves. Let us look at this in terms of unemployment rates. Of these seven OECD countries including Canada, Canada is the only one to have had a decline in unemployment every year since 1978. We are the only country with a lower unemployment rate today than in 1978.

Let us look at manufacturing employment, and manufacturing employment is part of what we are promoting through our industrial strategy. Since 1973, of the seven OECD countries, Canada has had the highest increase in the number of manufacturing jobs. Only Canada and the United States have had an increase in the number of people employed in manufacturing.

Let us look at total employment, and I believe it is important to look at this because when we are dealing with employment we are dealing with human beings and the dignity of individuals who have the opportunity to work. Unemployment is more than a statistic. Unemployment is a tragedy when it occurs in the human family. This is why we have to look at these figures.

In terms of total employment since 1973, when the increase in OPEC prices occurred, Canada has had the highest growth rate in total employment of those seven OECD countries. It has been over 3 per cent a year. The next highest was in the U.S. with 2.5 per cent. All of the others have had a growth rate of less than 1 per cent. In fact, Germany, often held out to us as the paragon of economic virtue, had one million fewer workers employed in 1980 than it did in 1973. That is the price Germany has had to pay for digesting world energy pricing.

In terms of economic growth, between 1973 and 1980 all top OECD countries have had a reduced rate of economic growth. We do not like this but it is a fact. We have all suffered, but Canada's decline in economic growth has been less than that of all those other OECD countries.

Let us look at our merchandise trade balance. Canada is the only OECD country to have an increase in its merchandise trade balance in every year since 1978. As a matter of fact, last year Canada's merchandise trade balance surplus was higher than that of Japan.

An hon. Member: Oh, don't be absurd.

Mr. Peterson: The hon. member opposite should look at the figures. I would be happy to give him those figures released by OECD.

An hon. Member: I don't care who released them.

Mr. Peterson: In the last 12 months our merchandise trade surplus was $6 billion, and in Japan it was $4.7 billion.

Exchange rates have come under pressure throughout the world. There has been a decline. The French franc, the Deutschmark and the yen have declined from between 5 per cent to 12 per cent in the last three years, with the rapid increase in OPEC prices, against the U.S. dollar, while the Canadian dollar has remained constant.

Let us consider inflation rates. None of us wants or likes inflation. We all think inflation is too high. This is why we are

taking responsible measures to try to bring it down, but all of these OECD countries have had an inflationary increase of approximately 3 per cent. Our inflationary increase has not been out of line with those of our major trading partners. I can say the same for central government deficits. They again have followed that line.

What do these figures indicate to us in the real world? None of us like huge fiscal deficits, none of us like high inflation rates, and none of us like high interest rates, but what these mean is that we have not been using these fiscal deficit tools in a totally unconstructive way. We have been using them to promote employment, create jobs for people and give dignity to families. We have been using them to promote economic growth. None of us is proud of present circumstances, but I think, when we look at them within the context of the real world, we have to say perhaps that we can do better, and we have to find ways to do better. However, our performance has been better than that of any of the other major countries that count in this area.

Some hon. Members: Hear, hear!

Mr. Peterson: Let me accept the challenge put to us by the Leader of the New Democratic Party (Mr. Broadbent) to respond to the alternatives presented to us. The hon. member for St. John's West (Mr. Crosbie) during the question period on Tuesday said that a speedy energy agreement would help us to protect Canadians against downward pressure on the Canadian dollar. That is true, but the question is: an agreement at what price? We are not prepared on this side of the House to accept an energy agreement based on any price. This must be a price that is related to the cost of becoming self-sufficient in energy, and not a price tied to an artificial "X" per cent, whatever that may be.

I was talking yesterday with someone involved in the energy industry in the west who suggested, as a reasonable scenario, that within three years the world price of petroleum energy could be $80 a barrel. That could be the world price, but our price must be a price that is made in Canada, based on Canadian realities and Canadian needs for production. That is the basis for negotiating a reasonable agreement with the provinces which is not artificially tied to some price unrelated to Canadian needs, Canadian supplies and, particularly, the needs of Canadian consumers.

An hon. Member: Tell that to Saudi Arabia.

Some hon. Members: Oh, oh!

An hon. Member: Would you work for half wages, Jim?

Mr. Peterson: A gentleman across the floor asks if I would work for half wages. In this world there are people who work for 25 cents an hour and there are people who work for thousands of dollars an hour.

An hon. Member: What has that got to do with it?

Mr. Peterson: What that has to do with it is that there are circumstances and realities that exist in every country, and they are different. If the hon. member thinks uniform wages, uniform prices, uniform conditions of work, uniformity of humanitarian conditions can apply in every country in this world, then I say he is living in a Utopia.

An hon. Member: Sell us your cars at half price.

Mr. Peterson: Let us look at what the Right Hon. Leader of the Opposition (Mr. Clark) suggested to us this afternoon. He suggested that perhaps our priorities in acquiring the shares of Petrofina were not proper. That is an investment owned by the people of Canada.

• (1750)

Mr. Siddon: A bunch of gas stations.

Mr. Peterson: Yes, as the hon. member opposite says, these are a bunch of gas stations. Let hon. members opposite tell us if they object to having a vertically integrated company in the oil business—

Mr. Siddon: Yes, we object.

Mr. Peterson: —the only one of the top ten which will have stations from coast to coast and which is owned by Canadians for the benefit of Canadians. Have they changed their views on the role of Petro-Canada? Have they changed their views again on how they treat Petro-Canada? Petro-Canada was anathema to them a couple of years ago. Now they accept it. Even their energy critic feels it is a strong asset to Canada to have Petro-Canada. We have strengthened Petro-Canada. We have strengthened the ability of Canadians to invest in their future.

Mr. Kempling: How many more barrels of reserves have you got now?

Mr. Roberts: They don't want Petro-Canada.

Mr. Peterson: I would be delighted to answer all the questions hon. members opposite have to pose to us, but I would also like the opportunity to continue to respond to the particular issues they have raised because I feel that in many cases there is merit in considering what they have indicated to us.

One of these cases is the suggestion made by the Leader of the New Democratic Party that we have the possibility within our hands of pegging the Canadian interest rate below that of the United States and that we need not be tied to it. We have all heard eloquently expressed in this House and, I think, factually expressed the problems this will create in terms of money flows. We have heard about how we are linked to the United States economy and the United States capital markets and about the problems which would result. The Leader of the New Democratic Party admitted quite frankly that there would be these outflows of capital, but he suggested that there was a way to cope with them. What he suggested was a means of exchange controls, and he said that the precedent comes

from the United States. He did not mention it specifically but I think he was referring to the interest equalization tax which was introduced by President Kennedy in 1962, to the 1965 voluntary guidelines, and then the 1968 mandatory guidelines. These measures were introduced by the United States to counteract adverse balance of payments problems the Americans were having. The interest equalization tax was designed to penalize foreigners who were coming into the United States to borrow. One had to pay extra interest rates as an excise tax on money being borrowed in the United States at that time. That, quite frankly, is a possibility which I know we have had under consideration. I think we have to look at the example of what is happening in the United States. The interest equalization tax and the two guidelines of 1965 and 1968 were removed in 1972 by President Nixon, having been proved ineffectual. However, I do not think any of us should ignore the opportunity to re-examine new ideas and concepts at this time. I welcome the receptive attitude of our Minister of Finance (Mr. MacEachen) and our party toward exploring these new ideas because all of us are engaged in the search to create a better economy for Canadians.

The last area I would like to explore in an effort to look at the new ideas and new alternatives which have been put forward is the whole question of an industrial strategy. I think all of us agree that the real question with respect to bringing interest rates down involves bringing inflation down, and that involves over the long run—and there is only one way to do it—increased productivity among Canadians. If hon. members think there is a magic fix or a quick solution, there is not. We need increased productivity amongst Canadians. We are involved in a long-term search for that.

Mr. Deans: Where is the market?

Mr. Peterson: The hon. gentleman opposite asks me where the market is. Would he please listen? I will come to that. He should not get impatient. He is not yet running for the leadership of the New Democratic Party in Ontario. If the hon. member listens, I will come to that.

Mr. Deans: I am listening.

Mr. Peterson: We have some very critical issues which we as members on both sides of this House must resolve. First, are we going to try to select winners and losers in this area? I present hon. members with one problem. The furniture industry is moribund in Canada. On the other hand, I know of individual furniture manufacturers who have found holes in the international market. They are filling them and exporting aggressively. Do hon. members want to wipe out a whole industry when there is one or a couple of companies in that industry which are doing well? Do we focus on the industry or the company? This is one of the questions we must resolve.

Second, are we going to concentrate on certain types of activities, such as manufacturing? I say yes. High technology? Yes, it is the way of the future, and we have demonstrated in many areas that we can do this. I do not think we should ignore the service industries. After all, more than 50 per cent of people employed in Canada are working in our service industries as white collar workers. Let us not ignore the facts. Let us look at the realities and deal with them. We are not here for pie-in-the-sky solutions.

Mr. Andre: More work for lawyers.

Mr. Peterson: Yes, more work for lawyers, accountants, bankers and insurance people as well.

One of the possibilities we can consider is creating in Canada a world financial centre, the way The Netherlands has, through propitious use of our tax laws. That is one opportunity we should not ignore.

Another major question we must face is whether we are going to benefit under our industrial strategy, foreign owned or only Canadian owned.

Another problem we have to address in coming to a resolution of this question is what type of activities we want to encourage. In this area I suggest we want to encourage export-oriented industries using world product mandate techniques, and I say this in response to the hon. member opposite who asked, "Where are the markets?" Canada's market of 23 million people will never suffice to create the economies of scale we need to be effective competitors. Our horizons are on the world, and our trade minister is demonstrating this in the efforts he is making to find new markets for us.

Some hon. Members: Hear, hear!

Mr. Deans: We have 20 per cent unused capacity now.

Mr. Peterson: The other types of activities it is incumbent upon us to encourage are research and development. Without increased research and development, be it in the white collar area or in manufacturing, we will not be competitive on a world basis.

There is a number of means we can examine in the area of developing an industrial strategy. How are we going to do it? Are we going to have increased bureaucracies in which government officials determine who is a winner, who is a loser, who gets what and who does not? In some areas we might have to. We might find, after consultation, that that is the most effective way, but I suggest we will find that the most effective way will be to pick our winners and look at the Income Tax Act. Who are the people who are making profits and who have demonstrated their ability? What about incentives for those people who have demonstrated ability and want to reinvest in Canada?

In terms of our industrial strategy, we could also look at the utilization of FIRA. FIRA is an instrument by which we can encourage greater use of the world product mandate. This is where we produce in Canada a limited run of goods of one type and of a similar kind. We cannot produce 20 brands of refrigerators in Canada, but we can produce two and sell them around the world. That is the way we get economies of scale. To my way of thinking, that is part of the industrial strategy and part of the forward thinking we are doing.

Let us recognize that under our industrial strategy we can build on the success we have. Such successes are Mitel, ATCO, Dominion Trucks and our resource-oriented companies. We do have opportunities. We need to have co-operation between the government and the private sector. I am not ashamed to look at the example of the minister of international trade and investment in Japan. Japan encourages active co-operation between the private sector, financial institutions and business. This involves the creative use of all the talents of government and the private sector. That is the way we make winners in the capitalist system. That is the way we make winners in our economy based on the free enterprise system.

There are many challenges before us. I wish hon. members opposite had taken more time to discuss in detail positive alternatives because I believe these alternatives are within our grasp. I am proud to be part of a party which is actively seeking out those solutions and dealing with them.

• (1800)

Mr. Kempling: You would make a good president of the flat earth society.

An hon. Member: You are going down with the ship, Jim.

The Acting Speaker (Mr. Blaker): Order, please. I see the hon. member for Hamilton Mountain (Mr. Deans), but I do not think I can recognize him because it is six o'clock. In fact, in accordance with the roster, another hon. member may have to be recognized before him. No other hon. member stood up, so the Chair has somewhat of a problem. However, I see the hon. member from Richmond-South Delta (Mr. Siddon) has risen to his feet, and that may resolve my problem. Does the hon. member for Richmond-South Delta wish to have the floor at eight o'clock?

Mr. Siddon: Yes, sir.

The Acting Speaker (Mr. Blaker): Provided the hon. member for Richmond-South Delta is in his place at eight o'clock, he will be recognized at that time.

It being six o'clock, I do now leave the chair until eight o'clock this evening.

At 6.01 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, I regret the circumstances which require me to participate in this important debate that reflects the government's absolute incompetence and its mismanagement of our national economy. We are faced with record high interest rates now in excess of 20 per cent, double-digit inflation in the order of 12.5 per cent and, worst of all, the government has produced no significant programs. In particular, it has not produced its long-promised industrial development strategy in order to resolve the worsening economic crisis.

This evening I want to spend a few moments talking about my understanding of the causes of the problem and to dispel some of the myths we regularly hear from the other side. I want to talk about the impact of high interest rates and inflation upon the Canadian fishing industry, particularly on the west coast. Also I want to talk a little about some of the solutions we in this party see as being essential.

Canada is on a course of economic suicide because of the incompetent economic doodlers, from the Prime Minister (Mr. Trudeau) on down, who have set the country on a course toward economic disaster which may well be at least as severe as the great depression of the thirties. I believe high interest rates are but a symptom of a national disaster we are yet to confront.

Earlier this afternoon the hon. member for Willowdale (Mr. Peterson) said that higher interest rates are needed to get inflation down, in order to get interest rates down. What illogical rubbish! The hon. member should know better. It just does not work that way. Higher interest rates do not create a situation leading to lower interest rates. In fact, in a situation where taxes are too high, business confidence is low and profit margins are slim, companies, businesses, fishermen and ordinary people in the country have no room in which to manoeuvre. There is no profit margin left, and the consequence is what some technical people might call a synergetic or cyclical effect: the higher the interest rate becomes, the higher the inflation rate becomes, and the higher the interest rate becomes again. Then there is an amplifying headlong deterioration of the economy, leading ultimately to a disastrous consequence.

• (2010)

Last week and again today the Minister of Finance (Mr. MacEachen) said that the Canadian worker is to blame, that he earns too much and he expects too much of this country. What nonsense! The minister cannot blame the wage earners; he cannot blame wives, spouses or children; he cannot blame farmers, fishermen, small businessmen, pensioners, widowers, widows or school teachers. Furthermore, the minister cannot blame the Americans or Ronald Reagan. That is the phoniest excuse of them all. I did some checking today and learned that on this very day mortgage rates in the United States are at 16 per cent. Last August they were 12 per cent or 13 per cent. In other words, mortgage rates in the United States have increased by some 3 per cent to 4 per cent since last August. By comparison, mortgage rates in Canada, as of today's hike in the prime lending rate, have increased from 13 per cent to some 21 per cent—an 8 per cent increase in nine months. The increase in mortgage rates in Canada is double that of the United States for the same period. It is neither correct nor honest to suggest the situation is otherwise. In fact, the wide fluctuations in the U.S. prime lending rate bear little relationship, if plotted against time, with the fluctuations in interest rates which represent a progressive rise in this country.

We cannot have a government continuing to misrepresent the truth to the Canadian people. The federal government causes inflation, and it knows as well as anyone else in this country that it does. As a consequence of inflation, we are faced with high interest rates. The Minister of Finance knows that, too. After all, who is overprinting the money supply? Who is incurring massive budgetary deficits of $100 billion plus? Who is borrowing against the future value of our natural resources, particularly those resources in western Canada upon which the federal government is so anxious to lay its hands? Who has tied up all of the people's money in Canada Savings Bonds and government pension funds, and then squandered it to pay ever mounting deficits? Who has forced all Canadian revenues, or at least $300 billion of those revenues, into real estate and housing because a capital gains tax was slapped on everything else, destroying the incentive to invest in business and entrepreneurial ventures, diverting that revenue into the housing market? Who has created a shortage of investment capital in this country by spending someone else's money on unnecessary programs of intervention by government into the private sector, by creating 400-plus Crown corporations, many of them unnecessary, by imposing a National Energy Program which confiscates resources and revenues and the free opportunities which private corporations in this country seek? Who has imposed red tape and overregulation upon the private sector of this country? Who is mortgaging the future and incurring bills which our children will have to pay, and how much does the interest payment amount to on those bills? In the present fiscal year it will amount to not $14 billion but something close to $20 billion which is needed to pay the interest to foreign and Canadian lenders on the deficits which this government has incurred. Why are funds fleeing south to seek refuge from the National Energy Program? Why are these funds fleeing south? Because there is a scarcity of oil and gas in the United States and investors are paid well for investing in oil and gas exploration in the U.S. That is where Canadian, American and other dollars are flooding to from this country.

There is another reason why the interest rates in this country must be as high as the government claims they must be. We are seeing the beginnings of industrial nationalization. As the Minister of Finance hinted this afternoon, there are other corporations which will be the next ones to be subjected to federal intervention. Perhaps banks, food stores, food chains, General Motors, farming and fishing industries will all be subject to nationalization if this government has its way. And the Solicitor General (Mr. Kaplan) sitting opposite smiles. In the Department of Fisheries and Oceans alone there is a pervasive attempt, month after month, to try to take a bigger piece of the action from private sector fishing companies, which is something I will deal with later on.

So we have the choice between propping up the Canadian dollar in order to keep it at an 85 per cent par with the U.S. dollar or our interest rates will have to go higher and higher. The alternative is to allow the Canadian dollar to collapse. Why is the government afraid of a devalued dollar? Because the government must then bear the burden of responsibility for its own economic mismanagement. It must bear it directly instead of forcing that burden upon the backs and incomes of ordinary Canadians everywhere who are innocent in this tragic dilemma which our country faces. We have spent almost 12 months in this House frittering away time debating a constitutional initiative which is dividing our country and creating ill will everywhere when we should have been dealing with these important economic problems.

I submit that the Prime Minister and the government should call a first ministers' conference immediately, tell the premiers that they will put this power play aside and get on in a spirit of co-operation with resolving our important economic crisis.

When will the Minister of Finance admit that our national economic problems are a direct result of a government which spends itself into power and attempts to stay in power election after election by promising all kinds of goodies to the taxpayer who must ultimately pay for these extravagances? The Canadian economy is suffering from this spend-spend-spend mentality, an approach which leads to politically expedient solutions and ideological frivolity which started in the early seventies and which will continue as long as the people of this country allow it to continue.

There are no signs of restraint in the budget introduced by this government a year ago. It is high time a new budget was brought in which would show indications of restraints. If we had been in government in this present fiscal year with the Crosbie budget in effect, the national deficit would have been reduced to 14 per cent of the annual budgetary spending. Instead, it will be more than 20 per cent with the higher interest charges on our foreign deficit. It is now approaching 25 per cent, or a charge of some $20 billion for the interest we must pay on our national deficit. The reasons for this problem really have to do with the wasteful spending habits of this government—the Mirabel airports, the great "metri-Can" boondoggle which will cost small retail businesses across Canada more than half a billion dollars, $600 million, in order to buy new scales from foreign multinational companies. These are scales which will be imported and, therefore, have a negative effect on our balance of payments. We want to buy gas stations to pretend that we are somehow in charge of our own economic energy destiny. We want to print government documents in duplicate, back to back, in both official languages instead of printing half as many documents in two languages. That is an utterly ridiculous waste of valuable Canadian newsprint. We have a great Canada Week put on at the expense of millions of dollars of taxpayers' money, trying to bludgeon Canadians into a feeling of loyalty which should come from inside, not be forced on them by government propaganda. We have the concept of CBC-2 which is absolutely unnecessary at this point in time. We have the minister responsible for culture saying that we should forget about foreign aid and think about a new art gallery for Ottawa since that is more important than getting control of our economic destiny. There are DREE grants to fat cat friends of the Liberal party, and government buildings leased from other fat

cat friends of the Liberal party. They leave their lights on all night for which the taxpayers of Canada must pay. We have unnecessary government advertising on television and in our newspapers which costs the people of this country a tremendous amount in tax dollars. We have an unnecessary proliferation of Crown corporations. Mr. Speaker, those are just a few of the tremendously large number of extravagant and wasteful examples of incompetence and inefficient spending by this government. There is one final example which made me laugh. I read that we commissioned an American artist to prepare a design for a Canadian postage stamp commemorating energy. The artist used a U.S. nuclear reactor to depict our Canadian nuclear industry. How ridiculous, and who is in charge? Where is the economic competence in that bunch of bumber-shooting so-and-so's over there? Nowhere is the government's mishandling of this economy more evident than in its mismanagement of the fishing industry. The policies of the government are crippling our fishing industry on both coasts, and there are many who say it will not be able to recover.

• (2020)

I want to illustrate just how these economic policies of the government and the mismanagement by our so-called fishermen's fisheries minister are hurting the fishermen of Canada. The fisheries policy in this country is not a product of a well-thought-out management plan but, rather, a series of haphazard decisions made on a day by day basis in reaction to political pressures from one group or another.

The high interest rate policy of the government is forcing more and more fishermen into bankruptcy. Last June, when we were discussing the Fisheries Improvement Loans Act, I was hard pressed to understand how the Minister of Fisheries (Mr. LeBlanc) wanted to lend more and more money at preferred interest rates to fishermen when there were not enough fish to be provided for the existing fleet. But at that time, of course, fishermen were a good credit risk and, of course, they were borrowing amounts up to $150,000 at one per cent over prime which meant they could borrow at about 13 per cent.

There are now deficits approaching $.5 billion associated with the capitalization of our fishing fleet. Those moneys now carry an interest charge of some 21 per cent. That is creating a tremendous negative impact upon our fishermen. For example, considering a $100,000 vessel, which is not a large vessel by west coast standards, a fisherman would have to pay some $20,000 or $21,000 interest per year merely to service that debt. To make matters worse, the minister is now forcing fishermen on the west coast to restrict their efforts to catch more and more fish each year.

Unlike other industries in Canada, fishermen cannot increase their effort to compensate for higher expenses. The Fraser River gillnet fleet can attest to this. Many of those fishermen made only a few thousand dollars of take-home pay last year, and the dilemma they face this year, in facing the prospect of losing their homes or their vessels, must be placed squarely in the lap of the Minister of Fisheries and Oceans and the government's indifferent approach to high interest rates.

As mentioned earlier, this House passed legislation last June which guaranteed a fisherman's loan to a maximum of $150,-000 at 1 per cent over prime. The minister at the time indicated that this program would enable the fishermen to retain their independence so they would not have to look to the big fishing companies for financing. The problem now is that the fishermen cannot obtain financing from the processors because they themselves are in tremendous financial difficulty as a result of the high interest policies of this government. Furthermore, that cheap, chiselling Canadian government is garnisheeing the wages of these fishermen through the fishing companies in order to try to balance their budget when the fishermen are faced with absolute bankruptcy.

Mr. Baker (Nepean-Carleton): Shame!

Mr. Siddon: Just recently I received a letter from a constituent of mine who has been a fisherman on the west coast for many years. In April his bank manager informed him that the interest rate on his fisheries improvement loan would be hiked to 19 per cent. Tomorrow, I suppose it will be 21 per cent. I would like to read an excerpt from that letter. My constituent writes:

> Just to give you an example of what we are up against, I just completed two weeks fishing on the west coast during which I was able to get out fishing 3½ days and caught a total of 15 fish worth $308.

He could not even pay for his fuel, let alone the interest on his loan!

> I cannot fish the inside waters where we could do considerably better this time of year due to new regulations introduced this year. I don't think that I have to repeat to you our problems which all seem to be coming to a head this year and will no doubt result in financial failure of some fishermen.

That letter is not an isolated instance. I receive letters like that every day in my office. So I did some checking, and a few days ago we called the Department of Fisheries and Oceans to obtain some information on just how many fishermen were defaulting on their fisheries improvement loans. I was told by an official of the department that to date there have been some 237 requests to rewrite the terms of the loan; that means, to refinance at higher interest rates and longer pay-out periods. One hundred and eighty-six of those loans were to British Columbia fishermen. Of those 186 provisions, the departmental official estimated that between 10 per cent and 15 per cent of those loans to 18 or 25 fishermen had already been defaulted. They were faced with foreclosure.

That sounded bad enough, but I decided to check with a number of banks and credit unions in the Vancouver area. From these sources, the situation turned out to be much worse than that depicted by fisheries department officials. According to bank contacts in Vancouver, many loans were in arrears, and not only those under the Fisheries Improvement Loans Act; but the banks have decided to carry the fishermen with the hope that the fishing season will improve from last year's disastrous season, and also because fishermen have historically been good credit risks. However, one official indicated to me

that 85 per cent of his loan portfolio to fishermen on the west coast could be called in on very, very valid grounds tomorrow if he chose to do so. Another official at the British Columbia Central Credit Union estimated that 25 per cent of the B.C. fleet is now in serious financial trouble. If the 1981 fishing season does not show a drastic improvement, that percentage will increase substantially.

What frightens me and many fishermen is that this season cannot be any better than the last because the Minister of Fisheries and Oceans has imposed tough restrictions on the various gear-type fishermen out on the west coast. If this is the case, it is hard to imagine that the banks will continue to extend credit for another year.

The processing industry in this country is not healthy either. For example, one of the largest packing houses in cannery operations in Canada, the B.C. Packers Company, suffered a $14 million loss last year on a capital investment of $200 million. That is a 7 per cent operating loss. At the Fisheries Council of Canada meeting here this week, we learned that the processors are having a difficult time staying in business because in the last two or three years the percentage of the value of fish returned to fishermen has increased from a traditional average of 45 per cent to some 70 per cent. I am not criticizing that. We want to see the fishermen get a greater percentage of the wholesale value of the produced product. But what we have here is the possibility of a compound failure: that fishermen will have their loans called and the companies which will buy their fish will find themselves collapsing as a consequence. I hope I have made my point very clear. This government has to start to move to cut its spending. It is an absolute waste.

[*Translation*]

• (2030)

Mr. Pierre Deniger (Parliamentary Secretary to Minister of State (Multiculturalism)): Mr. Speaker, it is always an honour and a great pleasure to take part in such a significant debate on the economy. Among other things, the motion introduced by the official opposition party stresses interest rates and the inflation rate. Keeping in mind the short time allotted to me tonight, Mr. Speaker, I will attempt to review the Canadian economic situation as I see it and to suggest five possible and positive solutions to the Minister of Finance (Mr. MacEachen), particularly with a view to lightening the burden of inflation for small wage earners.

Oliver Wendell Holmes Jr. once wrote that taxes are the price we must pay for a civilized society. Although Mr. Holmes has lost none of his impressive reputation, his principles do appear increasingly less convincing. Indeed, far be it from us to believe that our civilization is worth all that much, particularly in light of the events of these past few days. Mr. Speaker, the interest rates are very high, they have even reached unprecedented levels. Members opposite and government members as well have given us a whole series of examples of the dramatic effects of those soaring interest rates. Mr. Speaker, certain members on both sides of the House are even standing on the edge of bankruptcy. In my riding of Laprairie on Montreal's south shore, and that includes the cities of Saint-Lambert, Greenfield Park, LeMoyne, Brossard, Laprairie and Candiac, I went to the trouble of sending a questionnaire to my constituents. Over 5,000 took time out to answer and send me the results. Very telling and very significant they are, those results, because to my first question in which I asked my constituents of Laprairie what they thought was the most important topic—and I listed energy, the economy, constitutional reform, international security and North-South relations—out of those five options 57.3 per cent of respondents picked the economy as being the most pressing subject, whereas among the others energy rallied 14 per cent and constitutional reform 9 per cent. Some 57.3 per cent of the people checked the economy as being their first preoccupation and 20 per cent ranked the economy second among their current concerns. It seems obvious therefore that in my riding just as in the riding of all members, the economy is the subject which draws most interest.

Here is a point I want to bring to your attention, Mr. Speaker, because certain members opposite keep harping on it. I asked the people of the riding of Laprairie whether they thought that a price freeze is necessary. Forty-nine per cent of them replied that a price freeze is necessary, against 35 per cent who said no. Surprisingly enough, Mr. Speaker, when I asked about a wage freeze the results were the exact opposite—35 per cent told me that a wage freeze is necessary whereas 48 per cent said that it is not. Therefore, that reflects a certain confusion, a certain dichotomy which now prevails among people about the economic situation, precisely because they hear so many things that they are really wondering who is speaking the truth and who is not.

Mr. Speaker, interest rates are setting the price of money and the price of money, like the price of any other goods, has never been so high. But let us not forget that interest rates are not set artificially, but rather by the market pressures every Thursday. Today, once again, people got together and bid on treasury bills, resulting in a given rate of interest. The forces at play in the marketplace, at least to my mind, are the very foundation of free enterprise, the society we so heartily hope for, the society hon. members of the opposition claim we do not represent.

Now, Mr. Speaker, this interest rate which is set by the market on a weekly basis has now reached a record high. Of course, opposition members keep reminding us that interest rates are rising, that prices are rising, but they forget a carelessness I am quite willing to overlook to mention that the income of all citizens in the country has grown in the last ten years. Lest I am accused of being insensitive, may I be allowed to remind hon. members, and Canadians who are listening to us, that in the past ten years, prices have increased by 90 per cent while the average income of Canadians has easily exceed-

ed those prices by 100 per cent. The increase is therefore considerably greater than that of prices, and this means that we are clearly richer now than we were ten years ago. The fact remains, however, that we have a high inflation rate, and high unemployment.

The cost of money, Mr. Speaker, whether we like it or not, is directly related to inflation, and inflation is 12.4 per cent higher this year than a year ago; if interest rates were not at a higher level than the rate of inflation, no one then could afford to lend money. Money then would no longer have any value. Naturally, no more money would be available because the money lent would not yield as much income as could be earned by borrowing it. The whole economy would crumble. It has often been suggested, as a solution, that the interest rates be reduced artificially, in such an economic situation, to a rate lower than the inflation rate; but that strikes me as an absolutely irresponsible solution.

There is, of course, the problem of the American prime rate which has now reached 19.5 per cent. If the Canadian rate were to be substantially and artificially reduced while the American rate remained at its current level, certain major investors would obviously be seriously tempted to invest whatever money they have in the United States to obtain a higher rate of return. We often praise the wisdom of those Canadians who, every fall when the new interest rate on treasury bonds is announced, sell the bonds they then hold if the new rate is higher and purchase new bonds at the higher rate.

Mr. Speaker, I am referring to the small Canadian investor who has $1,000 or $2,000 invested in these types of bonds. If this small investor can make such a decision, it is easy to imagine what a major investor would do. If there were such an outflow of capital, there would obviously be less capital to invest, and this would inevitably bring about a devaluation of the Canadian dollar and an increase in inflation. Of course, those who would benefit from this devaluated Canadian dollar would certainly be the representatives of export companies, but as we know, Mr. Speaker, these companies are already in a privileged situation and they are making more money than ever before now that the dollar has reached a low mark of 83 cents. And, of course, those who would suffer would be all of us, who would have to pay more for the goods that we import.

Mr. Speaker, in the situation that I have described, there lurks, of course, a tragedy, the tragedy which now affects the small wage earners. Indeed, Mr. Speaker, the small wage earners are the hardest hit by inflation.

Last April, Mr. Jean Poulin wrote in *La Presse* that, according to the figures supplied by the Quebec Bureau of Statistics, in that province the purchasing power of those in the higher income brackets was constantly increasing as compared with that of small wage earners.

In 1970, for instance, in the mining sector, the average salary was $149.80. In 1980, this salary had gone up to $446.80, a jump of 198 per cent, from which we must subtract a general price increase of 92 per cent, and this gives an actual increase in purchasing power of 106 per cent. This is quite good for the mining sector, which has, of course, known an upsurge. In the business sector, the average salary has increased from $101.68 to $244.70, for an increase of 141 per cent. When the 92 per cent for price increases is subtracted, an actual increase in purchasing power of 49 per cent is obtained.

In the services sector, wages have increased from $91 to $225, or by 145 per cent, minus the price increase of 92 per cent, which gives an actual increase of 53 per cent, and I shall pass by other sectors such as finance, manufacturing, transportation and construction, and simply note that those who suffer the most from inflation are the small wage earners because the gap between high and low wages is constantly increasing.

The unfortunate fact which we must try to correct is the impact of inflation on small wage earners who are the hardest hit by any increase in housing and food costs. A person whose earnings exceed $25,000 may more easily face cost of living increases than a person whose earnings fall between $10,000 and $15,000. I have now come to the point in my speech, Mr. Speaker, where I intend to suggest to the minister tangible and positive action to reduce inflation without penalizing the small wage earners.

Mr. Speaker, first we should stop granting salary increases on a percentage basis; second, we should have a new cost of living index based on the margin between the bare necessities of the small wage earner which take up most of those increases and such necessities obviously include transportation, accommodation and food. Let me dwell on those two suggestions. When I talk about salary increases granted not on a percentage basis but on the basis of a certain amount of money, this is what I mean.

If the total increase in the price of those essential items amounted, let us say, to $1,789 in 1981, it would be utterly unrealistic for a Canadian worker to obtain any salary increase short of the minimum amount actually representing the increase in his cost of living because it is clear that if you earn $40,000 and get a 10 per cent increase, the impact will not be the same as if you earned $10,000 and also got a 10 per cent increase, even though in both cases the same percentage is allowed. It is ridiculous. Mr. Speaker, that the small wage earner who is more severely affected by inflation should get a 10 per cent increase, just like the well-paid worker who has plenty of everything. Mr. Speaker, how could we realistically expect to reduce the gap between the haves and the have-nots in this country unless we develop a new formula for granting wage increases. It is not only the small wage earner who should get that through their heads, but also the unions, the unionized workers, the hon. members of this House, the professionals and a great many others.

Concerning the new cost of living index which I have also suggested, I do not think that including as we do now in the index the costs of luxury items such as new cars and houses

makes any sense. It seems to me that they do not represent everyday expenses. It is clear that the price index is altogether erratic and does not really reflect the facts of life. In other words, Mr. Speaker, wage increases should be granted on a dollar basis and not on a percentage basis, and should be tied to the price increase of essential goods and services. The wage increases would therefore be in line with the price increases of our everyday needs.

The haves, the well-to-do, the rich, the higher-income groups would then have to bear the burden of inflation by paying themselves for the higher cost of goods which, I suggest, they are so to speak the only ones to consume, because the small wage earner cannot afford a new car or a new home, Mr. Speaker. When one compares the standard of living of the low-income groups, the have-nots with that of the haves, Mr. Speaker, one finds an absurd and nonsensical situation.

Such anomalies should be corrected once and for all because it is obvious that under that formula, a 10 per cent increase on a $40,000 salary is twice more inflationary than a 10 per cent hike on a $10,000 salary, and this requires, obviously, a new approach in our labour relations, a new method of having a dialogue between labour and management. But if there is no willingness to make new overtures, we will get nowhere in our society.

A third solution, Mr. Speaker, that I want to bring to the attention of the House has to do with a report on regulatory reform on which I had the opportunity of working. The task force was made up, of course, of both opposition and government members and last December we tabled our findings pursuant to our terms of reference. After several months of hearings, I came to the conclusion, Mr. Speaker, that the people who watch us in this House believe that the size of the government must be reduced and that competition among businesses must be encouraged further.

Mr. Speaker, this is exactly what our report deals with, and in my view this unfortunately has not yet been desired by the government, at least to my satisfaction. After numerous hearings we produced a report in which we submitted some 57 recommendations. We urged the minister to give very careful consideration to these 57 recommendations. He gave that commitment, but we have yet to see the results. Although usually patient, I am more and more anxious that the minister give a positive answer to the 57 recommendations in that report. Other solutions, on which unfortunately I cannot dwell this evening for lack of time, deal with something essential in my view, the reduction of bureaucracy in this country and a formal commitment to increase competition and productivity.

I do not share the view that all of our Crown corporations should be sold. But this is a far cry from getting involved into every economic sector. Unfortunately, and I say this in all frankness, often when the government got involved in some particular segment, that segment experienced a slowdown in activity, productivity declined in some cases, and competition suffered because governments have resources that small businesses do not have.

Mr. Speaker, I have proposed this evening five measures that are essential in my view if we are once and for all to tackle positively the problems of inflation. To conclude, let me remind hon. members and all those who are listening today that Canada has no other choice but to fight inflation. Where differences may arise is on the ways of doing this. Hon. members opposite offered some suggestions and we offered others. I for one suggested ways to fight inflation especially as it affects the poorer Canadians, those who are without means as compared to those who are in better financial circumstances. I especially stated the case of the poorer elements of our society because they are the hardest hit by inflation.

Mr. Speaker, I avoided tonight the short-term measures which unfortunately are often proposed in this House by politicians who are more inclined to put forward politically acceptable rather than economically acceptable solutions. There is no easy answer to this problem and the situation will only get worse unless we are prepared today to make the necessary sacrifices. If the Minister of Finance was here tonight I would say to him: Mr. Minister, I would not want your job for anything in the world. But you are doing a great job and you have my support all the way.

• (2040)

[*English*]

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, the hon. member who preceded me mentioned that if the Minister of Finance (Mr. MacEachen) were here, he would make certain remarks. I am sad that he is not here because I would not tell him that he is doing a good job. Interest rates are running at 20 per cent. We have massive government deficits and massive balance of payments problems. I do not see how anyone in his right mind could tell the Minister of Finance that he is doing a good job. I do not see how any Canadian, whether he be a businessman, engaged in farming or running a household, could tell that minister he is doing a good job. That is one of the problems we have with the economy today.

I spent some time in my riding during the past two or three weeks. I had a chance to talk to the people who make this country productive, those who meet the payrolls and talk to their bankers on a regular basis. A feeling of almost helplessness pervades many of those I spoke to. They have the feeling that nobody knows what they are doing. It is incumbent that all of us stay away from the rhetoric of which the chairman of the finance committee spoke here this afternoon and make some real suggestions to the government to help with this situation.

Many people are very unhappy with what they hear from the economists. It makes one think that nobody understands what is going on in the economy. That is the problem with economists, there are too many fuzzy thinkers today.

● (2050)

This reminds me of a story, and if I can have your indulgence I will relate it very briefly. This story involves a man who bought a hot air balloon. I think hot air is something that should not be unfamiliar to this chamber. On a Sunday afternoon, this man decided he was going to fly his balloon. He got a friend to go with him. They got out in the country and found a field from which they could fly their balloon. They got it up and got going. During the heat of the day, some clouds developed. They got into the clouds and could not see the ground. They became very concerned about how they were going to manage this balloon. All of a sudden they drifted into a clearing and there was a man down in a field below them. They hollered down to this man: "Where are we?" The man heard them, looked up at the balloon and said: "You are in a balloon". Just then the two balloonists drifted off into the clouds and they could not talk to the man on the ground. The one friend said to the other: "That looked like an economist to me". The other man said: "Why would that look like an economist? I thought it was a farmer out in his field." His friend said: "Who else could give us such accurate, precise and utterly useless information except an economist?"

I think this is what is happening to our economy. Everybody talks about 20 per cent interest rates, they talk about big balance of payments deficits and they talk about billions of dollars that nobody can comprehend. Yet nobody does anything, or appears to be able to do anything, about our economic problems. This is a very sad situation. I think an admonition can be directed in this respect at the Bank of Canada.

We saw the present Governor of the Bank of Canada at the helm of that institution in the 1973-74 period when the money supply increased at the rate of as much as 20 per cent for no apparent reason. I should not say it was for no apparent reason because it was to help finance increased government deficits created by members opposite who then formed the government. We saw the Bank of Canada maintain our dollar at a premium in the 1976-77 period when we had, for no structural or productive reason, a dollar that was overvalued. They kept the value of the dollar high simply by raising interest rates artificially.

I would argue very strongly that we are making a mistake now by using interest rates to regulate the value of our dollar externally. I do not know who decides on this magic figure of 82 cents, 83 cents or 84 cents for our Canadian dollar, but clearly that is what is going on at the weekly auctions every Thursday that take place at the Bank of Canada. We witnessed it today when, for the first time that I am aware of, 90-day treasury bills yielded the same as 180-day treasury bills, that is, 18.73 per cent. Normally there is quite a spread between the close on 90-day bills and the 180-day bills. This indicates there was massive intervention by the Bank of Canada today in that auction.

To my mind that is certainly not a floating interest rate. It is an interest rate that is regulated in terms of keeping the value of the Canadian dollar at a certain level. There are many of us who would sooner see, if that is an option, and I think it is a real option to some degree, a lower Canadian dollar and, as a result, a lower interest rate. If what I hear from some bankers and some economists is right, when they say they think our dollar is undervalued, there should be no concern about honestly letting the dollar float.

In fact, the real value of the dollar is determined by our international dealings and the demand for our dollars as a result of the ability of our Canadian dollar to buy what Canadians produce. If in fact our Canadian economy is only as productive as a 75-cent dollar, an 80-cent dollar or a 90-cent dollar would indicate, it would seem to me that should be the proper way to determine the value of the Canadian dollar. Let it honestly be determined on the marketplace. To do otherwise is to kid ourselves.

I argued this point in 1976-77 when we kept our dollar artificially at a higher level than it should have been for structural and productive reasons. When the crunch came, we saw the value of our dollar fall lower than it needed to. I believe very strongly that we are making that same kind of mistake today.

The Minister of Finance said in the House yesterday in the course of debate, as reported at page 9532 of *Hansard:*

> If, in the course of debate today and tomorrow, hon. members can bring forward some new, alternative ideas that, because of their validity, would demand immediate implementation, then I would consider doing that very thing.

I would point out to him that many of us in this House have moved motions under Standing Order 43 to refer the very serious interest rate question to the Standing Committee on Finance, Trade and Economic Affairs. I will read into the record again a motion I had the opportunity to propose on Wednesday, April 22, which appears at page 9383 of *Hansard.* This motion has exactly the same wording as a motion which we accepted when we were the government. It was moved by the now Minister of Industry, Trade and Commerce (Mr. Gray) in October, 1979. If the Minister of Finance is really serious about finding some solutions to high interest rates, I would challenge him to accept the reference to the finance committee that we accepted when we were in government.

The motion is as follows:

> That this House immediately order its Standing Committee on Finance, Trade and Economic Affairs to undertake an immediate review of the interest rate policy of this government and the Bank of Canada, and that for this purpose the governor of the bank and the Minister of Finance appear before it to explain their actions and what they will be doing to solve the problems which the governor of the bank himself said, regarding interest rates, are now being caused for individuals and business.

As I said, a similar motion was accepted by our government back in October 1979 when interest rates were in the range of 13 per cent or 14 per cent. Today interest rates are at 20 per cent. If there was an urgency about the matter then, which we as the government found legitimate, certainly that urgency is all the more legitimate now when we see interest rates at the astronomical figure of 20 per cent.

When one sees the Bank of Canada setting bank interest rates at 18.98 per cent it makes one think that very soon we are going to have prime rates in this country at 20 per cent. Most lines of credit for prime borrowers from the bank who

operate under this kind of a floating rate, have their interest rates calculated monthly, so that on an annual basis they are operating with an interest rate at over 20 per cent. To me this is an astronomical, a killer figure as far as keeping our economy productive is concerned.

I know 20 minutes is not a long time but I would like very briefly, if I may, to relate some of my remarks to agriculture and the way that industry needs to use credit, and to conclude by offering what I think are some positive suggestions to the government that do not imply or indicate increased government spending.

Briefly, agriculture is a very large user of credit. Not only is it a large user of credit, it is a very important sector of the Canadian economy. It is important, I would argue, for three reasons. A productive agricultural economy is the foundation of any developed country. I am proud to point out again, and proud to be part of the agricultural industry, that Canadian consumers spend as small a percentage of their take-home pay on food as consumers in any other country in the world. We in this country are privileged to be able to feed ourselves on something like 18 per cent of our disposable income. This is on an average; I am not talking about many people who are unfortunately unable to get by on their earnings and spend less than 18 per cent on food. On the average, 18 per cent of our take-home pay is spent on food. That means that over 80 per cent can be spent on other things such as colour TV, paid vacations, and still be able to enjoy short work weeks and many other things we take for granted in this country.

In order to accomplish that, the Canadian agricultural industry over the years has had to become very, very productive. In fact, as an industry it has increased its productivity more than any other sector of our economy. As I said, I am proud to be associated with an industry which has that kind of a record.

In addition, over the last number of years not only have we in agriculture been able to lower the amount of the disposable income Canadians spend on food, we have also, at the same time, been able to increase our exports. We as the Canadian agricultural industry, even though we import something like $5 billion worth of food, still export close to $9 billion worth of food. Having regard to the surplus in the balance of payments, the Canadian agricultural industry is responsible for large foreign earnings. This is very important to the Canadian dollar, because as we earn more Canadian dollars, there is less pressure on our Canadian dollar and this helps hold the value of the Canadian dollar at a higher level, and therefore allows the government to get by with lower interest rates.

It seems to me that if the government were serious in some of its long-range economic plans, it should be encouraging this very important part of our Canadian economy, the agricultural industry, to increase its capacity to produce and increase our exports of agricultural products. In the process of doing this, we will be lowering the amount of the disposable income we spend on food, we will also be increasing our foreign earnings and thereby alleviating the serious situation in which we find ourselves today.

I also think we have an obligation to the rest of the world. We as Canadians have under our control something like five times more arable land per citizen than any other country in the world.

● (2100)

We have an obligation in that regard to see that we make use of this land as best we can because, as we all know, we as a global entity are not expanding our food production as fast as the world population is growing.

In terms of the Canadian economy, some 10 per cent of our gross national product is produced by the agricultural industry. One out of four, or 25 per cent of the labour force, is involved in some way or another in the agrifood sector of Canada. This gives us an idea of how important agriculture is, not only to the agricultural community but also to the whole economy.

I would like to talk specifically for a minute about the Canadian beef industry. Many of us have come to rely on beef as a staple in our diets. In fact, on average 2.5 per cent of consumer spending is on beef. The beef industry in Canada is a very large user of credit. It has been stated many times before that as interest rates fluctuate on a daily, weekly or monthly basis, the beef industry in Canada is certainly not able to adjust to higher and changing interest rates.

Very briefly, much of the crop which is in the ground now in many parts of the country is being sown with the idea that it should be consumed by livestock. That means that much of the crop which is being sown will not be marketed for a year or even longer. It might not be marketed through livestock for as long as 15 months. When interest rates change, as they have in the past two or three years, producers simply cannot adjust to short-term interest rate changes. It is the planting season in our country and many producers are now in the process of committing themselves to a year or a year and a half production period, and they are committing themselves not to market much of the crop which is going in the ground now until the summer of 1982. They cannot adjust to short-term interest rates. This is a very large problem for many producers.

A feedlot of 500 or 600 head is not a particularly large feedlot, but it could be considered to be of a size sufficient to be a family operation. Many operators of feedlots of this size are now paying as much as $100 in interest a day. Farmers are met with many uncertainties. They meet uncertainties with respect to weather conditions, rainfall, hail, disease and many other things, but most farmers would agree that the biggest uncertainty they face is government decisions. One of the government decisions over which producers have no control whatsoever is with respect to what interest rates will be. Rather than go through that kind of uncertainty, this year many farmers will choose not to produce at all. With interest rates at the 20 per cent level, one cannot do very much but agree with them. That is one of the very real problems we have now.

The Governor of the Bank of Canada has said many times that monetary policy, or raising or lowering interest rates, and

regulating the supply of money is only one factor in fighting inflation. He is fighting it from the demand side by trying to slow down the rate at which people borrow and thereby slow down the inflationary expectations people in this country have. But when we have a 20 per cent interest rate, I argue very strongly that that hurts more on the supply side than it helps on the demand side because, as the example I have just given illustrates, an interest rate of 20 per cent chases people out of the beef industry and thereby puts less beef on the consumer's plate over the next year or year and a half. That will drive prices up drastically because there will not be as much beef available. The supposed cure we are being fed by this government and the Bank of Canada, namely, high interest rates, will actually do more damage on the supply side and thereby make inflation worse. This is something the government fails to realize. That is why many people are becoming very sick and tired of some of the fuzzy ideas and statistics we are being fed. It is time many of us took a look at the real situation in the real world. The real situation is not found in this chamber, and certainly not in offices where paper is shuffled. The real world is out where the real production goes on in this country.

I will give the House another example. Many people have pointed out that in the northern hemisphere we have six months of winter and six months to get ready for it. In many areas of this country that means when you raise cows, you spend half of the year feeding them. That is a direct cost. When interest rates are at 20 per cent, by far the biggest cost of maintaining a cow in western Canada is the interest cost. That cost is greater than the cost of feeding that animal for six months of the year.

We find ourselves in an absolutely ludicrous position. Let us not kid ourselves into thinking that high interest rates will help reduce inflation, when actually they are driving out the very basic business we need in this country, and that is food production.

To quote some figures, last year Canadian farmers paid some $1.5 billion in interest. This year the estimate is that they could pay as much as $2 billion in interest. That is an increase of roughly one third over last year's interest costs. We all know that last year's interest costs were very high. According to the figures I have here, the cost of money has increased two and a half times faster than the cost of any other commodity with which a farmer has to work. It is one factor to have that cost go up, but to have it go up, not to be able to calculate it in terms of budgeting and to have it increase in an unpredictable fashion is even worse. As I said previously, the biggest variable with which any of us in the agricultural community work is the variable which is associated with government because there really is no rhyme or reason for some of the things governments do.

I have five suggestions to make to the government. If the Minister of Finance is serious about what he said yesterday in question period, I challenge him to take some of the suggestions I am about to make extremely seriously. My first suggestion is to make the small business development bond available to unincorporated businesses and to make it available for purposes other than the very limited capital items for which it is now available. I will elaborate on that, if I might. As we all know, the small business development bond has limitations to it. It is limited to $500,000. You can only have it once, and it is limited now to incorporated businesses. Its rate is set over a period of five years. It is a fixed rate, and it is set at half the prime rate plus whatever one can negotiate with the bank, usually between 1 per cent and 2 per cent. At present, if we have a 20 per cent prime rate and if we take half of that, that would be 10 per cent. If we added, let us say, 1.5 per cent, we would be looking at 11.5 per cent as opposed to 20 per cent. That certainly is a very significant reduction in the interest rate. The beauty of this small business development bond concept to me is, first, that administratively we do not create a large bureaucracy. All we have is a very small number of people over in the Department of Finance approving these bonds as they come in. They look at them to see that they fit the categories defined—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman, but his allotted time has expired.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I am almost sorry Your Honour had to interrupt the hon. member for Portage-Marquette (Mr. Mayer) because as a general rule he makes a great deal of sense, and I enjoy listening to him because he has productive and useful things to say about the problems we discuss. I was very happy that in advance of this particular discussion he was able to come over and talk to us about some of the things he was going to say tonight.

Mr. Scott (Hamilton-Wentworth): Mr. Speaker, I rise on a point of order. I understand that my colleague, the hon. member for Portage-Marquette (Mr. Mayer) had only two more minutes to go in order to complete his wise remarks. I wonder if the hon. member for Ottawa Centre (Mr. Evans) would yield to the hon. member—

The Acting Speaker (Mr. Ethier): Order, please. There seems to be a disposition to accord extra time for the hon. member for Portage-Marquette (Mr. Mayer).

Some hon. Members: Agreed.

Mr. Mayer: Thank you very much, Mr. Speaker, and I appreciate the indulgence of the House. I did not realize my time went so quickly.

To put it briefly, the small business development bond should be "liberalized," if I can use that word. I think everyone opposite would agree with that.

Second, the Canadian Wheat Board initial payments should be set as high as possible. The Canadian Wheat Board is able to borrow at prime minus one-quarter per cent. When we have high interest rates, cash flow becomes almost as important as price. The government should encourage the Canadian Wheat Board to set initial payments as high as possible. The minister currently responsible for the Canadian Wheat Board decided

not to announce initial prices until after seeding is completed. I think that was a mistake.

Third, the Agricultural Stabilization Act is the law of the land. We all know that there will be a pay-out to hog producers this year. That pay-out should be made as quickly as possible. Can hon. members believe that we are a year behind in some of those payments? If use of the Agricultural Stabilization Act could be made with respect to the hog industry, or whatever industry it is to apply to this year, as quickly as possible, that would assist producers significantly with their cash flows.

• (2110)

Fourth, I suggest we have fixed financing for livestock and other farming operations so that a person who has to feed cattle for six months or a year could go into a bank and instead of having his loan rate float, he could fix his interest rate for the productive period of that enterprise, just as is done now for a house mortgage.

There should also be some other way of rationing credit. For instance, at the moment I can get a loan to go to Florida cheaper than I can get a loan to buy a tractor. That is not right. It is a misuse of credit.

Finally, in my opinion, the structure of the Bank of Canada should be changed to have at least two elected members from this House sitting on the bank's board of directors. The Bank of Canada has more to do with fiscal policy than we think it has. That is the basis of our whole parliamentary system to have elected members oversee fiscal affairs. I would argue very strongly that having elected members on the board of directors of the Bank of Canada would be very beneficial to us in the long run.

I thank the House again for its indulgence in allowing me some extra time.

Mr. Evans: Mr. Speaker, I was very happy to relinquish some time to the hon. member for Portage-Marquette so that his recommendations could be put on the record. I can assure him that I will look at them very carefully and so will the minister.

Yesterday I spoke on the motion specifically dealing with interest rates and I tried to deal with the fundamental factors that were underlying the current level of interest rates, why interest rates are where they are and what factors determine interest rates.

Tonight I want to expand into the relationship between interest rates, the economy and economic growth and what the government has done about these things. Today we have heard some criticism of the government's economic policy. Some members from the opposition indicated that the federal government has no consistent economic policy. That is simply not correct. The federal government does have an economic policy which is consistent and, given the appropriate time taken for economic policy to take effect, the government's policy will be effective. It will yield the kinds of results that we all want to have, which are lower unemployment, higher economic growth, greater job creation, going along with lower unemployment, lower rates of inflation and thereby lower rates of interest.

The government's economic policy has three basic thrusts to it. These were laid out in the budget speech which was presented by the Minister of Finance (Mr. MacEachen). The first major thrust of the government's budgetary and economic policy was to restrain government spending. Hon. members opposite may say that was not a serious proposition put forward by the Minister of Finance, but it was a very serious proposition. In fact, we have done better than was forecast in the budget of last October.

The second major thrust of the budget and the government's policy is the reordering of the government's priorities in expenditures toward greater expenditures in the areas of economic development, industrial readjustment and job creation. There have been a number of programs introduced in the area of job creation by the Minister of Employment and Immigration (Mr. Axworthy). The other day, the Minister of Industry, Trade and Commerce (Mr. Gray) laid out in his speech a very comprehensive framework within which he will be constructing, along with the rest of the cabinet, his industrial policy for Canada. There is a great amount of hope in that framework because it is very comprehensive and one which promises to be workable and to move Canada in the direction we all want it to move. Specifically, Canada has greater manufacturing capability, more growth and more job creation in areas that will enable Canada to have a real economic and industrial future.

The final thrust of the government's economic and budgetary policy is the thrust toward reducing the rate of inflation through a monetary policy which deals with the fundamentals giving rise to inflation.

We have heard members of the official opposition and members of the New Democratic Party calling for a new budget not only today but previously. But let us look at the facts. Let us look at the situation which has arisen subsequent to last October's budget. When I spoke during the budget debate, I spoke strongly in support of the Minister of Finance. Events, I think, will prove that we were right in supporting the Minister of Finance in that budget because it was a good budget and it is working.

Since last October what have we seen? Take the fourth quarter of 1980, at the beginning of which the budget was introduced. In that fourth quarter and in the remaining 1980-1981 fiscal year, the minister forecast growth rates in the economy and he forecast unemployment rates. The minister talked about job creation and housing starts as well. All of those things outlined in the budget were relatively pessimistic. The outlook was not the way we would have liked to have seen it. But everything was presented very forthrightly in the budget by the Minister of Finance. What has happened subsequently? The events which have transpired since then have laid bare the criticism of the opposition. This criticism still arises today, even flying in the face of what has happened over the last six months in Canada. I ask again, what have we seen over the last six months?

In the fourth quarter of 1980 we had an annualized growth rate of 8 per cent. In the first quarter of 1981, we have an annualized growth rate, because the figures are not yet finalized, of between 4 per cent and 6 per cent. Those are very high growth rates by Canadian standards, and they are very high growth rates by world standards. In other words, we have had a very strong record of economic growth in the last six months, much above what was forecast in the budget of October 28.

Let me ask what has happened with regard to unemployment. The Minister of Finance put forward a pessimistic outlook with regard to employment. But instead, as the minister pointed out, for the month of April we had the lowest unemployment rate we have had in the last five years. We have a seasonally adjusted unemployment rate of 7 per cent. What did the budget forecast? It forecast unemployment to be over 8 per cent. Therefore, we have done much better than what was forecast in the budget, both in economic growth and in the area of unemployment. Part of that is as a result of how much better we have done in the area of job creation than the budget forecast. As both the Minister of Employment and Immigration, and the Minister of Finance mentioned, we have created 346,000 jobs in the last twelve months. We have seen employment in Canada grow by 3.3 per cent. That is the highest rate of growth of employment of any country in the industrialized world bar none. In the area of job creation, Canada has consistently had the highest rate of job growth over the last ten years. That pattern is continuing. The government is committed to creating jobs and to giving opportunities to Canadians. It is committed to providing the kind of environment in which the private sector can create opportunities for Canadians as well. The proof is right there in the facts, not in the rhetoric of the opposition but in the facts. The facts are there.

Let us look at housing starts. We do have a situation in Canada in which lower-income Canadians are having difficulty if they wish to buy a house. But to say that the housing market is in a shambles is not facing the facts. Housing starts are well above 240,000 units a year, which is in the upper range of what Canadians have historically experienced in past years. The housing market, as far as new construction is concerned, is picking up. It is booming.

We could go on and on and look at statistics in other areas. I would like to focus on the budget itself and on the government's commitment to fiscal restraint, to restraint of government expenditure and to a reduction of the deficit and financial requirements. Today the hon. member for York-Peel (Mr. Stevens) and other opposition members told us that in fact government spending is out of control, that the deficit and financial requirements are out of control, and that the government is putting excessive pressures on the financial markets. If we look at the budget figures and what was projected in it, we will see that a reduction was projected in the rate of growth of federal government expenditures. Also there was projected a reduction over time of the deficit and, of course, a reduction in financial requirements which is the amount the federal government must borrow in capital markets.

• (2120)

The facts are that we have done appreciably better than what was forecast in the budget. We have not done worse, we have done better. In fiscal year 1980-81 which just finished, expenditures are $300 million less than were forecast in the budget. The budget deficit has been reduced by over $1.4 billion which is below what was forecast in the budget. The financial requirements in 1980-81 were $1.8 billion less than forecast in the budget.

Mr. Beatty: Forecast!

Mr. Evans: I hear the hon. member opposite. In fact, when the budget was introduced, we heard from hon. members opposite that the federal government was fooling people, that the estimates were low and were not realistic. They suggested that we would do far worse than was projected, that those were illusory numbers and far below what the government would achieve. In fact, we have done appreciably better than what we forecast in the budget, yet they were called unrealistic numbers by members of the opposition. This clearly indicates the commitment of the Minister of Finance and the government to the two major thrusts which I indicated regarding the budget: restraining government spending and reordering priorities in the government toward economic development, growth, job creation and industrial adjustment. The commitment is there. The programs are coming forward. The job will be done, and it will be done with fiscal responsibility.

In the last two days most of the attention has been focused on the area of interest rates. Sometimes it is very difficult for individual members of Parliament, who deal with very real and pressing problems of constituents, to see beyond those individual problems to the broader macroproblem. I am referring to the problem of how to reorder the economic situation to make the over-all economic situation better for all Canadians. As is often the case, the way to solve the problem for all Canadians is not by trying to solve the problems of every individual Canadian. In some cases we must try to see the forest as well as the trees. This is the case with regard to inflation.

Today the Right Hon. Leader of the Opposition (Mr. Clark) indicated that the way to solve our problem was to bring in expenditure programs to subsidize Canadians who were being adversely affected by high interest rates. All Canadians who borrow, irrespective of whether they are farmers, fishermen, foresters, small businessmen, home owners, or consumers who may want to buy, for example, new cars to drive to work, are adversely affected by high interest rates. Should we bring in a special program to assist one group? For example, if we are to bring in a program to assist farmers, why would we bring in a special expenditure program to assist them in coping with the very real difficulties they face with high interest rates and not do the same thing for fishermen, home owners or small businessmen?

Today the Right Hon. Leader of the Opposition suggested a program to introduce a mortgage interest and property tax credit. If we look at the 1979 budget of the hon. member for

St. John's West (Mr. Crosbie) and ask ourselves how much that program would cost annually when fully implemented, we would be looking at a program which would cost over $2.5 billion per year. If we talk about an energy tax credit, we are talking about half a billion dollars to $1 billion per year. If we brought in an expenditure program to assist all groups which have, justifiably, been identified by hon. members opposite as well as by members on this side of the House, and we say that all of these groups affected by the present high interest rate situation should be subsidized by the federal government, we would find that the only way to do it would be to give way on the expenditure restraint, on the commitment to reduce the deficit, and on the commitment to bring inflation under control. If we give way on the fight against inflation, we will not have lower interest rates; they will be higher. Inflation causes interest rates to be what they are; it is not the other way around. If inflation is at 13 per cent or 14 per cent, the interest rates will be 18 per cent or 19 per cent. If the inflation rate is 20 per cent or 22 per cent, the interest rates will be 25 per cent to 27 per cent.

Some hon. Members: Oh, oh!

Mr. Evans: If we looked at the inflation rate in the state of Israel and its interest rates, if we looked at the inflation rate in Brazil and its interest rates, we would see that inflation determines interest rates.

Mr. Kempling: I cannot believe this.

Mr. Evans: If the country is to prosper in the future, above all else, we must bring the rate of inflation under control. By doing so, we will bring interest rates under control, we will continue the economic growth of the last six months, continue the job creation of the last six months, and continue the housing starts of the last six months.

Mr. Kempling: You could not run a peanut stand; you would go bankrupt.

Mr. Evans: Some people have told us that the Governor of the Bank of Canada is following the wrong policy. As I indicated last night—

Mr. Kempling: It was the same garbage.

Mr. Evans: Obviously I am speaking the truth and it is hurting hon. members of the opposition because they are coming alive. In fact, the official whip of the opposition has never been more animated for a man of his size; it is quite something.

As I indicated last night, the prime factor in the interest rates we face today is the rate of inflation. It is the prime determining factor of interest rates. The second factor is the transition phase through which we are going in bringing inflation under control. It involves a reduction in the growth rate in the money supply. If the Bank of Canada reduces the growth rate in the money supply, it means the real funds available for borrowing in capital markets are reduced, but at the same time we are facing increasing demands on capital markets for lending funds. So there is an increasing demand for credit at the same time as we are trying to restrain the supply of available funds in order to bring inflation under control. This is causing pressure on interest rates. Also, as I mentioned last night, the last factor is the high rates in the United States which lead to cash flows in and out of Canada as interest rates fluctuate. If our rates drop significantly below the United States rates, funds will flow out. This will mean lower amounts of lending funds in Canada, which means the supply of funds will diminish and, for a given demand, interest rates will go up or the dollar will drop. Some hon. members have said that we should let the dollar drop. We import at the present time 25 per cent to 30 per cent of our gross national product. If we allow the dollar to drop dramatically from its current level, and if we are really concerned about inflation, we should think about the impact of a dramatic drop in the value of the dollar on the inflation rate when 25 per cent to 30 per cent of the cost of what we import immediately rises by exactly the amount of the drop in the dollar. We are talking about food and energy. We are talking about manufactured products and about a great many services and goods which Canadians buy every day in the marketplace. That is not a solution because by dropping the dollar you immediately feed inflation. When you feed inflation, you do not lead the country to lower interest rates. In fact, you lead the country to higher interest rates in the short term. We cannot allow a declining dollar policy. We cannot let inflation go. We cannot follow expenditure programs which will be inflationary and which will lead to increased government expenditures, because that will be inflationary. Inflationary policies like that will not lead to lower interest rates. They will lead to higher interest rates in the very near future. The best solution to our problem is the government policy which is firmly set to do three things: reduce inflation, reduce government deficits in the growth of expenditures and reflect government spending and—

• (2130)

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. member, but the time allotted to him has expired.

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I must say that I listened with interest to the Parliamentary Secretary to the Minister of Finance (Mr. Evans). He certainly does paint a glowing and wonderful picture, does he not?

Miss MacDonald: Marvellous.

Mr. Deans: I returned from Hamilton on the weekend and I wish to share with the parliamentary secretary something which might just dampen his enthusiasm ever so slightly. I had discussions with a number of young families who at the end of this month will not be able to renew their mortgages. I say to the parliamentary secretary that all of your statistics and all of your grand pronouncements pale into insignificance when you look at the effect of this government's policies on people who go out every day and work for a living, who at the end of the year find that the wages they earn have not kept pace with the cost of living. They find that the wages they worked so hard to

earn do not allow them to refinance the house they purchased five years ago. I want to put this to the parliamentary secretary: Statistics be damned! I am sick and tired of hearing government members talking about the statistical benefits which flow from this policy which is being pursued, and which is creating great hardships for so many Canadians in every part of this country in almost every walk of life. I find it extremely difficult to contain the anger I feel when I look around the country and when I speak to the people whom each of us in this House supposedly represents. I find that these people are being put into difficult financial positions and that the government shrugs and says "Well, statistics tell us that things are better; we can look forward to happy days." I expect the band to strike up "Happy Days are Here Again" any moment.

Fortunately, or unfortunately, there are those of us who take a look not only at what is written down in a statistical sense but who look at the impact of what has happened. When I was preparing my comments for this evening, I thought I would take a moment to review some of the comments which have been made by other members of the house of Commons in other days about the events of the day. I will take but a moment to do that because I think it is important. I want to say to you, Mr. Speaker, that I find this whole debate frustrating. I find it frustrating because on either side of the House—and I am sure the hon. member for Kingston and The Islands (Miss MacDonald) will forgive me for saying this—I hear a great deal being said. But when I look at the record of events which have taken place over the course of the last few years I can juxtapose the two. I can put the official opposition back in government and the government back in the official opposition. I can hear exactly the same statements being made. A year ago, on October 26, 1979, the headlines read "High rates 'crucifying' Crosbie concedes". Another headline read "Crosbie backs interest hike". Another said "Will keep interest up to beat inflation: PCs". There is another unbelievable one which reads: "We live in tough times: Crosbie". Another reads "Time to tough it out Tories warn Canada as inflation mounts". I think to myself, is it not strange, there they were in government saying exactly the same things that the government of today is saying about the conditions which exist today. I will give the Conservatives credit, things were not as bad then as they are now. Things were not as bad for the people of Canada at that time as they are now.

The interesting thing is that while the hon. member for St. John's West (Mr. Crosbie) and others were saying these things on the other side of the House, when the government was in opposition, we had the hon. member for Windsor West (Mr. Gray), who is now Minister of Industry, Trade and Commerce, saying:

> —in view of the professed desire of the government to see domestic oil prices rise quickly to world levels, are not the acting minister and his government in fact telling the Canadian people that their policy is to have this country move into a recession?

He then goes on to say:

> How can the government continue to justify supporting a policy of following American interest rates so closely, to what are record levels in Canada, when the soundness of the basis of the American policy has been called into question by U.S. experts? Why does the government not act now to prevent our economy from becoming another Three-Mile Island?

There he was in all his splendour in opposition yapping and yipping about what was going on. Then he gets put into government, and what happens? Things get worse.

Then there was the then leader of the opposition, who is now Prime Minister (Mr. Trudeau), suggesting that the prime minister of the day, the hon. member for Yellowhead (Mr. Clark) was accepting the record high interest rates without doing anything about it. We saw the Minister of Employment and Immigration (Mr. Axworthy) first quoting the then minister of finance saying:

> These people are being crucified with an 11½ per cent mortgage rate—

Those are the words of the then minister of finance. Last week they were being crucified with an 18 per cent mortgage rate. At the time of the 11½ per cent mortgage rate, the hon. member for Winnipeg-Fort Garry (Mr. Axworthy) said:

> Would the minister make the judgment now that, as a result of his policies and his government's policies we have the mortgage rate going up to 14½ per cent, the people of Canada are not being crucified but are being drawn and quartered—

Where is the consistency? I could go on and on. It is embarrassing to read these items. I am surprised that members on both sides are not offended and quitting en masse over the positions which they have put forward in the House over the course of the last two years. Then the government has the nerve to get up and tell us, through the parliamentary secretary, that things are getting better.

● (2140)

Let us take a look at how good things are for a moment. I do not know whether the statistics are new or, for that matter, of any interest, because I doubt very much if anything much will happen in the next year. However, let me tell you that the consumer price index has gone up, since March of 1977, by 37.4 per cent. The automobile price index has gone up by 49.1 per cent in the same period. The gasoline prices in Canada have gone up by 75.4 per cent. The prime rate has gone up 140 per cent plus between 1977 and 1981.

It is interesting to note, though, that not everyone was suffering while this was going on because, of course, the profits of the five major banks went up 76 per cent from 1977 to 1980. That was while all of these very high and onerous costs were being borne by the Canadian public. The assets of the five major banks went up by 96 per cent from 1977 through 1980. While that was going on, bankruptcies rose in Canada between 1977 and 1980 by 65 per cent. So on the one hand we are getting higher and higher costs, and on the other hand we are getting wages which are not keeping pace with the inflation level and are falling behind by 1 per cent or 2 per cent a year. The banks are making ever increasing profit margins. People in business and private individuals across this country are losing their businesses and their homes, and yet we are told that things are getting better.

From March of 1980 to March of 1981 bankruptcies in this country have gone up by 29 per cent, and this government sits and twiddles its thumbs and tells us that good things are about to happen. What about those people who have already lost? Who speaks for them? What about the families which cannot find homes to live in because they cannot afford to pay the cost? Who speaks for them? How do we compensate them when things get better? what do we say to them when they have lost $10,000 which they have saved over the course of many years because they could not meet the onerous and usurious rates being charged by the banks? Do we go and apologize, send them a get well card or a sympathy card perhaps? Do we tell them that we are really sorry we did not do anything about it, that it is unfortunate and it is just one of the facts of life? "The statistics are good, so do not feel badly about it. The fact that you have lost everything, we cannot do anything about that." We are just going to sit back and hope that somehow, by some magical, mystical means, inaction will resolve the problem. I do not think inaction can resolve the problem. I have said many times in this House that we have reached a critical point for many Canadian families. We reached it, in fact, about a year ago.

As my leader said yesterday and again today, there are more than a thousand families in Canada which at the end of this month will have to walk away from their homes because they cannot refinance them at the current interest rates. No one can tell me that it is impossible for us in the House of Commons to do something about a situation which has been allowed to occur over the course of successive Liberal and Tory governments since 1975. No one can tell me that it is impossible for us to find a way to bring interest rates down to a level—at least for those home owners who are faced with exorbitant rates today—which can be managed within the income levels of the majority of people. No one can tell me that we must simply sit back and watch while people are left to their own devices, while people walk away and leave their homes or lose their businesses and, perhaps, in the process, lose their homes because they have to go out and mortgage them to keep their businesses going, at a time when the Royal Bank increased its profits between 1977 and 1980 by 94 per cent.

No one can tell me that it is reasonable and fair that the farmer who can no longer make enough money to pay the mortgage will have to leave his farm and go bankrupt, at a time when the Bank of Montreal increased its profits between 1977 to 1980 by 115 per cent. No one can tell me that it is a reasonable thing. We should take a look at the people in this country who are struggling to maintain an economy which is being allowed to be undermined by outside influences, people who cannot get wages which will keep pace with the cost of living. No one can tell me that such a situation is reasonable while the Bank of Nova Scotia has increased its profits between 1977 and 1980 by almost 69 per cent. No one can tell me that the manager of the Toronto-Dominion Bank should have reason to expect an increase of 82 per cent in profits at the same time as he looks families straight in the eye in his office and says, "We cannot renew your mortgage because we have to charge more than you can afford."

Is that the kind of economy and is that the kind of system we live in? Is that what has become of Canada? Is that the level we are at in the House of Commons that we can find no way to rechannel some of that excess profit to provide mortgages for people at a price that they can afford? Is that the level to which we have fallen in the country? Is it now reasonable, is it acceptable, that some should be able to get a usurious return while others are forced out of their homes? Is that the level Canada has reached? I wonder. I wonder, and the government sits and tells me that, according to statistical analyses, things are getting better. Things are getting better! I dwell on the subject of banks because they are, in fact, the beneficiaries of all of this; but they are not the only beneficiaries. I want to make it clear that I understand that for large business there is a much better opportunity for absorbing the higher interest rates because they have access to money that small businesses or individual farmers do not. However, I want to say that I dwell on the subject of banks because we must start there.

It is impossible for a small business to carry the inventory necessary to remain in business at the kind of bridge financing costs that they now face. It is impossible, and we now know that. Do we do anything about it? No, we wring our hands and we walk away and say that statistically, things are getting better. But while we are walking away and while my relative is leaving his small business because it is impossible for him to survive—and I suspect that is true of the relatives and friends of others in the House—the Royal Bank has increased its assets by 79 per cent between 1977 and 1980. That is an increase in assets. However, while the farmer whom I know, who has been struggling for a number of years just to keep his head above water, working his heart out, trying to make sure that he maintains the family farm in order to provide the food that we have to eat, is putting off the purchase of machinery because he cannot afford the additional cost which is levied as the result of high interest rates, the Bank of Montreal increases its assets by the enormous amount of 110 per cent between 1977 and 1980.

I could go on with it because the Bank of Nova Scotia increased its profits by 100 per cent; the Imperial Bank of Commerce, by 85 per cent; the Toronto-Dominion Bank, by 91 per cent. We are not all suffering. We are not all suffering at all. I want to suggest that this House of Commons is not here to protect the banking interest. It is here to make it reasonable to do business in Canada. It is here for the purpose of writing laws which allow people to make reasonable profits. It is here also to represent the views of the 23-plus million Canadians who live in every part of this country and who, today, are asking, begging—they should be demanding—that we stop this nonsense and get on with dealing with what is fundamentally wrong with this economy.

• (2150)

If it is true that the level of the Canadian dollar must fall, then the level of the Canadian dollar must fall! If the outcome of that is that imported products are more expensive, so be it. It is entirely possible, in fact it is probable, that Canadians might then buy Canadian-made products. This would increase the level of productivity and use up that 20-plus per cent of unused capacity that exists in Canada today and it would put more people to work and generate more goods.

When I asked a question today, the hon. member for Willowdale (Mr. Peterson) asked me, "Where is the market?" Mr. Speaker, there are markets and there are ways to do this. I say to the government and to the official opposition and to anyone else who cares to listen, that they will not be able to fulfil their mandate or meet their obligation to the people of Canada if they continue to allow the very soul of this nation to be undermined.

That soul is being undermined as a result of the difficulties that families now face when trying to meet even the minimal commitments that they have. It is an up-hill battle, which they are losing.

I suggest to the government that it stop this preoccupation with the level of the Canadian dollar and if need be, as my leader said earlier today, and as we have said a number of times—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his time has expired.

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, I regret that there is such a short time left to say the things I would like to say in a debate of this nature which deals with the government's shoddy economic performance at this time.

I was interested in the remarks of the Parliamentary Secretary to the Minister of Finance (Mr. Evans). He has learned well from the master. He knows how to take a lesson from the Minister of Finance (Mr. MacEachen). He does not have to be taught anything more. The Minister of Finance and the parliamentary secretary, and indeed, everyone who sits on the government benches, do not seem to care or to know what is happening to the hundreds and thousands of people across this country who are suffering day after day from the government's policies of high interest rates. They do not seem to know or care that there are a lot of people in this country who are in real need.

The Parliamentary Secretary to the Minister of Finance said that there are times that you have to forget about the trees and think only of the forest. He implied that they cannot afford to think of the individuals who are being hurt. I want to tell him that after you knock down all trees, there is no forest left. That is what we have to think about.

The Minister of Finance made some fatuous promises before the last election in an effort to be re-elected. As the result of those promises, the country is suffering now. Of course, the minister does not give that very much consideration. Safely out of sight in the inner sanctum of the Department of Finance he can play with all sorts of ideas, many of which will bring further distress to Canadians. Remote as he is from real life, he can move from consideration of higher interest rates, which he has already forecast, to the introduction of wage and price controls or to the consideration of a tax-based incomes policy. He can do that while he is safely secluded in the penthouse of Place Bell Canada.

The minister has emerged from his quarters briefly to ask for suggestions. I want to give him one or two in the short time available to me. His comments of the last few days have shown how remote he is from the suffering that is going on across the country.

I want to suggest to the Minister of Finance that while he is contemplating which of the many complicated levers he will pull, he should set up a human misery index—something similar to the consumer price index—which he could read daily so that he could be aware of the hardship he has inflicted on Canadians. I could tell him that he will not be able to read that kind of index from some beach in Hawaii or from Kuwait, but he will be able to read it if he goes across the country talking to business people, farmers, and people living on fixed incomes in one community after the other.

Just the other day the minister accused us of pretending to be sympathetic to the plight of these people. There is no need to pretend about the suffering that is going on at the present time, Mr. Speaker. People are worried, upset, concerned and increasingly anxious. I want to give the minister an example of what is happening and of the kind of difficulties that Canadians find themselves in. I want to tell him about the case of one couple—one of many in my constituency—who have spoken to me. These people have been in the hotel business for a number of years. They worked hard and put their whole lives into it. Two years ago they decided to expand their business and do what many people in Kingston and The Islands have done, restore their building to its original form. They borrowed $650,000 from their friendly bank. The interest rate they obtained at that time was about 12 per cent; last week they were being charged 21 per cent. Their weekly interest payment is $3,000. The irony is that they are now taking in more money than they ever have in the history of their business, but they cannot meet their payments or do the things they want to do. They are being forced into bankruptcy. When they make their weekly deposit, the first thing the bank does is to take off the interest payment. They can meet that interest payment and the salaries of some 40 people but that is all. The cheques to their suppliers are being sent back marked "not sufficient funds".

Last week a cheque came back to them from Revenue Canada for $5,000. To add insult to injury, a $300 penalty was imposed by the very government that put them in this predicament in the first place because of high interest rates. They had applied for a small business development bond some five months ago but their application still has not been processed. They are still being hurt, week after week, by the government's high interest policies.

The other day I mentioned the mental anguish that people are suffering, and the minister laughed at me. It is that kind of mental anguish that this couple in Kingston is suffering. They are going through it because they do not know where the money will come from to pay their staff in the weeks ahead. They do not know whether they will have to lay them off and thus add another 40 people to the number of unemployed in this country. They do not know how they will be able to escape foreclosure or bankruptcy. They would rate very high on a human misery index if the minister were aware of what is happening to human beings in this country.

That is one suggestion that the minister could take into consideration and see if he cannot respond to the suffering that is going on in this country.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. It being ten o'clock, it is my duty to inform the House that, pursuant to Standing Order 58(11), proceedings on the motion have expired.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

HOUSING—POSITION OF HOME OWNERS

Mr. Doug Lewis (Simcoe North): Mr. Speaker, in replying to a question on Tuesday of this week put by the hon. member for Kingston and the Islands (Miss MacDonald), the Minister of Finance (Mr. MacEachen) indicated his confusion and ignorance of what is involved in applying to renew a mortgage. My colleague asked if the minister would honour his commitment to assist home owners who are having difficulty with the soaring interest rates. This commitment was made in March, 1980. The minister replied:

—because of the appreciation in the value of their homes they had experienced they were able to bear the burden of these increased mortgage payments. That is the fact.

Because an estimated 500,000 Canadians are renewing their mortgages at crippling interest rates, I sought to clarify the minister's statement on their behalf later in the question period. I suggested that when a Canadian home owner sits down with a mortgage officer and tells him that his home has appreciated, the mortgage officer is simply going to say "so have your mortgage payments". I would ask the minister how appreciation in the value of a home helps the Canadian home owner who has to make out-of-pocket mortgage payments. The minister replied:

—if that is too complicated a concept for the hon. member to understand, I should like to draw his attention to a simpler concept—

The rest of his comments were nothing more than subterfuge, camouflage and confusion to cover the fact that he had no knowledge of the problem. Five hundred thousand Canadians are faced with increased mortgage payments as they renew their mortgages this year. Many are selling or abandoning their homes because they cannot afford the increased payment. A $40,000 mortgage loan at 10 per cent taken out in 1976 could be carried at $360 a month based upon a 25-year amortization. It now costs $590 a month to amortize $40,000 over 25 years at today's Liberal interest rates of 18 per cent. That is an increase of 61 per cent.

It is shocking that this crisis is facing the country. It is even more shocking that a minister of the Crown would confuse the Canadian people and then have the gall to suggest that the concept was too difficult for me to understand. For that reason I want to explain the facts of life to the Minister of Finance.

When a home appreciates in value, the home owner's equity increases. The home has become more valuable, but it does not put any more money in the home owner's pocket unless the house is sold. It does not mean that the mortgage principal is reduced. That can only be done by monthly payments which reduce the principal gradually, made out of the take-home pay of the home owner.

When home owners go to renew their mortgages, the mortgage officer considers the value of the home as security for the loan. If the home has appreciated, well and good. If it has depreciated, the mortgage officer must consider if the value is sufficient security to support the loan. However, the mortgage payments, usually monthly, on the renewed mortgage are another matter. The home owner must prove to the satisfaction of the mortgage officer that he, she or they can meet those payments out of their income or what we call take-home pay.

The point we were making is that increases in the mortgage interest rate from 10 per cent in 1976 to the current rate of 18 per cent as a result of the Liberal party's high interest rate policy result in an increase in the payment the home owner is making on a mortgage. If they can meet the payment, fine. If they cannot meet the payment, the home owner is in difficulty. The security, that is the increase in value which the minister thinks helps, goes by the board because the mortgage officer is only interested in how the home owner is going to make the payment. The mortgage company is then free to demand payment of the principal in full and the home owner seeks a mortgage elsewhere. It is absolute nonsense to suggest that appreciation in value helps to meet mortgage payments. It is unfair to the minister to hold out this hope to Canadian home owners.

• (2205)

I was tempted to pursue this matter as a question of privilege since the minister impugned my integrity and ability as a lawyer who practised real estate law for 11 years before entering politics by suggesting it was too complicated a matter for me to understand. Then I realized that the minister just did

not understand what was involved in renewing a mortgage. The minister is an embarrassment to the government. That concept was too complicated for him. I feel the minister will want to admit his error through his parliamentary secretary and apologize to the House and the Canadian people, and I hope his parliamentary secretary will have the dignity and integrity to do so on his behalf. Thank you very much.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, dealing with this problem of mortgage renewals, which is a very real problem, the hon. member for Simcoe North (Mr. Lewis) certainly has made a case. The Minister of Finance (Mr. MacEachen) does not disagree with him one iota in respect of the problem and the fact that there is a problem. I think where the disagreement lies is in the extent of the problem and whether that problem can be coped with by the average Canadian home owner.

The majority of Canadian home owners renewing mortgages this year took out their mortgages in 1976. The average mortgage interest rate in 1976 was 11.8 per cent, or from 11 per cent to 12 per cent, and the current interest rate is about 18 per cent. This has resulted in an average increase in mortgage payments of some 40 per cent for those people who are renewing their mortgages. At the same time we have to ask whether they are able to meet these increased payments. We have shown here an unfortunate increase of 40 per cent in the payments necessary to service those mortgages.

However, in that same time period the average annual wage has increased by 55 per cent, some 15 percentage points more than the increase in the mortgage payments. The home owner is certainly not spending on average a greater proportion of his or her income on mortgage payments in 1981 than he did in 1976 when the mortgage was originally taken out.

At the same time it should be noted that the average house price has increased by some 48 per cent over the price paid in 1976. The hon. member for Simcoe North indicates that the minister did not understand when he said it was a complex problem, and perhaps the hon. member did not understand. In fact that is true because many of the people he is concerned about, and about whom we are concerned, are the lower income Canadians who bought homes at very high loan-to-value ratios in 1976 and did so by not only taking out a first mortgage at 11.8 per cent, but a second mortgage at perhaps 14 per cent, and in some cases a third mortgage. Housing prices have gone up by 48 per cent, which means that the individual who had a first mortgage, a second mortgage, and, perhaps, in some cases a third mortgage in 1976, will be able to consolidate all those in a first mortgage. As a result, the figure I have given here, the 40 per cent increase, overstates the effect on the people we are concerned about here because a second mortgage at 13 per cent or 14 per cent would mean that payments were higher than indicated by an 11.8 per cent mortgage rate.

The fact of the matter is that the minister made an indication to the hon. member for Simcoe North, and the minister was right.

● (2210)

VETERANS AFFAIRS—1. REQUEST FOR ALLOCATION OF ADDITIONAL FUNDS. 2. PREPARATION OF AMENDING LEGISLATION

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, I directed a question yesterday to the Minister of Finance (Mr. MacEachen) with regard to veterans' legislation. My question was as follows:

> In light of the effect that new consumer price increases, rising energy prices and interest rates have on veterans and their families, as well as the fact that over 2,000 applicants are having to wait up to two years for their pension appeals to be processed, will the Minister of Finance tell this House when he will be allocating the necessary funds so that the Minister of Veterans Affairs can bring in a bill providing some financial relief for veterans and their widows at this time of unprecedented need?

I received no assurance whatsoever from the Minister of Finance.

I posed a supplementary question which was answered by the parliamentary secretary to the acting minister of veterans affairs. Part of my question was the following:

> There has been much speculation that legislation is now being prepared which would lower the phasing-in period for widows whose husbands were in receipt of less than a 48 per cent disability pension.

I received the assurance that this legislation will be brought in soon.

I also asked the government to launch an immediate inquiry into this backlog of 2,000 veteran pension applications which are taking up to two years to process. I called this a national disgrace, and I will call it a national disgrace again tonight.

The parliamentary secretary informed me that there are not 2,000 applications but approximately 1,200 applications in process. There is a conflict here. The Royal Canadian Legion has been keeping very close tabs on this. The legion is not in the habit of printing false information or exaggerated figures. I want to read from an editorial in the legion's magazine for May of 1981 which states:

> In November, 1978, the chairman of the pension commission told a meeting of the standing committee on veterans affairs that the average length of time for a first application to reach a decision was 6 months, an improvement on the 7.8 months taken earlier. It was . . . "almost back to normal."

It was stated at that time.

> However, the average 7 months taken for a claim or 3½ months for a widow in December, 1979—

These are the commission's own statistics.

> —has now climbed to more than 11 and 7 months respectively. A few cases will illustrate: 1. A May, 1980, request for a pension medical re-examination was completed July 30, 1980. The pertinent reports had not reached the commission's head office by February, 1981; the district office was awaiting additional information about the pensioned conditions. 2. An application for attendance allowance was submitted July 25, 1980, and acknowledged in September. The commission's request for investigation went forward to the medical examiner October 31, 1980.

The veteran died in February.

I have statistics here for the last number of years which show that hundreds of veterans died before their pensions were processed. The legion's article also points out the following:

The number of appeals awaiting consideration by the pension review board hovers around 2,000. Now being heard are applications made two years ago. And the number of new appeals is increasing.

I suggest to the minister that he spend some time over at the Department of Veterans Affairs tracing some of these applications to find out why they are taking two years to be processed. I repeat again that this is an absolute disgrace.

The Royal Canadian Legion, Ontario Command helps many veterans with their applications. That command wrote to veterans and told them not to expect any action in a couple of months but that they will have to wait two years. This is the advice the Ontario Command gives to veterans in Ontario:

An assessment board, which due to several factors, will not be held any sooner than twelve to fourteen months, will only consider your condition as it was at the time of the Pension Medical Examination that the ruling was given for. In other words, when a board hears the claim it will be considering a ruling that by that time will be probably two years old.

That length of time is not acceptable, and we have heard nothing but excuses over the last number of years in this respect. The time has come for an end to excuses and for the minister to get over to that department and to find out what is going on there. I have in my hand a list of statistics respecting veterans who are dying before they receive their pension increases.

● (2215)

I have a letter here dated May 11, 1981, from Mr. J. Lamy, who is the dominion secretary of the Royal Canadian Legion. He points out in his letter:

—the delays in pension adjudications are of the utmost concern to us at this time.

Later in the paragraph, he says:

The situation is particularly bad in respect of first applications—

Further on in his letter he says:

We plan to present a brief to the standing committee—

I might say, whenever that is called.

I was very disappointed to read a speech which the parliamentary secretary gave recently to veterans in Peterborough in which I found some misleading information. The parliamentary secretary told the veterans in Peterborough the following:

It is a special pleasure to appear here and be able to assert that the federal government over the past year has improved the economic circumstances of many thousands of veterans and their survivors.

There are 2,000 veterans who have to wait two years to have their applications processed. Some are dying before the process is completed and their widows are having a rough time because of inflation, with the cost of gas having gone up 54 cents a gallon, and all the rest of it. I am sure hon. members know all the statistics, but then the parliamentary secretary tells them their economic lot is improving. That is not very good information to be handing out to veterans' organizations.

Mr. John Campbell (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, it is unfortunate the House rules only allow me three minutes to respond to the distorted allegations made by the hon. member. However, I want to thank the hon. member for Winnipeg-Assiniboine (Mr. McKenzie) for giving me the opportunity to clarify the situation respecting the delays and adjudications of applications for disability pensions made under the Pension Act.

There has been considerable talk recently about cases awaiting decisions. It is unfortunate but we must realize that the Pension Commission is unable to deal with all the applications it receives as soon as it would like. There have been some problems besetting the commission, and every effort is made to overcome them as quickly as possible.

At the first decision level, the commission has about 4,200 applications on hand. These cannot all be called backlog, some having been received only a few days ago. Because of the nature of the claims and the investigative work which must be done, it has never taken less than an average of five and a half months to deal with them. About 2,200 of these claims are less than five months old. The suggestion that there are 2,000 claims which will take two years to process, is simply not true.

The chairman of the commission has told me that their oldest claims at the first level are 21 months old and that there are only two in that category, and in both those cases they are waiting for information from another country.

Progress is being made in the time taken to process these applications. It now takes almost two months less on the average than it did at the end of 1980.

As far as the second level is concerned, that of the entitlement board appeal, the situation now is better than at any time in the commission's history. There are fewer than 900 cases to be heard across the country, in which the claimants have advised that they are ready to proceed, and the commission hears about 300 a month. This is less than half the number waiting to be heard a year ago.

In so far as proportionate pensions for widows are concerned, I believe it is well known that one of the acting minister's personal priorities is to try to improve the phasing-in time for widows of pensioners who, under present legislation, will have to wait for lengthy periods to receive their benefits. His success in this area will no doubt depend on the over-all financial picture.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his allotted time of three minutes has expired.

Mr. Campbell (LaSalle): May I ask for unanimous consent to continue, Mr. Speaker?

The Acting Speaker (Mr. Ethier): Order, please. That is one request which cannot be allowed at this time.

● (2220)

ROYAL CANADIAN MOUNTED POLICE—QUERY RESPECTING LEGISLATION AND COLLECTIVE BARGAINING RIGHTS

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I rise to pursue a question which I asked of the Solicitor General (Mr. Kaplan) on March 31, 1981, relating to the denial of the

fundamental right to collective bargaining for members of the RCMP in Canada. At that time the Solicitor General indicated that amendments to the RCMP Act would be brought forward "soon". He stated that as far as most members of the force were concerned, there was a very effective system in effect for dealing with industrial relations within the force.

In the few minutes I have this evening, I would like to point out that the minister promised on many occasions to bring forward this important piece of legislation affecting members of the RCMP right across the country. In the Speech from the Throne, there was a promise that the RCMP legislation would be amended. In May of 1980, the minister agreed that the present disciplinary procedures were unfair. He said that legislation was a high priority and would be brought forward very soon. He repeated that promise on a number of occasions. In the fall of 1980, he stated that legislation would be brought forward within a month. Again on February 23, 1981, in Edmonton the Solicitor General stated that this legislation was a priority for the government and that it would be brought forward within a month. We see very clearly that on many occasions the minister promised to bring forward this important legislation, but to this day we have not seen any results whatsoever.

Perhaps this reflects the lack of clout of the minister in cabinet. One could only hope that in the very near future members of the RCMP would at long last have an adequate mechanism set out in the RCMP Act.

There are several concerns of the force, but the fundamental one is its right to full collective bargaining without the right to strike. They recognize that the right to strike is one they do not wish to receive at this point. They are prepared to have differences settled by arbitration. The right to full collective bargaining and freedom of association should be accorded to members of the RCMP.

In my question on March 31, I pointed out that the freedom of association supposedly granted to all Canadians under the charter of rights in fact is denied to members of the RCMP. On other occasions I have noted in the House that that same freedom of association is denied to employees of Parliament, including members of the security staff on the Hill. What is the effect of this denial of collective bargaining rights? This has meant that the conditions of members of the RCMP in terms of pay and their relative standard has been falling further and further behind. It is the only major police force in Canada which does not have collective bargaining rights. The pay and working conditions of the RCMP have been steadily declining.

The Solicitor General said that there is a system of divisional representatives. Members of the force acknowledge that this simply is not working. The divisional representatives must represent literally hundreds of members and cannot bargain on pay. The bargaining process for pay is a mystery. What the Treasury Board is prepared to offer and what senior members of the force are seeking are mysteries. There is no recognition of the increased costs facing members of the force in certain areas of the country such as my own area in British Columbia.

One effect of this is that senior members are leaving the force and are being replaced by recruits. Of course this has a very serious impact, particularly in areas such as Burnaby and Surrey which are training detachments.

A number of other concerns face the force at this point. They include the fact that the multimillion dollar pension scheme has no significant involvement of members of the force. Surely this must be changed. They are concerned about certain aspects of working conditions. They believe they need improved weapons and ammunition. They are concerned that soft body armour should be issued as well. They are disturbed at the arbitrary dismissal of their request for night sticks by the commissioner's office. They insist that the vacancies which presently occur in a number of detachments—vacant staff positions which result in staff shortages—jeopardize in some cases the safety not only of members of the RCMP but of members of the public. They insist these vacancies must be filled.

It is clear the government has failed to live up to its commitment to members of the RCMP. It took a recent court decision in the federal court to permit members of the RCMP to be represented in disciplinary proceedings by a lawyer. This was a court proceeding initiated by the association of 17 divisions. It was not until that decision—and I understand fortunately the decision is not being appealed—that this fundamental right to counsel was accorded to members of the RCMP in internal disciplinary proceedings.

• (2225)

The concern that I wish to raise this evening, and which I have raised on other occasions, is that the level of frustration within the RCMP is steadily increasing as their pay falls further and further behind. As I said, they want the right to full collective bargaining, a right which is accorded to all other major police forces in Canada. The Solicitor General has refused to act on this right. We will be looking with great interest at the proposed legislation with regard to the RCMP to ensure that it does accord the right to collective bargaining.

To conclude, we will be pursuing the matters which I have raised, including vacancies in various detachments, the concern about the pension plan and working conditions and, most important, the widening gulf in pay as compared with other police forces.

Hon. Bob Kaplan (Solicitor General): Mr. Speaker, I was glad to note from the concluding remarks of the hon. member for Burnaby (Mr. Robinson) that he retains the faith that the RCMP bill will be forthcoming. In fact, I had hoped that it would long since have been tabled in the House. I can tell the House that I am still working on that legislation. It is still very much in the works and I hope it will be tabled very soon.

Mr. Robinson (Burnaby): You have been saying that for a year.

Mr. Kaplan: I concede that. I had hoped that I would have been able to bring it forward some time ago. It has not been a

matter of clout but a matter of other legislation before the House and other legislation which is in the hands of legislative draftsmen. But the way is now clear for moving it forward. Today I saw material associated with the legislation. I do not claim full responsibility for the long delay which has taken place since the Marin commission in 1976 made the recommendations which led to the commitment of the government to introduce legislation. The Marin commission recommended an improved procedure for complaints from the public and, of equal importance, more formal grievance procedures for individual members of the force. This will permit individual members of the force the right to counsel, and many other advantages in their industrial relations with the force and issues of discipline which are long overdue.

I am glad that the hon. member acknowledges that this legislation will be coming. I hope he will be happy with it. But the legislation will not change, as he indicated he hoped it might, the right to collective bargaining. As the hon. member put it, there is no fundamental right to full collective bargaining in Canadian society. That is a right which Parliament has accorded within the public service. It is something the Pearson government did. It is not a right which has been extended to all units of the public service, as the hon. member indicated. It was not accorded to the Armed Forces, the RCMP, the staff of the House of Commons or to others. He can consult the debates at that time and the discussions in committee for all of the reasons put forward for not according this collective bargaining right. I think the reasons were good ones and they still apply. I refute his claim that he speaks for the force when he says that there is a broadly-based feeling that there should be the right to collective bargaining. There is a divisional representation system which is an effective one.

The Acting Speaker (Mr. Ethier): A motion to adjourn the House is now deemed to have been adopted. Accordingly this House stands adjourned until tomorrow at eleven o'clock a.m.

At 10.30 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, May 15, 1981

The House met at 11 a.m.

● (1105)

ROUTINE PROCEEDINGS

[*English*]

RAILWAYS

PENSIONS OF RETIRED WORKERS—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I rise under the provisions of Standing Order 43. Due to the fact that Canadian labour relations legislation does not permit the CNR union to negotiate pension rights for former employees, pensioners have had to put up with such measly increases as $77 over 19 years. This amounts to a grand total of $4 a year, or 33 cents a month, resulting in a $265 per month pension rate. A 33-cent increase does not go far against the odds of new record inflation rates of 12.6 per cent, 15.2 per cent increases in food costs, and 54 cents per gallon increases in gas prices. This is just one more Liberal-created national disgrace. I move, seconded by the hon. member for Yukon (Mr. Nielsen):

That this House demands that the Minister of Labour immediately introduce amendments to Canadian labour relations legislation which would enable rail unions to negotiate on behalf of retired rail employees.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

CALL FOR INTRODUCTION OF BUDGET—MOTION UNDER S.O. 43

Mr. Walter McLean (Waterloo): Madam Speaker, the government has abdicated all responsibility for controlling the rampant inflation which Canadians are experiencing today. The price of food eaten at home has increased 15.8 per cent. The price of fresh vegetables is up 73.5 per cent. The price of fuel oil is up 39.6 per cent. As always, those hardest hit are single parents, people on fixed incomes, women between the ages of 55 and 64, the working poor; in other words, those already struggling to make ends meet.

I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That this House calls upon the Minister of Finance at least to acknowledge the punitive effect of these devastating inflation rates on Canadian women and introduce a new budget which will respond to this great tragedy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN NEUTRALITY

OUTLAWING OF PRIVATE ARMIES—MOTION UNDER S.O. 43

Mr. Douglas Fisher (Mississauga North): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas some private Canadian citizens appear to have been involved in the planning, organization and financing of a recent plot to stage a coup against the legitimate government of Dominica, and whereas Canada lacks any legislative instrument comparable to the United States neutrality act designed to outlaw such plots and actions, I therefore move, seconded by the hon. member for Hamilton West (Mr. Hudecki):

That this House urges the government to bring forward legislation to prevent mercenary armies and other private citizens from using Canada as a safe haven from which they can launch armed activities against legitimate foreign governments.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN TRANSPORT COMMISSION

SUGGESTED POSTPONEMENT OF MANITOBA HEARINGS—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, I rise on a matter of urgent and pressing necessity. In light of the fact that the Canadian Transport Commission has given only two weeks' notice of important public meetings in northern Manitoba which will determine the future of rail service in that area, in light of the fact that both VIA Rail and CN have downgraded both the quality and quantity of rail service in the last few years, and in view of the fact that in this region there

are areas which are rail locked, that is, accessible only by rail or air, I move, seconded by the hon. member for Dauphin (Mr. Lewycky):

That the Minister of Transport instruct the Canadian Transport Commission to postpone the CTC hearings scheduled for The Pas and Churchill and that the CTC be required to force CN and VIA to guarantee adequate and attractive service not only at the current level but beyond, to the extent of providing convenient, comfortable, fast and frequent service.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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● (1110)

INCOME TAX

CHILD CARE EXPENSE DEDUCTION—MOTION UNDER S.O. 43

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, I rise under the provisions of Standing Order 43. In May, 1976, the then minister of finance doubled the allowable deduction for child care expenses from $500 to $1,000, acknowledging that the amount was too low in light of continuing inflation. Since then the cost of living has increased 56 per cent, leaving a 1976 dollar with a value of 64 cents. Therefore I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That this House direct the Minister of Finance to introduce a new budget before Parliament rises for the summer recess which would allow for total deduction of child care expenses from the income of a working mother or single parent.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FINANCE

CALL FOR INTRODUCTION OF ENERGY TAX CREDIT—MOTION UNDER S.O. 43

Mr. Doug Lewis (Simcoe North): Madam Speaker, I rise under the provisions of Standing Order 43. Eight of the 11 Liberal government increases in the cost of energy since February 18, 1980, were tax increases. The latest consumer price index shows Canadians are paying record high prices for energy as a result of tax increases. I move, seconded by the hon. member for Hamilton-Wentworth (Mr. Scott):

That this House instruct the government to implement an energy tax credit for low and middle-income Canadians.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FISHERIES

NEED FOR LONG-TERM POLICY—MOTION UNDER S.O. 43

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity. The consumer price rise in April produced the highest year over year rate of inflation in Canada since World War II price controls were phased out in 1947-48. This has caused a rapidly accelerating rise in the entire cost structure of the fishing industry because of inflation, increasing fuel and energy costs, and high interest rates, placing this industry in jeopardy. Since there is today conflict between fishing interests for access to the resource, conflict between fishermen and buyers over price, conflict between government, processors and fishermen, and conflict between federal and provincial governments over control of the resource and the industry, I move, seconded by the hon. member for Vancouver Quadra (Mr. Clarke):

That the government take steps immediately to establish a clear, long-term government policy for the research, management and development of Canada's fisheries since the lack of a coherent policy imposes severe difficulties for managers and investors in the private sector.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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ENVIRONMENTAL AFFAIRS

ALICE ARM, B.C.—DUMPING OF TAILINGS BY AMAX—CALL FOR PUBLIC INQUIRY—MOTION UNDER S.O. 43

Mr. Jim Fulton (Skeena): Madam Speaker, under the provisions of Standing Order 43, I rise on a matter of urgent and pressing necessity. In light of the malfunctioning of the pipeline constructed by Amax Ltd. to dump toxic mine tailings into the ocean at Alice Arm, B.C. and that two recent accidents have allowed toxic waste to be spilled into the sensitive intertidal zone, contrary to both federal and provincial legislation, and also that the interim report from the scientific review panel confirms that the government and Amax technical studies are inadequate to ensure environmental and health safety; and further, in light of concerns raised by the U.S. department of state regarding pollution of American waters from this operation, I therefore move, seconded by the hon. member for Nunatsiaq (Mr. Ittinuar):

That this House go on record as unanimously supporting the call for a full public inquiry to investigate the health and safety questions raised by the federal government's own scientific review panel.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE ECONOMY

GOVERNMENT MEASURES TO DEAL WITH INFLATION—MOTION UNDER S.O. 43

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity to every Canadian consumer. In view of the fact that the last time the inflation rate was this high, in September, 1948, when half the population of Canada had not been born, I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the government follow the lead of the former and present Minister of Consumer and Corporate Affairs when he said in 1974, "It is extremely important that we deal efficiently with the rate of inflation".

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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RAILWAYS

ACTION REQUIRED TO ASSIST RETIRED WORKERS—MOTION UNDER S.O. 43

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, under the provisions of Standing Order 43, and seconded by the hon. member for Mission-Port Moody (Mr. Rose), I move:

That the Minister of Transport be urged to make it known to the Canadian National Railways and to the Canadian Pacific Railway that it is their responsibility to take immediate action to increase the pensions of their retired employees and to establish automatic indexation, at least annually, so that all railway pensioners and their survivors will be able to maintain a standard of living commensurate with the service they have rendered to this country.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1115)

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

INCREASE IN CONSUMER PRICE INDEX—GOVERNMENT POSITION

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my question is directed to the Deputy Prime Minister and Minister of Finance who will know that today the consumer price index has gone through the roof. The highest cost of living in modern time means that a shopping basket which cost $100 in 1971 now costs consumers $231.10.

Some hon. Members: Shame!

Mr. Scott (Hamilton-Wentworth): Does the Minister of Finance still subscribe to the statement made by his colleague, the former and present Minister of Consumer and Corporate Affairs, when he spoke in favour of wage and price controls in October, 1975? At that time he said:

I believe this anti-inflation policy to be a wise policy which meets the present needs of the Canadian economy.

Has his colleague expressed similar concerns to the Minister of Finance, in light of today's figures? Since the "wise" anti-inflation policy of 1975 was so obviously unsuccessful, what does the Minister of Finance believe the current needs of the Canadian economy require?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I point out to the hon. member, who is as concerned about inflation as we all are, that he ought to focus his attention on the rate of growth in the CPI for the month of April, which indicates a significant slowdown for that month. The year to year figure which is 12.6 per cent tells us about what happened over the year, but the figure for April indicates that the rate of growth has slowed down from 1.3 per cent last month to 0.7 per cent. That in itself is encouraging, but obviously it is not possible to draw a final conclusion from this particular figure. If that trend continues for the rest of the year, certainly it would register an appreciable drop in the over-all inflation rate.

Mr. Clark: Incredible.

REDUCTION IN REAL WAGES

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, dealing with this Minister of Finance when he is quoting statistics is like shoveling smoke. The Minister of Finance said that Canadians will have to accept lower real wages. Since real wages have been falling since 1977—in February they were a full 1.4 per cent below a year ago—and since we have this rampaging inflation, how much longer will the Minister of Finance put the average Canadian worker through the wringer before our purchasing power is restored and progress against inflation is achieved?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has spoken about real wage increases. I would like to draw to his attention a much more important statistic, namely, real disposable income for the average Canadian. If he looks at that figure, I believe he can draw a contrary conclusion. But I ask the hon. member to consider the situation where we must accept increased energy prices. We are in a situation of declining over-all productivity in the country. Perhaps he could tell me how it is possible in those circumstances to advance the real incomes of all Canadians if, as a society, we are producing less per worker?

Mr. Nielsen: You are the Minister of Finance.

FORECAST FOR SUMMER MONTHS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, it is a fearsome thought what the CPI will look like when the increased energy prices begin to filter down through the Canadian economy.

My final supplementary question is also directed to the Minister of Finance. Given that each and every month for more than a year now—13, 14, 15 months—prices have been rising at an average of 1 per cent per month, can the Minister of Finance offer consumers any assurance that rates of inflation in succeeding months will not be higher than the seven tenths of a percentage point of the past month? Otherwise, how can he justify to Canadian people that we may have to wait until some time in the fall, in October or November, when he may bring in a budget to give some economic leadership?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member referred to energy price increases. I think it is worth pointing out that the energy price increases included in the National Energy Program, and the energy price increases necessitated by the production cutbacks of Alberta, have been concentrated, for the most part, in the early part of 1981. If it were possible to reach an agreement with the province of Alberta without any further energy price increases, then we would not have reflected in the cost of living for the remainder of 1981 any further energy increases, which have already been absorbed. I draw to his attention the consistent advocacy of his party of additional energy price increases which must be reflected in the cost of living. In any event, I add that if these energy price increases are not absorbed directly, then we will certainly have further pressure on the cost of living index.

• (1120)

MEASURES TO HELP PEOPLE ON LOW AND FIXED INCOMES

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is for the Minister of Finance. Now that we have record-breaking high interest rates and a record-breaking cost of living index, I suggest to the minister that he set up a human misery index so he will know the effects his policies are having on people on lower and fixed incomes.

The minister knows that the price of food has risen by a whopping 15.8 per cent. If the minister would only come out of his Place Bell Canada penthouse and go to the supermarkets he would find out that some people are having to resort to buying dog food. I would like to ask the minister what plans he has, if any, to ease this intolerable situation?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the language of the hon. member is quite lurid and could only come from a rather agitated mentality. Yesterday her leader was advocating that we should have followed the energy tax credit as a solution to the problem of low income groups. I remind the hon. member that the action which her leader advocated yesterday, and which is still apparently the policy of her party, was not followed by us.

We decided to do something quite different when we formed the government, and that was to increase the guaranteed income supplement by substantial amounts, providing considerably more assistance to the senior citizens of this country than anything proposed by her party. Not only did we substantially increase the guaranteed income supplement but we also indexed it fully against the cost of living. So the hon. member is not making much of a contribution by not realizing that for the lower income groups, particularly senior citizens, there have been substantial increases which are fully indexed and which will continue to be fully indexed against increases in the cost of living.

Miss MacDonald: Madam Speaker, the minister is right on when he says that I am agitated. I am agitated on behalf of the people of this country who are suffering from the policies which the minister has put in place. I only wish that he were agitated.

Some hon. Members: Hear, hear!

ADVICE TO SENIOR CITIZENS

Hon. Flora MacDonald (Kingston and the Islands): This afternoon I will be attending a gathering of senior citizens in Kingston and I want to know what the minister suggests I tell that gathering besides the sort of statements he has been making, which simply do not make any sense to senior citizens. Am I to tell them this afternoon that at this point they cannot go out and buy any more fresh fruit or vegetables, which have gone up in price 73 per cent, almost double the cost of what they were a year ago? Is that what I am to tell them, or am I to tell them, perhaps, that they should really tough it out until the minister's high interest rate policy begins to bring the cost of inflation down at some distant point in the future? Quite frankly—

Madam Speaker: Order, please.

• (1125)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has

asked me what she ought to tell the senior citizens. I will give her a suggestion. She ought to remind the senior citizens that her party proposed, in their budget, an energy tax credit which, had it been implemented, would provide an additional $40 for senior citizens in 1981—

Mr. Lalonde: Per year.

Mr. MacEachen: —per year, and an additional $80 in 1982.

Mr. Lalonde: Per year.

Mr. MacEachen: That is what would have happened to the senior citizens under her proposals. Under the proposals which we have adopted, each senior citizen will receive a minimum of $420 a year.

Mr. Andre: Tell them they have never had it so good, eh?

Mr. MacEachen: Not $40, and not $80, but a minimum of $420, which, when indexed, will amount to $462.84 in 1981 and, according to projections in the budget, will amount to $506 in 1982.

Mr. Clark: Let them eat *Hansard!*

Mr. MacEachen: Give that message to the senior citizens, and compare what she was ready to do with what we have done.

ACTION TO ASSIST MAJORITY AFFECTED BY INFLATION

Mr. Edward Broadbent (Oshawa): My question is directed to the Prime Minister. The Minister of Finance has just left the impression that the government is doing a lot for Canadians. I point out to him—

Some hon. Members: Hear, hear!

Mr. Broadbent: Let us see if they clap after this. The one group that the government has done something about is the poor portion of senior citizens who get the supplement, and the indexing does not come into effect—for that small part of the senior citizens community that gets the index—until five months after the increase has taken place.

However, I would like to ask the Prime Minister, since we now have a record increase in the cost of living, since food prices are going up 14 per cent, and since mortgages are now at 18 per cent to 20 per cent, what is the government, and specifically, the Prime Minister, proposing to do for the grand majority of Canadians who are affected by all of this. Does he still stand by his proposal made some months ago that Canadians should switch their priorities, and, if so, to what, since everything is going up?

Right Hon. P. E. Trudeau (Prime Minister): Since the Leader of the New Democratic Party is talking about the majority of Canadians, the great number of Canadians, I will give him a figure that will show him that on average the great majority of Canadians are much better off now than they were ten years ago. It is all very well to talk about increased prices, which are regrettable. We would like to keep inflation down. It is because of increased prices—

An hon. Member: Wrestle it to the ground, Pierre.

Mr. Clark: Maurice Strong sure will!

Mr. Trudeau: —that we have indexed old age pensions and many other welfare payments. But at the same time as prices have gone up, real disposable income of Canadians between 1970, when inflation began to become a worrisome phenomenon—

Mr. Andre: The land is strong!

Mr. Trudeau: —and 1980, has gone up more than 50 per cent. That is the real disposable income of every Canadian.

Miss MacDonald: Thanks to you!

Mr. Trudeau: So, when the hon. member laments that prices have gone up, we join in that lamentation, but we say that Canadians are 50 per cent better off, on average, in 1980 than they were in 1970.

INCREASE IN PROFITS OF CHARTERED BANKS

Mr. Edward Broadbent (Oshawa): That is truly remarkable. They are a lot better off now than they were in 1900, as well; but I say to the Prime Minister that the record will also show that the average Canadian worker, for each of the past three years, has experienced a real decline in take-home pay by $35 a week. That is the important record in recent happenings.

Some hon. Members: Hear, hear!

Mr. Broadbent: I would like to ask the Prime Minister a question, since there are certain specifics the government could act on if it wanted to help. There is a charming ad which appeared in Canadian papers yesterday which was put in by that poor group of Canadians who own the banks, saying what a wonderful job they are doing. Farmers are going broke in record numbers and Canadians are having to abandon their homes in record numbers because of interest rates which are being passed on to the farmers, or indirectly, as higher mortgage costs to home owners.

Mr. Andre: Herb Gray is going to resign, just like he promised.

Mr. Broadbent: I would like to ask the Prime Minister: just for once, will the government do something for the victims of inflation instead of the villains, and take action against the banks by forcing them to reduce their mortgages on the one hand and to curtail their record-level profits on the other?

Some hon. Members: Hear, hear!

• (1130)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the facts are not as stated by the hon. member. When he says foreclosures are increasing in number, that is not true.

Mr. Broadbent: I did not say foreclosures.

Mr. Trudeau: If he is talking about people abandoning their homes—

Mr. Broadbent: Not foreclosures.

Mr. Trudeau: —there are many reasons to abandon a home.

Some hon. Members: Oh, oh!

An hon. Member: Shame!

Mr. Trudeau: We know that housing starts have increased some 38 per cent this February over last February. There are new homes being built. People may be moving into new houses. We know that the number of foreclosures has dropped.

Mr. Wilson: That is ridiculous.

Mr. Trudeau: Well, if the hon. member opposite has some better statistic, he could bring it up. The facts are not as stated by the hon. member. The real disposable income, I repeat, of the average Canadian is going up. He can pick one sector of the economy—workers over the last three years, he can take bankers over the last two quarters, he can take farmers some time in the middle seventies, but I am telling him, and these facts are indisputable, that the average real wealth of Canadians has gone up 50 per cent—

Mr. Siddon: Table the facts.

Mr. Trudeau: —between 1970 and 1980. That is an average of plus 4 per cent per year.

Mr. Clark: You think Maurice Strong is an average Canadian?

Mr. Trudeau: I can understand the shouting from the parties opposite, but if they want to know the facts they just have to look at the Bureau of Statistics. They will get—

Miss MacDonald: You have to look at people.

Madam Speaker: Order, please. Order.

SPECULATION IN HOUSE PROPERTY

Mr. Edward Broadbent (Oshawa): Madam Speaker, this is just incredible nonsense. Of course standards of living have improved over the last decade. They have improved in virtually every country of the world. We are not talking about the past decade, we are talking about the last few years and current trends. I repeat that the average worker in Canada has lost some $35 per week in each of the past three years, and in 1981 that will probably go up to $40 or $45 per year. It is current reality that Canadians are interested in, not the past of this government.

Since the Prime Minister did talk about housing, I should like him to deal with that area. Because of the tax law there is now the possibility that speculators in every city, every metropolitan region in Canada, are buying up houses, which are frequently those being sold by CMHC because people have not been able to renew mortgages, not foreclosure; they simply have not got the income they need to continue. I should like to ask the Prime Minister specifically if he will at least stop that speculating by changing the tax law which encourages it, and which speculation forces up the price of housing for all Canadians. That is something concrete that the government could do.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I will be happy to consider any and every suggestion when the time comes to bring in new tax laws in the budget.

COST OF LIVING INCREASE IN PRINCE EDWARD ISLAND AND NEWFOUNDLAND

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Minister of Finance. Figures released today reveal that, except for Vancouver which has special and distinct problems because of its housing market, Prince Edward Island and Newfoundland have suffered the highest annual increase in the cost of living in all of Canada. There has been a whopping increase of 14 per cent in Charlottetown alone, which is the worst such figure since records have been kept.

Does the Minister of Finance realize that these are the poorest provinces in the country, that they suffer the highest unemployment rate, and that therefore they are the ones least able to cope with the soaring increases in the cost of living in Canada? If so, does he intend to introduce any emergency or remedial measures to help these provinces cope with this terrible crisis?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Yes, Madam Speaker, in reply to the first part of the question, I do realize, and the government realizes, that Prince Edward Island, for example, is amongst the poorest provinces in the country. It is for that reason, through policies developed by this government and former governments under the leadership of the Prime Minister, that at the present time the transfers to Prince Edward Island per capita are the highest in all of Canada and the highest in the Atlantic provinces. We have been able to do that through equalization, through other transfers, and through the Prince Edward Island Development Plan.

When the hon. member asks whether I am aware what the economic circumstances in Prince Edward Island are and have been, the answer is yes; we have supported Prince Edward Island and, as a result, its standard of living has increased quite considerably.

UNEMPLOYMENT IN ATLANTIC PROVINCES

Mr. Tom McMillan (Hillsborough): Madam Speaker, the Minister of Finance brags about his record as far as Prince Edward Island is concerned. The Atlantic provinces have the highest unemployment rate in the country, are being crippled by soaring interest rates, and now must face the second highest inflation rate in the country as a result of the very policies he brags about. Is the Department of Regional Economic Expansion, for example, assessing the devastation that the government's economic policies are inflicting on these provinces—on the Atlantic region in particular—with a view to expanding existing DREE policies and programs and other policies to help the region cope with its crisis?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it seems to me that the hon. member ought to take into account the real facts when he is addressing the problems of the economy. He mentioned unemployment. The fact of the matter is that recent statistics released show that all regions of Canada, including the Atlantic region, showed decreases in unemployment in the month of April.

As the hon. member knows, the Minister of Regional Economic Expansion and the Government of Canada have been considering the next phase of the development plan for the province of Prince Edward Island. It seems to me that, if he wanted to be fair, he would look at the very substantial investment that has been made by the Government of Canada, giving evidence of our interest in the welfare of the people of Prince Edward Island. I do not think that, on a comparative basis, any province in this country has been treated better or, indeed, as well as the province of Prince Edward Island.

* * *

INCOME TAX

CHILD CARE EXPENSE DEDUCTION

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, my question is for the Minister of Finance and it concerns the latest CPI figures. Since working mothers, and single parents especially, are suffering from the effects of the latest CPI increases, particularly in Vancouver where they face the highest housing costs in the country and in history, with house prices doubling in the past year and rental vacancy rates at zero, will the minister consider introducing a new budget before the summer recess which will include removal of the limitation on the child care expense deduction?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I know that the question of the child care expense deduction has been under consideration, if we are thinking of the same subject matter, and maybe we are not. It is not my intention to bring in a new budget before the summer recess. Hon. members are enjoying spreading gloom today, but I think they should at least focus their attention on the fact that for the month of April there has been a significant slowing down in the rate of increase in the cost of living index. Just look at the statistics that have come out today. I think that is a matter of encouragement.

Mr. Clark: The highest in history.

Mr. Broadbent: The highest in history.

Mr. MacEachen: Hon. members are quite properly talking about the year to year figure which tells about what happened over the past year. I am asking them to focus on what is happening currently in the economy. Last month, April, showed a significant slowdown in the rate of growth of the CPI.

Mr. Siddon: That happens every April.

Mr. MacEachen: It would be my wish that that encouraging trend would continue.

Mr. Clark: Your wish? What are you doing about it?

Mr. MacEachen: I am not sure that it will. The Leader of the Opposition asks what we are doing about it. We have been resisting the extravagant prices for energy that he is proposing—

Madam Speaker: Order, please. The minister might concentrate on answering the question that was asked from the floor, and not across the floor.

LIMITATION ON DEDUCTION

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, I am sure we are talking about the same thing, the child care deduction. There is only one in the income tax rules, and the limit is $1,000. The minister should be aware that one of his predecessors, in May, 1976, doubled the deductible amount of $500 to $1,000 because of the ravages of inflation. Since 1976 the deduction of $1,000 has shrunk in value to $640. What advice does the Minister of Finance have for working mothers and single parents who are suffering from the government's inflation policies and who are denied an adequate deduction from earned income for this legitimate and necessary expense?

• (1140)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has asked me to modify this particular tax credit. He knows, if I accepted his advice, that it would constitute a revenue loss to the government.

Mr. Crombie: A gain for the mothers though.

Mr. MacEachen: Yes, I agree it would benefit a particular group.

Mr. Clarke: Take it from Maurice Strong and the finder's fee.

Mr. MacEachen: Speaking for the official opposition in the major speech he gave two days ago, the member for St. John's West urged me to reduce the deficit and to reduce expenditures. I ask hon. members opposite how is it possible for me to introduce new measures, and this is not the first one—

Mr. Siddon: What about metric conversion?

Miss MacDonald: What about the $60 million worth of advertising?

Mr. MacEachen: —no matter how desirable it is—involving revenue losses and new expenditures, and yet carry out the advice of the hon. member for St. John's West—

Mr. Clarke: Why? Is Petrofina more important?

Mr. MacEachen: —who is urging me every day to cut down expenditures and reduce the deficit as a way of reducing inflation?

An hon. Member: Take it from the mothers.

Mr. MacEachen: What is obvious from the official opposition is that they have no coherent economic policy, and they are shooting not only from the hip but from divers lips every day.

Some hon. Members: Hear, hear!

* * *

THE MEDIA

INVESTIGATIVE REPORTING BY RADIO STATION CFTR, TORONTO

Mr. Chas. L. Caccia (Davenport): Madam Speaker, my question is for the Minister of Communications. It concerns the way in which the Toronto radio station, CFTR, dealt with information it had on a group of mercenaries planning to overthrow the government of Dominica. The radio station claims to have learned about the plot last October, conducted taped interviews with the conspirators, but did not inform any authorities, because, as the station's news director, Robert Halliday, said:

If we'd gone to the police, we'd have had to work alongside them and then we wouldn't have had the story.

Since there seems to be a trend toward manipulated, sensational reporting these days, will the minister direct the CRTC to determine whether such so-called "investigative reporting" is consistent with the commission's regulations? In addition, will the minister ask the Canadian Broadcasters Association to carry out its own inquiry on whether the conduct of CFTR radio station meets the association's professional standards?

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, I thank the hon. member for giving me notice of the question yesterday.

I have asked my officials to examine the facts of the matter which have been brought to my attention by the hon. member for Davenport. At present I have only initial advice which I am asking my officials to pursue because the matter does not really come within the purview of the Broadcasting Act. I will, of course, be pleased to draw the whole matter to the attention of the Chairman of the CRTC and also to the President of the Association of Broadcasters.

* * *

ENERGY CONSERVATION

PARLIAMENTARY TASK FORCE REPORT—GOVERNMENT POSITION

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, my question is for the minister of energy who is being replaced in his seat by the government House leader, something which is long overdue.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Rose: Others have mentioned that the consumer price increase for this April is probably the highest 12-month increase on record. Also within those figures we see a whopping 27 per cent rise in energy prices and a 22 per cent rise in the cost of household fuels. The costs of all consumer items are skyrocketing at unprecedented rates and consumers are suffering. I think that is a fact agreed to by all parties on all sides of the House.

The Minister of Energy, Mines and Resources has just received a brilliant report from a parliamentary task force dealing with energy alternatives and conservations. I know it is a detailed and complex report. However, when will the minister be in a position to comment publicly and give support to or rejection of, if he feels so disposed, this report? We, in the NDP, support its recommendations. We are enthusiastic about it. Can the minister also assure the House when he is replying to my question, whether or not he intends to push and get behind this report after he has studied it? Can he assure us too that he will not let it gather dust like so many other parliamentary task force reports have done?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I deplore the increases which have taken place in the price of energy over the past year, as does the hon. member. But those increases have taken place, and this government at the same time has had to resist pressures from opposition parties and from the NDP government in Saskatchewan all of whom would like to see those prices go up even faster.

In terms of energy prices, the position of this government is that we should resist excessive and radical price increases, like the ones being pressed upon us by the Conservatives in particular—

Mr. Clark: Except for Venezuela, Mexico and Saudi Arabia.

Mr. Lalonde: —and the provincial governments of the producing provinces, including the province of Saskatchewan.

As for the question itself raised by the hon. member, I have not had time to read the voluminous report to which the hon. member has referred. I am glad to know that members of the New Democratic Party have already had the time to read the report. I must say that I am not that fast a reader.

Miss MacDonald: You are not that fast a learner either.

Mr. Lalonde: However, I will read this report. I have asked my officials to do a complete examination of it and I have indicated that in a few weeks I hope to be able to comment on it.

I might indicate to the hon. member that we have already set up Canertech, the Crown corporation, to push renewable energy. The government is already supporting research in the area of hydrogen which was recommended by the committee.

Mr. Rose: Madam Speaker, the minister mentions oil price rises. I suggest to him that is all the more reason we get on with the job of energy alternatives and conservation.

Some hon. Members: Hear, hear!

FUNDING FOR CANERTECH

Mr. Mark Rose (Mission-Port Moody): We also support the call for a minister of state, and energy alternatives, conservation and renewables as the cheapest, safest, quickest and most employment intensive way of solving our energy crisis, of meeting the demand curve and meeting self-sufficiency. Can the minister tell us when he will increase the piddling $20 million he has assigned to Canertech to stimulate alternatives? Also, when does the minister intend to spend the $1.2 billion cushion, which he shows at the bottom of page 90 in the National Energy Program?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I am glad that the NDP has at long last discovered conservation in the area of energy.

Some hon. Members: Oh, oh!

Mr. Lalonde: Five years after the government introduced a very dynamic program in the area of conservation, and I mention particularly the home insulation program, the NDP is now supporting it.

I want to tell my hon. friend that we created Canertech with an initial budget of $20 million. We have said that if additional funds are required, this being an area of high priority, they would be forthcoming. However, there is no point in providing funds until those in existence at the present time have been used.

We are fully behind Canertech, and I am glad to know that we will have the support of the NDP in this regard too.

Oral Questions

FINANCE

ENERGY TAX INCREASES

Mr. Doug Lewis (Simcoe North): Madam Speaker, my question is for the Minister of Finance. The government has increased the cost of energy to the consumer 11 times since February 18, 1980. Eight of those increases have been tax increases which have served only to increase the revenues of the federal government. That is the real reason for the inflation rise in the cost of energy.

How many more energy tax increases does the Minister of Finance anticipate, let us say by the end of the year, in order to help Canadians fight inflation?

Miss MacDonald: Scrooge.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am not proposing to introduce any new tax increases in energy. That would be indicated in a budget, and I have no intention with respect to anything new that has not already been outlined in the budget.

Mr. Lewis: Madam Speaker, I would suggest putting those words on the record is the only thing the Minister of Finance has done to protect Canadians against inflation, at least until the end of the year.

• (1150)

REQUEST FOR ASSISTANCE TO MEET HOUSING RENTAL INCREASES

Mr. Doug Lewis (Simcoe North): I have another question for the Minister of Finance. Mortgage interest rates are at a record high as a result of the Liberal party's high interest rate policy. As multiple unit landlords renew their mortgages at today's Liberal interest rates they are going to be forced to increase their rents or go bankrupt. This is going to impact severely on tenants who are mainly low and middle-income Canadians. How does the minister plan to counter or cushion the impact of these rental increases on Canadians?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, on the first question, so we are absolutely clear and so the hon. member will not be misled by anything I have said, if there are further production cutbacks, obviously the Government of Canada will have to take that into account, but that has already been made known to the hon. member. I wanted to make sure he would not conclude from the answer that I had abandoned that particular approach. Here again I am asked to bring in a new expenditure program. I do not know how one shelters without an allowance, and it is not my intention now, as much as I would like to be able to do it, to bring in new programs.

Oral Questions

SOCIAL SECURITY

POSITION OF SINGLE WOMEN AGED 55 TO 64 YEARS

Mr. Walter McLean (Waterloo): Madam Speaker, my question is directed to the Minister of National Health and Welfare.

The minister will know that Statistics Canada reported in 1979 that 41.5 per cent of single, divorced and widowed women aged 55 to 64 who did not live with relatives had incomes well below the poverty line. With today's running inflation and the escalating CPI, these figures are now much higher. These women, of course, do not qualify for the assistance available to senior citizens at age 65, and with unemployment at 7 per cent they have little hope of finding employment. My question to the minister is, will she introduce now as a short-term emergency measure special assistance to women aged 55 to 64?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, we are well aware of the problem of special groups of people under 65, and especially of people between 55 and 64 who must unfortunately survive only with provincial welfare benefits. Unfortunately, under the present distribution of federal-provincial responsibilities, the federal government ensures that married couples over 65 have incomes above the poverty line and we hope that we can soon do the same for single people. The provinces must take their own responsibilities. As I have said, with the present jurisdiction set-up, we cannot take direct action for the social welfare of people under 65.

[*English*]

Mr. McLean: Madam Speaker, the women who are in that age group 55 to 64 will find themselves taking little comfort from the response that it is somebody else's responsibility. To see that these needs are met, and until such agreement can be made and the situation jointly dealt with through consultations with the provinces, will she urge her colleague, the minister responsible for employment, to introduce on an interim basis an employment incentive program specifically targeted for women aged 55 to 64 so they might have some opportunity to get short-term employment? How long are we going to go on saying to these women, "You have to live below the poverty line"?

[*Translation*]

Miss Bégin: Madam Speaker, I do not think that the hon. member is doing anyone a service by speaking in this way. It seems to me that it is more important to give people information on which they can act and point out that, at the present time, the provinces—and they are well aware of this problem which we have often discussed at joint meetings—can decide to increase their welfare and assistance benefits, in which case we would reimburse automatically 50 per cent of this increase. I think that we should tell people to whom they should apply instead of playing games and pretending that we have certain responsibilities when we do not. On the other hand, as to granting assistance to industry to hire women who have trouble finding employment because they are older and are unfortunately the victims of an unwritten prejudice, I would like to repeat—and I am happy to have the opportunity to do so—that in late January, my colleague, the Minister of Employment and Immigration, established a program which should help to hire immediately and over a period of two years 4,300 Canadians including women in this age group who have difficulty in finding employment through normal channels. Under this employment incentive program, the employer receives 80 per cent at first, then 50 per cent and finally 25 per cent of the salary paid to such people. I invite women to make use of this program by going to our Manpower Centres.

* * *

[*English*]

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE—ADVISORY COMMITTEE'S RECOMMENDATION ON ASSISTANCE TO HOME OWNERS

Hon. David Crombie (Rosedale): Madam Speaker, my question is also for the Minister of National Health and Welfare.

On April 23 of this year the minister banned urea formaldehyde foam insulation, and did so on the recommendation of a report from an expert advisory committee which she appointed in December. On page 11 of that report the committee recommended that the federal government assist home owners who are suffering adverse health effects from formaldehyde exposure. I would ask the minister when she intends to implement that recommendation, and what has she to say to those people who have been so exposed?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): What I can tell my colleagues in the House of Commons today, Madam Speaker, is that I have already the agreement of five provinces, if I recall properly, including New Brunswick, Nova Scotia and Ontario—I seem to be missing a few—which have offered to help us to provide assistance. I have instructed my officials to look immediately into existing means of providing technical assistance.

[*English*]

REQUEST FOR DISSEMINATION OF INFORMATION IN TORONTO

Hon. David Crombie (Rosedale): Madam Speaker, the minister may know that the other night in Toronto there was a meeting of a group of home owners, some 400 in number, who organized a new association called "Home owners with Urea Formaldehyde Foam Insulation", or "HUFFI". In statements after that meeting the group indicated it was concerned about the possible health effects and "the lack of assistance, guidance, information" from the minister, which is now becoming an acute problem. It is also known, as I am sure the minister

knows, that the board of health in the city of Toronto has indicated it has no information that is useful to it from the ministry which tells at what level it can predict there are difficulties in respect of exposure.

When will the minister provide the municipalities and the provinces with that information in respect to levels, and when will she implement the recommendation to give assistance to the home owners?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I am quite surprised that the Toronto board would not have received that information. We do not deal, because of the Constitution, directly with municipalities in instances like that, of course. My line of communication is with the provincial ministers who received immediately, on the morning of publication, a copy of the report and of the exact situation regarding UFFI. It is not fair to say, in a simplistic statement like that, that there is no information.

We have directed public attention to two booklets, widely distributed, of which copies are available, I am sure, even in the hon. member's riding office. One is from the National Research Council and one is from the Department of Energy, Mines and Resources. They contain specific questions and answers on what to do when a house has been insulated with UFFI. This is good material. If the situation persists with the Toronto board in which they need the information, I will contact Mr. Dennis Timbrell and ask him to pass on the information.

* * *

HEALTH

STUDY OF STILLBIRTH STATISTICS AND CAUSES IN PRINCE EDWARD COUNTY, ONT.

Mr. Simon de Jong (Regina East): Madam Speaker, my question is also directed to the Minister of National Health and Welfare.

Could the minister confirm that a study of birth defects and stillbirths in Prince Edward County near the Bay of Quinte showed there was a dramatic increase, some 200 per cent to 300 per cent, in stillbirths in the early 1970s over the previous ten to 15 years? Would she also advise the House what ongoing monitoring systems exist to enable the investigation into possible links between health problems and contamination of drinking water and the food chain, particularly in the Great Lakes?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I replied to the same question several times a little over three weeks ago. Unfortunately, I do not have the details of the matter with me today. I am surprised that the hon. member would come back to it. This question has also been asked in the Committee on Health, Welfare and Social Affairs. I said at the time that the study on the Bay of Quinte had been made by a university student, and as such had certain limitations.

● (1200)

[*English*]

Mr. de Jong: Madam Speaker, my supplementary question is directed to the same minister. The reason for asking the question is that the student was a Ph.D. working in Environment Canada and just taking a special course.

This is not the first time this problem of birth defects has been referred to the ministry. As early as 1976 this particular ministry promised to undertake a study, with the Ontario government health department, of the high incidence of birth defects, particularly in the Wallaceburg area. The incidence of birth anomalies in that area was 40 per cent higher than the average for the province of Ontario.

What we are interested in is finding out what this study and similar studies are showing, and would the minister tell us what studies are revealing in terms of the connection between environmental pollution and human birth defects and spontaneous abortions in Ontario and in other parts of this country?

[*Translation*]

Miss Bégin: Madam Speaker, with regard to the specific question about what this study by a Ph.D. student is showing, I shall send a letter to the hon. member. I believe that this is the best way to give the scientific details required in view of the seriousness of his question.

* * *

[*English*]

RESEARCH AND DEVELOPMENT

QUERY WITH RESPECT TO FUTURE CHANGES IN POLICY

Hon. Bud Cullen (Sarnia-Lambton): Madam Speaker, I have a question for the Minister of State for Science and Technology. I am sure all of us welcome recent statements that more funding is to be made available to aid in research. Given that Imperial Oil and other companies have indicated an intention to expand their research capabilities in Canada—and Imperial Oil particularly has indicated an expansion probably taking place in Sarnia and in Calgary—and given the fact that these projects are only going to go ahead on the basis of present legislation, particularly capital cost allowances, can the minister confirm that any changes to be made in the research and development policy will not in any way diminish the benefits which are presently available to corporations which are already embarking on building and expanding research facilities?

Hon. John Roberts (Minister of State for Science and Technology and Minister of the Environment): Madam Speaker, I thank the hon. member for the question. As he knows, we have put forward what we think are effective and ambitious plans for government expenditure designed to help

Canada's economy reach an over-all figure of 1.5 per cent of gross national product directed to research and development. However, it will not be by government efforts alone that we will be able to achieve our objectives, and we are calling for and hoping to see a very greatly increased expenditure on the part of the private sector. Indeed, we are looking for real growth in research and development expenditures by some 17 per cent per year on the average until 1985.

One of the problems we have identified very clearly in our research is that, on the whole, the record of foreign-owned firms and subsidiaries in Canada has not matched the performance of Canadian companies in undertaking research and development efforts, and I therefore would welcome, along with the hon. member, the indications which he has just given us of increased activities on the part of this company. I would have to say that it certainly would not normally be our intention to hinder such development retroactively but, rather, to applaud them.

* * *

EXCISE TAX

APPLICATION TO LIQUOR SALES—PURPOSE OF INDEXATION

Mr. Joe Reid (St. Catharines): Madam Speaker, my question is directed to the Minister of Finance. In his speech on May 6 last to the Conference Board of Canada the minister indicated that he supported Governor Bouey in his indication to Canadians that we can expect even higher rates of inflation. Can the minister tell this House how the indexing of tax to the consumer price index as it applies to commodities such as wines, beers and spirits is not in itself inflationary, and will the minister tell this House how he intends to fight inflation when he states that the real purpose of indexing taxation to the consumer price index is to prevent government revenues from eroding?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member realizes that we will be dealing with this question at the report stage of the bill in due course, but just let me say as a preliminary that the purpose of this particular indexing is to achieve what a normal tax on value as a proportionate value would achieve. It does not in itself add to inflation. It is the equivalent of a tax based on an increased value of a commodity, and there are many of those taxes in our system.

Mr. Reid (St. Catharines): Madam Speaker, if the intended purpose of indexing is to prevent government revenues from erosion, then will the minister tell us that he proposes to extend that indexing to other commodities and, if he does not intend to extend it to other commodities, how can he justify the continued discrimination against these products by indexing only excise tax as against wines, beers and spirits?

Mr. MacEachen: Madam Speaker, the reason is that there is a different tax system, an *ad valorem* tax, on other commodities.

POINTS OF ORDER

MR. CLARK—ALLEGED UNPARLIAMENTARY LANGUAGE OF MR. LALONDE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I rise on a point of order arising from an interjection yesterday in debate by the Minister of Energy, Mines and Resources (Mr. Lalonde). On page 9587 of *Hansard* the following exchange appears:

> MR. CLARK: The minister of energy, who might want to put his seat on the line, says that is a lie. He is saying it is a lie that the Government of Canada paid $942,000 to the good Liberal friend, Maurice Strong.
>
> MR. LALONDE: To Maurice Strong, that is a lie.

It may well be that the minister is going to tell the House of Commons that the $942,000 payment by the Government of Canada went to Mr. Strong in a corporate capacity, went to a company or went through one of some other covers. The House is not particularly interested in having a review of the one thousand and one variations of Liberal patronage. What we are interested in is a minister of the Crown in this House of Commons respecting the rules of this place.

He knows that the language he used yesterday is unparliamentary and unacceptable, and I would like, on a point of order, to ask him to withdraw language which he knows and which the House knows is unacceptable.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have already stated in this House and in a letter to the Right Hon. Leader of the Opposition (Mr. Clark) that Mr. Maurice Strong held only a very small minority position in the bank called Sogener and, as such, he could not be the beneficiary of the amount mentioned by the Leader of the Opposition.

Indeed, I did interject yesterday, but I withdraw the expression used if it is considered unparliamentary. I will only say that what the Right Hon. Leader of the Opposition said is not true.

Madam Speaker: Indeed that settles the matter, and I thank the minister for his co-operation.

MR. HAWKES—RECOGNITION OF MEMBERS DURING QUESTION PERIOD

Mr. Jim Hawkes (Calgary West): Madam Speaker, I rise to seek some procedural advice from Your Honour. Your Honour realizes that for 27 question periods in a row I have attempted to be recognized. I was not recognized again today, probably for reasons respecting long answers as well as long questions. However, my parliamentary responsibilities require me along with several other members to be away from this House in the week ahead of us. In your ruling on recognition in question period of May 27, 1980, you indicated that those who were away from question period or were not able to attend consecutively would lose their place in line. I wonder if I fulfil my obligation—

• (1210)

Madam Speaker: Order, please. I am sure I said no such thing. I did say that attendance in the House of Commons has some bearing on the number of times that an hon. member may be recognized. I think that is simply logical. If you are not here often, you cannot be recognized often.

The hon. member is raising a point of order. He raised the same matter as a question of privilege yesterday. Obviously he cannot transform a question of privilege on which I had ruled into a point of order. I think the hon. member knows what he can do if he wants to be recognized. His case is not unique. A lot of members are seeking the floor and a lot of members do not always get the floor. I try to be fair. I repeat, that is my only rule.

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, the following questions will be answered today: Nos. 1,871, 1,872, 1,898, 2,051, 2,052, 2,125, 2,126, 2,309, 2,310 and 2,319.

I ask, Madam Speaker, that the remaining questions be allowed to stand.

[*Text*]

CADC—MARY LOU McCLOSKEY

Question No. 1,871—**Mr. Cossitt:**

1. Did Mary Lou McCloskey, a former employee of Crown Assets Disposal Corporation, visit the premises of the corporation on the afternoon of December 11, 1980, and, if so (a) did she file with the chief of finance an account in the amount of $60.00 owing to her for work done for the corporation on Friday, August 1, 1980 (b) was she asked by Mr. Michel Bourcier to leave the premises in front of other members of the staff and did he escort her to the exit (c) did Miss McCloskey request to see Mr. Richard Asselin, the chief of finance and, if so, was this request relayed to Mr. Asselin by Marie Laflèche of data control?

2. Did Mr. Bourcier order Miss McCloskey to leave the building before she could see Mr. Asselin?

3. What are all the reasons for the actions of Mr. Bourcier?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by Crown Assets Disposal Corporation as follows: 1. Yes, on December 11, 1980, at approximately 2.30 p.m.

(a) No, however, a registered letter was received at the office of the vice-president, finance and administration on December 15, 1980, filing such an account.

(b) (i) Yes; Miss McCloskey did not respect the policy of the corporation with regard to visitors: Visitors should remain at the reception area until escorted to

people with whom they are to meet. See also part 3 below; see question 1,872 answered this day.

(ii) No, to the reception area.

(c) (i) Yes, however, Mr. Richard Asselin, C.A., is the vice-president, finance and administration.

(ii) Yes, however, Marie Laflèche is not of data control but supervisor of the data processing section of the corporation.

2. No, Miss McCloskey was asked to leave the premises. See part 1(b)(i) above.

3. Miss McCloskey has not been an employee of the corporation since June, 1980, and on December 11, 1980, had not scheduled a meeting with any employee of the corporation. Since her resignation from the corporation, she had been visiting the office on an occasional basis without appointment, disrupting the work flow of the employees.

CADC—MR. STANLEY JANAS

Question No. 1,872—**Mr. Cossitt:**

Is Mr. Stanley Janas, chief of administration of Crown Assets Disposal Corporation and, if not (a) who is and what is his/her complete Public Service history (b) did this person advise Mary Lou McCloskey, a former employee of Crown Assets Disposal Corporation on the afternoon of Thursday, December 11, 1980, that she should leave the premises as she was "a disturbance" and, if so, on what grounds was such a statement made?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by Crown Assets Disposal Corporation as follows: Yes, Mr. Stanley Janas is chief of administration and Personnel of Crown Assets Disposal Corporation, in a probationary capacity.

(a) Mr. Janas has never been employed in the federal Public Service.

(b) No, she was asked to refrain from disturbing the staff during working hours and, that if there was anyone in particular that she should wish to see, she should present herself to the receptionist and have the receptionist call the individual to see if they were available. See also question 1,871, parts 1(b)(i) and 3 answered this day.

NATIVE PEOPLE'S VISIT TO OTTAWA

Question No. 1,898—**Mr. MacKay:**

With respect to the recent visit to Ottawa by native people, including the arrival of the Constitution Express, how many approximate hours of overtime were incurred by the RCMP?

Hon. Bob Kaplan (Solicitor General): During the recent visit to Ottawa by native people, including the arrival of the Constitution Express, approximately 5,592 hours of overtime were incurred. Of this total, approximately 5,551.5 hours occurred in Ottawa.

Order Paper Questions

CADC—MADAME NADEAU'S CONDUCT RESPECTING MISS McCLOSKEY

Question No. 2,051—**Mr. Cossitt:**

1. Did Madame Claudette Nadeau, president of Crown Assets Disposal Corporation, recently contact Mr. MacSween of the National Arts Centre at any time in regard to the employment by the centre of Miss Mary Lou McCloskey, formerly with the corporation, and did Madame Nadeau recommend that Miss McCloskey not be hired and that if she had already been hired that she be fired?

2. What are all the other details of the conversation between Madame Nadeau and Mr. MacSween?

3. Will a full investigation be conducted into Madame Nadeau's conduct?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by Crown Assets Disposal Corporation as follows: 1. If such contact was made, the information exchanged would be of a personal nature concerning Miss Mary Lou McCloskey.

2. Same as 1 above.

3. Not applicable.

CADC—TEMPORARY WORK—MISS McCLOSKEY

Question No. 2,052—**Mr. Cossitt:**

1. Did a Marie Lafleche of Crown Assets Disposal Corporation recently advise former employee Mary Lou McCloskey that the corporation would like her assistance temporarily on certain work?

2. Did Miss McCloskey request confirmation from Marie Lafleche that she would be paid and was such payment approved by Mr. Richard Asselin, chief of finance, and did Ms. Lafleche tell Miss McCloskey to render her account?

3. After rendering her account, was Miss McCloskey informed that she would not be paid despite assurances given and, if so, what is a detailed explanation of the treatment accorded Miss McCloskey?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by Crown Assets Disposal Corporation as follows: 1. No.

2. Not applicable.

3. After rendering an account, Miss McCloskey was informed that the corporation did not consider any money was owned to her as no services were requested.

FUNDS ALLOCATED TO COAST GUARD AUXILIARY, WESTERN REGION

Question No. 2,125—**Mr. Munro (Esquimalt-Saanich):**

1. What funds were allocated in the estimates for the fiscal year (a) 1977-78 (b) 1978-79 (c) 1979-80 (d) 1980-81, to the organization and operation of the Coast Guard auxiliary in the western region?

2. How were the allocations distributed in relation to (a) equipment (boats, radios, etc.) (b) administration (c) re-imbursement to members of the auxiliary (d) travel expenses to attend meetings for (i) permanent administration (ii) members of the auxiliary (e) insurance coverage for boats of auxiliary personnel and, in each case, how were they spent?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): 1. (a) and (b) None. See reply to question No. 2,126, Parts 1(a) and (b), answered this day.

(c) $ 176,000—1979 calendar year
(d) $ 158,000—1980 calendar year

2.		1979			1980
(a)		$ 11,000	(a)		$ 10,000
(b)		$ 35,000	(b)		$ 37,000
(c)		$ 7,000	(c)		$ 18,000
(d)	(i)	$ 3,500	(d)	(i)	$ 5,000
	(ii)	$ 8,000		(ii)	$ 22,000
(e)		$ 31,900	(e)		$ 27,837

(e) Minimum deposit premium for national insurance policy.

COAST GUARD AUXILIARY, WESTERN REGION—RESCUES

Question No. 2,126—**Mr. Munro (Esquimalt-Saanich):**

1. In the fiscal year (a) 1977-78 (b) 1978-79 (c) 1979-80 (d) 1980-81, how many rescues were (i) attempted (ii) effected by the Coast Guard auxiliary in the western region?

2. How many involved, wholly or in part (a) auxiliary personnel (b) provincial emergency service (c) other services?

3. What was the average cost per rescue in which (a) the Coast Guard was involved on its own (b) the Coast Guard was involved in co-operation with auxiliary and/or provincial emergency service, including cost of overhead such as capital costs and salaries (c) only auxiliary personnel were involved?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): 1. Records for the auxiliary are maintained by calendar year concurrent with their contract. Search and rescue statistics do not specify the number of rescues attempted or effected by the auxiliary; the total number attended is recorded. (a) and (b) 1977 and 1978 not applicable since the contract was signed in December, 1978.

(c) 1979 calendar year: 261 attended.
(d) 1980 calendar year: 428 attended.

2.	1979	1980
(a)	261	428
(b)	325	397
(c)	3,686	3,217

3.		
(a)	$ 1,022.22	$ 1,273.59
(b)	Not available	Not available
(c)	$ 389.35	$ 247.94

(c) Excluding auxiliary travel costs and claims.

DEPARTMENTAL PROGRAM EVALUATION PROCEDURES

Question No. 2,309—**Mr. Herbert:**

1. Are complete program evaluation procedures in place and operative in each department and, if not, which departments still have to complete them?

2. Does the work entail the preparation of a manual applicable to the department and, if so, which departments have such a manual?

3. Is the Auditor General responsible for ensuring that adequate program evaluation procedures are in place?

4. Is the Comptroller General responsible for a critique of the program evaluation made by the department?

5. Do persons outside the Public Service have access to departmental program evaluation reports, and, if so, what are their names?

Hon. Donald J. Johnston (President of the Treasury Board): 1. The office of the Comptroller General is working with over 30 of the largest departments in terms of spending. In 22 of these, program evaluation procedures are essentially complete and operative. These are: Agriculture, Customs and Excise, Canadian International Development Agency, Fisheries and Oceans, National Defence, Environment, Services, Supply, Veterans Affairs, Employment and Immigration, Energy Mines and Resources, External Affairs, Indian and Northern Affairs, Industry, Trade and Commerce, Labour, Transport, National Health and Welfare, National Museums, Public Archives, Royal Canadian Mounted Police, Secretary of State, and Taxation. Other departments are in various stages of development of the function. Departmental evaluation plans were called for this spring and until these are reviewed it is not possible to confirm which other departments have complete operative functions.

2. Preparation of a departmental manual on program evaluation is not essential to the establishment of the function. However, some departments have decided that it would be useful and are drafting departmental manuals, though none is yet final.

3. The Auditor General is not responsible for ensuring that adequate evaluation procedures are in place. This is the responsibility of the Treasury Board through the office of the Comptroller General. However, the Auditor General may audit the adequacy of procedures.

4. The office of the Comptroller General does assess selected program evaluations but would not necessarily provide a critique.

5. In some cases, non-Public Service consultants would be involved in the preparation of draft reports and therefore would have access to these. Access by other persons would be in accordance with the provisions of Bill C-43, introduced in the House of Commons on July 17, 1980, and now being studied by the Standing Committee on Justice and Legal Affairs.

IMPAC PROGRAM

Question No. 2,310—**Mr. Herbert:**

1. Under the Improvement in Management Practices and Controls (IMPAC) Program, were programs abandoned on the basis of recommendations from the office of the Comptroller General and, if so, which programs?

2. Were significant modifications made to programs resulting from similar recommendations and, if so, what was the financial impact on the department concerned?

Hon. Donald J. Johnston (President of the Treasury Board): 1. Under the Improvement in Management Practices and Controls (IMPAC) Program, no programs were abandoned on the basis of recommendations from the office of the Comptroller General.

2. As a result of these recommendations, no significant modifications were made to the programs as defined in the Blue Book. However, many changes have been made to departmental management processes forming part of the programs.

PETRO-CANADA—CREDIT CARD EXCHANGE AGREEMENTS

Question No. 2,319—**Mr. Cossitt:**

1. Did PetroCan recently take steps to terminate its existing credit card exchange agreements with other oil companies and, if so (a) what is the name and job designation of the highest-ranking official who made the decision and what were the reasons (b) was any cabinet minister involved and, if so, what was his/her name and in what way (c) what are the names of all the oil companies with which agreements have been or will be terminated and, in each case, for what reason?

2. Is it government policy that PetroCan should not, in any way, deal on a business basis with private enterprise and, if so, for what reason?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Petro-Canada reports as follows: 1. Yes.

(a) Mr. V. G. Sundstrom, group vice-president, manufacturing and marketing at Petro-Canada made the decision. The reasons are outlined in part (c).

(b) No.

(c) Sunoco, in Canada, British Petroleum, in Canada, Phillips Petroleums Ltd., in U.S.A.

The universal acceptance and increasing use of bank credit cards combined with the extra handling costs of credit card exchanges relative to low usage in western Canada caused Petro-Canada to make the decision to terminate the agreements.

2. No. Petro-Canada is involved in partnership with private enterprise in the overwhelming majority of business dealings.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

YOUNG OFFENDERS ACT

MEASURE TO ESTABLISH

The House resumed, from Tuesday, May 12, consideration of the motion of Mr. Kaplan that Bill C-61, respecting young offenders and to repeal the Juvenile Deliquents Act, be read the second time and referred to the Standing Committee on Justice and Legal Affairs, and the amendment thereto of Mr. Lawrence (p. 9497).

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I was beginning to make some remarks the other evening when

the bill was called. I would like to extend those remarks to pick up the thread of what I was saying earlier. In that speech I had been referring to the importance of the amendment and my concern that a whole day had gone by without having a response from the government as to the position the government might be taking on the amendment.

For the purpose of framing it, I want to say that the amendment filed by the hon. member for Durham-Northumberland (Mr. Lawrence), seconded by the hon. member for Edmonton-Strathcona (Mr. Kilgour), is one in which the House is asked to decline to give second reading to the bill at this time because the bill "rejects the fundamental principle of equal treatment of all persons before the law by specifying that the act will apply to different age groups in different provinces".

It occurred to me at that time, and I so mentioned to the House, that the application of the law would vary for offenders depending on where the offence occurred. Government members expressed firmly during the constitutional debate the belief that federal laws and rights ought to apply equally to all Canadians. I am sure my friends remember those vehement statements made by the Minister of Justice (Mr. Chrétien), the Solicitor General (Mr. Kaplan) and others during the constitutional debate; and we ought to consider that if that is to be the ethos of the government, it ought to apply with respect to juveniles and young offenders. This is the opportunity to do that.

The answer from the minister was in the form of an interjection during the debate indicating that that had been the case for a long period of time; that under the Juvenile Delinquents Act there had been different laws applying differently across the country. I know that. That is precisely the problem. Now is the opportunity for the government to move in a way which could bring some uniformity to the law. That is the purpose of the amendment.

This is what we call a reasoned amendment. It is most unusual. You, Mr. Speaker, were in the chair at the time and I commend you on your judgment with respect to that. It is important at this stage to be able to zero in on principles that would apply so that debate becomes more relevant. This is one of those amendments which makes a debate relevant. It is a concern. As I mentioned, and as was mentioned by the hon. member for Durham-Northumberland, the law as it stands, with the exception of that particular matter, has the general support of this and other parties in the House.

When the minister introduced the bill on April 15, 1981, he made an excellent summation of what this bill is designed to do. The minister is in the chamber. I think it would be worth while to quote what he said. I quote:

> The proposed legislation blends three principles. The first is that young people should be held more responsible for their behaviour, but not wholly accountable since they are not yet fully mature and are dependent on others.

That is an excellent, socially mature and socially conscious mixture of principles in arriving at the first principle of the bill, that there is a feeling that young people should be treated as individuals, not necessarily as extensions of their parents, and that the parents should have no vicarious liability for the acts of their children.

I pause to say it is interesting that the Solicitor General, who is introducing this legislation with this principle in it, brought forward as a private member a bill which provided that parents should have vicarious liability. Having been in his portfolio for some time and having looked at the problem a second time, obviously a sober second look with ministerial responsibility made him decide that the principle he espoused in the House at one time ought not to be espoused here.

I agree with the proposition set forth in the bill that to treat young people otherwise, to treat them as extensions of the parents, is to deny them and society the atmosphere of rationality in terms of enforcement of the law. No one in this House of Commons would deny that social conditions, family conditions and other things affect the attitude, and therefore the actions, of young people and others in the community. It moulds their lives. They are subject to the environment. To take the position that the law ought to be cognizant only of those things would be to deny the matter of rationality, the rational decisions made by human beings when contemplating any act, legal or illegal.

In the first principle enunciated by the minister, he has blended those two questions quite well. I again quote the minister:

> The second point is that society has a right to protection from illegal behaviour, even though committed by a minor.

● (1220)

It is important for us to remember that although the bill does away with the Juvenile Delinquents Act and lays on a new ethic, there is still the principle of the responsibility of young people in this particular piece of legislation. Taking into account the question of maturity, young people have a responsibility to recognize that they live within a society which runs by certain rules and broad principles which they must observe as they would expect others to observe when dealing with them.

Also the minister said:

> The third point is that young persons have the same rights to the due process of law, natural justice and fair and equal treatment as adults, and that these rights must be guaranteed by special safeguards.

The minister concluded:

> Thus, the bill is intended to strike a reasonable and acceptable balance between the needs of young offenders and the interests of society.

That third point is very important. The Juvenile Delinquents Act was passed in 1908. There have been a host of attempts to change that old statute. When one reads the section dealing with the offences, one will find that the most insidious and profound offences can be committed. If one is convicted of being a juvenile delinquent, various things flow from it. One principle of law which is denied in the Juvenile Delinquents Act is the right for people to be certain of that for which they are charged. If one reads the old statute, one will understand exactly how vague and wrong it is.

The principle which the minister discussed dealt with the question of due process in an admirable manner. The bill will cover only young persons charged with Criminal Code and other federal statutes and regulations offences. It will not cover breaches of provincial or municipal laws. It covers the law within the federal scheme, particularly the Criminal Code, which I think impacts most heavily on young people. There is provision for a formal type of court proceeding in a different kind of court. As set out in the bill, there is a right to legal representation at all stages of proceedings, and there is the responsibility of the youth court judge to make the right known to the unrepresented youth.

The courts have moved a great deal in the past few years. They have been more conscious of individual rights of the accused person who has not yet been found guilty. He is not guilty, just accused. Most offenders are deemed to be innocent until proven otherwise; there has been a consciousness of that right. This ensures that in the all-important proceeding brought against a person defined as a young person by this statute, the person will be represented and he has a right to be represented.

This bill was dealt with by the minister's predecessor, the hon. member for Durham-Northumberland, when he was solicitor general. Now it has been dealt with by the minister who has the honour of having this bill approved. It is modern, progressive and reasonable with respect to its approach to dispositions. There is a provision for sentencing when offences are found and for absolute discharges. There are very substantial fines if appropriate. Also there is the provision for restitution which has the potential of conveying to the young offender that there has been an offence and someone has been deprived of property. There can be some compensation for the deprivation an innocent person suffered as a result of a wrongdoer through the imposition of this restitution provision. It provides for compensation orders for loss or damage to property, loss of income or special damages which arose because of personal injury to the victim of the offence. It puts an obligation on the judge, when he is considering making such an order, to take into account the ability of the young offender to pay or to earn. There is a good, healthy balance in there. It indicates that when one breaks the rules of society and is so found to have broken those rules, there is some alternative to jail, to a juvenile home or to some other place where juveniles are sent. In the appropriate circumstances, the judge has the right to ensure the young person is dealt with in such a manner that he will have brought home to him the importance of his action and the impact of it upon his victim. Also he will have brought home to him the obligation he owes as a result and, it follows, the obligation which he owes as a citizen in a society which operates by the rule of law.

The provision for the community service order requires the young person to perform a specified amount of work. This is a very progressive and important movement in the law. It can also help the person who by his conduct indicated some lack of responsibility to society and the community, that is, in a situation where it would be adjudged that he could absorb the lesson and the importance of remembering the contribution he should make to the community by being a good citizen. He would not be before the court if he had been a good citizen. The judicial system relating to young people is expanding and opening up to a great degree. There is sufficient scope for a judge to consider additional conditions. All in all, it is an admirable piece of legislation.

I know the minister would not claim complete credit for it. He is the beneficiary of work which was done on it by his predecessor, as his predecessor was the beneficiary of work done earlier by former solicitors general.

In committee it will be the objective of our party to look at this piece of legislation from the points of view of the principle, the clauses and the provisions in it to see if it is possible to improve it. I hope the government will listen to the comments of members of Parliament, because they will be made with those points of view in mind. This is a piece of legislation which is long overdue.

I am honoured to have had the opportunity to speak for a few moments in this debate. I hope someone will follow me who will tell the House whether our amendment is acceptable and, if not, why not. Perhaps he or she could enlighten the House as to whether or not something can be done at committee stage during consideration of the bill which would make the amendment acceptable to the government, if it is not, so that there could be some uniformity in the application of the law.

Some hon. Members: Hear, hear!

Mr. Kaplan: Mr. Speaker, I wonder if the hon. member for Nepean-Carleton (Mr. Baker) would permit a brief question.

Mr. Baker (Nepean-Carleton): Yes, Mr. Speaker.

Mr. Kaplan: My question relates to the remarks he made the other day, which he touched upon again today, concerning a universal upper age limit for the cutting in of the Young Offenders Act. I think the most enlightened age is under 18. I would have wished that the provinces would agree to that age, but the financial implications for provinces which now have a lower age are tremendous. It is by and large a burden which the provinces would have to bear almost completely on their own.

• (1230)

What I want to ask the hon. member is whether he would be prepared to impose on the provinces from this chamber a change in policy in a matter which the provinces have deeply felt views which have such enormous financial implications for them?

Mr. Baker (Nepean-Carleton): Mr. Speaker, I am not, nor have I ever been, privy to the discussions which have obviously taken place between the minister, his predecessors and the provinces over a period of years. I knew that those discussions had been continuing, and since there is now an amendment on the floor of the House by one party which proposes to amend

the bill, which I gather is in a way that the minister would like, I put it to the minister a few moments ago that we might use a period of time during the course of the committee proceedings to approach those provinces which do not conform with the upper limit to see if there could not be some change of direction, given the fact that after these many years we have arrived at a new statute, which is a new departure and a new situation. It is in that sense that I raise this matter.

I do not think I could answer the minister's question as to imposition until I knew all the facts. I do not have those facts, but the minister does. Perhaps at the committee stage he might bring them forward so that we could deal with them. I do think that the principle is one which ought to be pursued and not forgotten by the minister. It is a principle which I do not think ought to be impaled simply on a matter of cost.

Hon. Warren Allmand (Notre-Dame-de-Grâce-Lachine East): Mr. Speaker, as a former solicitor general I welcome the presentation of this bill, this new Young Offenders Act, which will reform and replace the old Juvenile Delinquents Act. This bill has many good provisions and I will deal with some of them later. On the other hand, it has certain weaknesses which have already been referred to, but I would like to highlight a few of them in the hope that they will be dealt with in committee and corrected at that stage.

As hon. members know, this reform has been in the works since 1965 with the publication of the justice committee report on juvenile delinquency. That was the year I was first elected to this Parliament. In other words, this matter has been around for almost 16 years. The Juvenile Delinquents Act was passed in 1908 and it has received only very minor amendment in all that time, and no amendment at all since 1929. In effect, the Juvenile Delinquents Act that we have today is basically the same act which was passed in 1908. As everyone knows, there have been many social, political and economic changes in that time which have tremendously changed our society.

Following the justice committee report of 1965 the first young offenders act was presented, Bill C-192, which was introduced by a Liberal government in 1970. That bill died on the order paper before the 1972 election, after much debate and controversy. Following that, in the same year I was appointed solicitor general. Since I was extremely interested in the subject, I took steps to move ahead once more with this matter.

After a rather lengthy review with the provinces and interested individuals in the private sector, we published a new draft bill in July of 1975. Unfortunately, that proposal ran into strong opposition, especially from the provinces, and it failed to be enacted. I should point out that criminal law matters are the jurisdiction of the federal Parliament but that the delivery of social services falls under the jurisdiction of the provinces, as hon. members know. Consequently, this is an area of joint jurisdiction.

The criminal law which we pass for young people or which we apply to young people under the Juvenile Delinquents Act or the Young Offenders Act must be administered by the provinces through their social service agencies or through other institutions coming under provincial jurisdiction. As was just mentioned, the costs of delivering these services are rather high. In the circumstances it is desirable that there be close co-operation between the provinces and the federal government on the enactment of any new legislation dealing with juvenile delinquents or young offenders. In any case, my attempt failed.

Other attempts were made by the Secretary of State (Mr. Fox) when he was solicitor general in 1977 and by the hon. member for Durham-Northumberland (Mr. Lawrence) in 1979. These attempts were also without success. Consequently, we welcome this bill and urge its passage.

Many private reports and studies have likewise urged such reform. I have before me an excellent book by Elliott Leyton of Newfoundland which is entitled "The Myth of Delinquency". There is also the report by Sharon Moyer with respect to diversion in the juvenile justice system. There are many others. These reforms are badly needed.

Approximately 50 per cent of chronic young offenders go on to the adult courts. In other words, they go on to adult crime. In some cases reforms at the provincial level—and I have in mind my own province of Quebec—are being held up or declared invalid due to the lack of enabling legislation at the federal level. As hon. members know, and as I have pointed out, enabling legislation is necessary at the federal level if the provinces are to go ahead with their legislation, their reforms, which depend on our basic jurisdiction in criminal law.

The basic reforms in this bill, which I welcome, are, first, the increase in the minimum age of criminal responsibility from seven to 12 years of age. It is complete nonsense to consider that a person seven years of age can be responsible for criminal action. It is true that people of the ages of seven, eight, nine and ten carry out behaviour which is anti-social, but it is certainly repugnant to me and many others in this country that they should be treated under the provisions of the criminal law. While we had proposed in 1975 that the age of criminal responsibility be 14, I think that a change to 12 years of age is a good compromise since it has the consensus of the provinces.

The second good provision of this bill is that all young people, from now on, will have the right to due process in the same way as adults. They will have all the safeguards that adults have when they are before the courts; that is, the right to legal representation, their rights being specified, the right to be informed of what sections of the law they have contravened, and the right to appeal. Many of these provisions are not present in the Juvenile Delinquents Act as it exists today.

Another important reform in the bill is the total elimination of provincial and municipal offences and the elimination of the offence of juvenile delinquency, which served as a general catch-all offence. Under this bill only Criminal Code offences and other federal criminal type statutes will be subject to the Young Offenders Act.

Another important reform in the bill which is welcome is that it provides for many alternative sentence measures, a wide range of dispositions which judges can apply to those who are found guilty under the act, including diversion from the system where that is considered to be the best way of rehabilitating the young person. This also includes restitution to the victims of crime. Community service is also included where appropriate.

Another excellent part of the bill deals with the provisions which would automatically destroy the criminal records of the young person who was found guilty under the Young Offenders Act if, after two or five years, depending on the offence, he committed no further offences. There would be no need to apply to the National Parole Board for the setting aside or destruction of those records.

● (1240)

The major weakness in the bill has been referred to before, but I want to emphasize it. It is the variation in ages which will apply across the country. I think we can see the nonsense of this right in the capital area of Ottawa-Hull. In Quebec, under the present law one is considered to be a juvenile up to the age of 18 years; but in Ontario one is considered to be a juvenile only up to the age of 16 years. Consequently, if two young people commit the very same type of offence, one committing it in Ottawa and the other committing it in Hull, the one in Ottawa would be tried in the adult courts and would perhaps be sent to Millhaven Penitentiary, while the one in Hull would be tried before a juvenile court and would perhaps get a probation order, be sent to a juvenile farm, or something of that nature. I think it is completely illogical—and as I say, it is blatantly obvious in this Ottawa-Hull region—that such variations in our dispensation of justice should take place in this country.

This bill proposes that the maximum age be 18 years, and that is the government's preference, but it is subject to be changed down to the age of 16 years if any province so requests. In many cases the reason the provinces give for not changing it to a maximum age of 18 years is the financial one. There were questions on that just prior to my remarks.

I negotiated with the provinces and dealt with that matter. I think the argument based on cost and expense is a red herring, because if one were to increase a maximum age for juvenile crime under the Young Offenders Act to 18 years, a lot of the expenditures for adult corrections in that province could be transferred to the juvenile system where it would have a much greater effect. Every expert that I know of who has worked in the juvenile and criminal justice system will say that if one is to turn around a potential criminal, the time to do it is when he is still young, not wait until he is 24, 25 or 30 years of age. Efforts should be concentrated on that person when he is first apprehended, when he first starts getting into trouble with the law. So far as I am concerned, to transfer money from the adult correction system into the juvenile system, with a maximum age of 18 years, is a much more reasonable provision. I personally have a private bill before this House, Bill C-253, which would bring about that very thing; but I tabled that bill before the minister presented this bill.

It is my hope that we can send this bill to the justice committee, of which I am a member, to explore ways of correcting this weakness in the bill. I know the minister wants to correct it as well. However, I reject the amendment of the official opposition, which would delay the whole process, the whole bill, and delay many needed reforms for a lengthy period of time. I think the better way of dealing with this is to send this bill to committee as quickly as possible and for the committee to deal with it there, attempt to discuss the matter with the provinces and, if necessary, hear witnesses from the provinces and so on. We should attempt to find a solution there rather than delay the bill.

I have seen so many delays with this particular bill. The provisions are all piled here on my desk: "Youth in the Law", Highlights of Proposed New Legislation for Young Offenders", "Legislative Proposals to Replace the Juvenile Delinquents Act", now the Young Offenders Act, and there are other bills that I do not have with me today. However, this review has gone on and on, as has been pointed out, for 16 years. Now is the time to resolve it and to pass the legislation.

There is another weakness that I see in the present bill, and that is the age of transfer to the adult court. In my provisions of 1975, it was suggested that a case could be transferred to the adult court when the offender was age 16 and it involved a serious offence. This bill provides that this should be done at age 14. I personally feel that 14 is still too young an age for one to be tried in the adult court. I know that there is no dogma on this matter, but my preference would be for 16 rather than 14 years of age.

My only complaint against the wide range of dispositions which, on the whole, are excellent is the maximum fine. I think this bill provides for a maximum fine of up to $1,000. I feel that for young people, especially if they are under 16 or even under 18 years, that is too much. Most of them are not working. If the fine is to be meaningful and if they are to pay it themselves, I would prefer a maximum fine of $200, or at the most $500.

I will have more to say on this bill in committee and perhaps at third reading, especially with respect to the situation relating to young persons, their special needs, and why we need special legislation and institutions for young offenders; but I will refrain from speaking on that for the moment. I would urge, however, that the House pass this bill on second reading today, if possible, and that it be dealt with in committee as quickly as possible so we can improve the legislation and pass it this year, after, as I say, a long journey of 16 years.

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, I, too, rise to speak on this bill which I consider to be a very important one. I get a chance to speak in this House often on oil prices and economic matters, but very seldom do I get a chance to speak on social matters. That is why I am particularly pleased to speak to this bill today. Often in the House that is the general trend, but that does not mean that the

economic matters and those energy matters are the be all and end all of discussions in Canada. Social matters are just as important, especially when they concern young people, because, as we agree on all sides of the House, when dealing with young people and with children we are dealing with the future of our country.

I have a special interest in this bill dealing with young people and crime, having had my house in Ottawa broken into twice in the last two months, and I think juveniles were involved. I can share the concern that many people have in the country with the amount of juvenile crime, petty thefts, breaking and entering and so on. Any member who comes from an urban riding will hear from his constituents about the rather large numbers of offences of breaking, entering and theft which tend to involve juveniles. That is unfortunate.

I also have a longer term interest which goes back somewhat, as the first job I had as a lawyer was as the juvenile prosecutor for the city of Vancouver. I spent some time and learned my law in the family courts of Vancouver. I fondly remember those years. When the hon. member who last spoke, the former solicitor general, refers to all those reports, all the suggestions we have had for reform and change of the juvenile law, I know that frustration goes right down to all the social workers across this country, all the probation officers, child-care workers, clerks, judges, prosecutors, defence lawyers, and all groups involved in juvenile justice in Canada. Indeed, if one could ask them, I suppose the kids would reflect this as well.

This legislation that we have on the books right now goes back a long way, to 1908. That, in itself, shows the difficulty of getting change. It is hard to get change in anything, it seems, in this country. However, it seems to be particularly hard to get change in juvenile and children's legislation. All the people I have previously mentioned and governments are at fault here. We must get our act together and get change. The present Juvenile Delinquents Act goes back to 1908. That was a significant year. I think it was the year the hon. member for Winnipeg North Centre (Mr. Knowles) was born.

Mr. Knowles: Hear, hear!

Mr. Waddell: Another event that year which was of importance to was the fact that the present Juvenile Delinquents Act came into law. I say to the Solicitor General (Mr. Kaplan), who I see in the House, that the law was very progressive for 1908. Why? Before that time was the Victorian age when people, including juveniles, were hanged for petty thefts and crime. The law in 1908, as the Solicitor General knows, the present Juvenile Delinquents Act, dealt with juveniles as misguided children, to use the words of the act, "in need of aid, encouragement and assistance". So that was a very progressive act. I wish I could say the same of this act, and I will tell the minister in a minute why I do not think this is a progressive act for our time. I will offer the minister a suggestion for a really new juvenile system. I think we can set a couple of goals in a progressive juvenile system; we can protect society and the welfare of the child. Those two goals are not mutually exclusive.

• (1250)

There are some progressive measures in this bill, I acknowledge that. There is the end of the status offences and the opening of the juvenile court to the public, thus demystifying that court. There is the change in the age of criminal responsibility. There are some procedural safeguards for juveniles, such as the right to bail, access to counsel—although if counsel is not free, access does not mean very much. There are provisions for transfer of juveniles from juvenile court to adult court if the offence is serious, although those provisions are not adequate, and I agree with the previous speaker that they should be considered in further detail in committee. Having had the experience of going through hundreds and hundreds of transfer applications under the present law, I think that matter should be reconsidered.

The bill has one glaring flaw and the previous speaker put his finger on it. It does not acknowledge equality under the law. We really cannot have different age standards for, say, Hull and Ottawa, that a child be considered an adult and receive the full force of criminal law in Ottawa, but be considered a juvenile and receive the force of juvenile law, which is more in tune with the protection of the juvenile and reform, in Quebec.

I suggest that the hon. member who spoke previously is not only right but wrong as well. This bill should not go to committee; the government should bring amendments in now. As the bill now is written it does not make sense; it clearly violates the principle of equality as set out in the new charter of rights. It is ironic that the government, which argued against checkerboard civil liberties across the country, and the Conservative party, which seemed to favour it, are now on opposite sides. The government is bringing in a bill that will result in checkerboards, with a juvenile being under age 18 in Quebec, under 16 in Ontario and under 17 in British Columbia.

Mr. Kaplan: That is the way it is now.

Mr. Waddell: Yes, that is the way it is now. I suggest the Solicitor General has the power to change it. I invite him to bite the bullet. He knows this is right. He has heard what a former solicitor general had to say so he should do it. Make it a uniform juvenile age across the country.

Before I sit down, I want to congratulate the Solicitor General for funding a program in my riding which is really progressive called the community accountability program. It is carried out in Cedar Cottage, Kensington, which is an area of Vancouver bounded by Nanaimo, Broadway, Fraser and 41st Avenue. I see the Solicitor General nodding his head so perhaps he has acquainted himself with the program. Every politician and bureaucrat associated with juvenile matters visits the program, yet we had trouble getting the money to keep it going this year. I must say, however, that the Solicitor General has been good about continuing funding for the program, and with a little pressure the provincial attorney general also found some money for it.

Under the program, community accountability panels comprised of local citizens deal with juvenile offenders referred to them as a result of minor or summary conviction offences. The panel decides on the punishment, whether it will be restitution, payment of money to a victim, community work, or an apology. The panel, comprised of people from the neighbourhood, finds out what is happening with the family, with the child's education, and why the child is behaving in a certain way. It claims an 85 per cent rate of success and is starting to reach down into the community. This program is progressive and democratic, and it works.

The Bill before us today by contrast is not very progressive. Basically, it provides a criminal code for juveniles. There is some mention of diversion but it is really a criminal code for juveniles, as our NDP justice critic, the hon. member for Burnaby (Mr. Robinson), said in his excellent speech.

Just before I was elected in 1979, I visited the small town of Sterling in Scotland. As a result of the Kilbrandon report of 1968 which dealt with children in trouble, there is in Scottish law a full system of community accountability panels such as the one we have in Vancouver. Ours in Vancouver is just an experiment and does not have the full force of law behind it. But in Scotland, any juvenile committing an offence or being accused of being a delinquent who pleads guilty—as 90 per cent of juveniles do—comes before a panel. If they do not plead guilty, they go to juvenile court, but if they acknowledge their guilt, they go before a panel.

I saw a panel at work in Scotland. A young boy called Allan had been sentenced to leave his family because there was a permissive grandmother in the family who got him into trouble. He was sent to another home and school out of town. When I was there he was back before the panel asking that his sentence be reviewed. The panel said, "Look, son, we'll give you another six months. You can come back and live with your Grannie in six months if it works out." They got a report from the probation officer and so on.

There was another case of a young girl who had been moved in order to get better schooling. There was a report that she was doing a good job. The uncle and aunt and one of the parents were present. The panel agreed to take her off probation and put her permanently in the home. The family agreed. This was a really progressive juvenile system that was working.

There are some good things in this bill, Mr. Speaker, but it is not progressive in the second half of the twentieth century to go back to a criminal code for children. I would like to see the government examine the experiment in Vancouver and think about establishing it for the whole country. What a new juvenile system we would have then! It is not just pie in the sky, so-called socialist idealism because the system is working in Scotland now. What works in Scotland must work! Being a Scot I can say that. It is an example of bringing juvenile justice back into the community where it belongs.

I want to conclude by quoting from the 1975 report of the National Council of Welfare entitled "Poor Kids" as follows:

> To be born poor is to face a greater likelihood of ill health—in infancy, in childhood and throughout your adult life. To be born poor is to face a lesser likelihood that you will finish high school; lesser still that you will attend university. To be born poor is to face a greater likelihood that you will be judged a delinquent in adolescence and, if so, a greater likelihood that you will be sent to a "correctional institution". To be born poor is to have the deck stacked against you at birth, to find life an uphill struggle ever after. To be born poor is unfair to kids.

It was my experience in juvenile court that we dealt with poor kids, kids from single parent families, kids who never got a proper education or a proper chance.

The way to deal with juvenile crime is to deal with poverty first. The second way is to bring it right into the community and have neighbours deal with these problems; that happens in Scotland and in China.

I would ask the Solicitor General to amend the bill and make the situation all the same across the country, and when he brings in his next bill, to consider a really progressive system based on the Vancouver experiment.

Mr. Deputy Speaker: Order, please. It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, it is nice to be debating another piece of legislation for a change. Bill C-61 is a very important bill, the Young Offenders Act, which is to repeal the Juvenile Delinquents Act. I want to congratulate our spokesman on this subject, the hon. member for Durham-Northumberland (Mr. Lawrence), who spoke in the debate on May 12, 1981. He has already discovered a number of major weaknesses in this piece of legislation. First, when young people run afoul of the criminal law they are not treated equally across the country. In this respect the hon. member for Durham-Northumberland introduced an amendment in an attempt to correct this, which reads:

> That all the words after the word "that" be deleted and the following substituted therefor: "this House declines to give second reading to Bill C-61, an act respecting young offenders and to repeal the Juvenile Delinquents Act, because the bill rejects the fundamental principle of equal treatment of all persons before the law by specifying that the act will apply to different age groups in different provinces."

It is ridiculous to have a federal law applied differently in each province. I am pleased that the Speaker has ruled the motion in order. We hope this amendment can be added to the bill. It will certainly be a major improvement to it.

I also want to congratulate my colleague the hon. member for St. Catharines (Mr. Reid) for the contribution he made to the debate. As reported at page 9503 of *Hansard*, he said:

> While I am in large part in support of the bill, I cannot accept the position of the Solicitor General that we must rush through the debate at second reading.

We certainly cannot be rushing the bill through because we have found in it quite a number of weaknesses. We want to highlight these weaknesses first before sending the bill to committee.

The basic purposes of the act are, first, that young offenders are given more responsibility for their actions. Second, they have been given stronger rights under the law. Third, there is greater flexibility and, therefore, a greater chance of rehabilitation under the law.

● (1410)

There are still some very vague points in the bill. Clause 3 makes allowance for young offenders to settle out of court instead of having a day in court, but no guidelines have been set for this process; as an example, there is nothing which states for which crimes this can be done, who deciphers punishment and how it will be enforced. In addition, Clause 20(1) gives a judge ten distinct courses of action in sentencing. Clause 11 is a grandfather clause which allows the judge to do just about anything he wants.

Within the measure there is a uniform minimum age stipulated which has been agreed to by eight out of the ten provinces and all speakers to date. However, there is no uniform maximum age set for young offenders. This creates a checkerboard effect across the country as some provinces will have one maximum age and others another. That is why I hope the motion of my colleague, the hon. member for Durham-Northumberland, will be accepted by the Liberal Party and New Democratic Party. The bill creates inequality throughout the proposed measure.

The maximum fine for young offenders is $1,000, but for people under 18 this is quite a high figure. We would not want to promote more crime to pay for past crime. We are experiencing serious youth crime in the country today, and part of the reason, or perhaps the main reason, is the high unemployment rate for those from age 15 to 24. There is serious concern across the country about juvenile crime. I have received some letters very critical of the government, our jail system, our bail system and the weak punishments we have in respect of many of these serious crimes. I should like to read a portion of a letter from a concerned citizen of British Columbia. He points out:

—a boy is castrated in a public washroom in Clearbrook, B.C. by two juveniles. The juveniles are apprehended and released after questioning. Another boy is castrated by the same two juveniles. What is your answer to this boy and his parents—

He directed that question to me and all other members of Parliament. He wants to know what we are doing by letting people like this out immediately after the commission of a crime as serious as that.

Here is another example this Canadian citizen has written about:

—a sixty year old lady is robbed at knifepoint and later raped by a seventeen year old youth. This man was never even charged for his action.

He points out in his letter:

Our members of parliament are safe and secure and don't give a damn about you. You embarrass the public image of the criminal and we don't want to know about your problems.

That is one example of how some citizens feel about our easy bail laws, letting these people off with light sentences, giving them a little slap on the wrist and what have you.

I have with me a recent article from *The Toronto Sun* under the heading "Nurses cried at seeing raped girl". It states in part:

Police plan to petition the Wayne County Juvenile Court to have two 16-year-olds tried as adults in the rape-beating of an 11-year-old girl.

Nurses at Children's Hospital cried when they saw the girl, who suffered a skull fracture, stab wound to the chest and repeated slashes with broken glass.

"It was horrible . . . Those guys really wanted to kill her."

The girl, who lived on welfare with her mother and four brothers and sisters, was raped, beaten, kicked, stabbed in the chest and cut with broken glass for two hours Saturday night—

What is happening in the country today when we have youth committing horrendous crimes like this? It is important that we make improvements in our educational system. We must make students aware of how the law will deal with them when they commit serious crimes such as this. I do not know how many schools take their students on visits to jails, but this might help to some degree. It might not hurt to bring the paddle and the strap back to help them understand. Maybe then we will not have 11-year old girls being raped and elderly women attacked.

In addition, I am receiving many letters these days, as I am sure are all members of Parliament, in respect of the government's proposed legislation which would decriminalize possession of marijuana. I think public opinion is changing on this issue right now. I suggest today that if any surveys were taken the majority would oppose decriminalization of the possession of marijuana. Their concern results from so many young people getting on drugs today and committing serious crimes.

I have received a number of letters and documentations from the educational system across Canada, universities and schools. They are very concerned about any steps to decriminalize possession of marijuana. They feel all that will do is increase youth crime. I want to read some paragraphs from some of these letters from our educational directors across the country. This one states in part:

We are expressing the concern of 12 organizations closely related to the education of youth. We believe that if changes are made to this legislation which do not clearly impress upon society that the use of this drug is not condoned, there will be a significant increase in drug use, particularly by young people.

This letter goes into detail about the use of cannabis by students and young people. It states:

The use of cannabis by the students and young people of our country is a matter of urgent concern.

Representing, as we do, 12 provincial organizations directly involved with education and supervision of adolescents, we are perhaps more aware than most other groups of the harm already inflicted on our society by cannabis and other street drugs.

We are discussing the new Young Offenders Act and the difficulties we are having with youth in our courts today and in

society, and our educators who are living with these problems at first hand in the schools, the people who can advise us better than anybody, suggest that if we go ahead with the decriminalization of marijuana we could be opening up a real hornet's nest in Canada. If the government is planning to introduce such legislation in the near future, we will certainly have to call these educators as witnesses to advise us on how this measure will affect Canada's youth across the country.

In addition, I have received a resolution of the Nova Scotia Federation on Alcohol and Other Drug Problems which opposes the decriminalization of cannabis. I would just like to read one or two quotations from this document. They point out under the heading "Increased hazard to the young":

—marijuana is particularly dangerous to young people, as their bodies are not fully developed. A great many young people use marijuana, and it is only now that the dangers are becoming apparent. The full consequences may not be seen until our next generation, as was the case with Thalidomide. There are numerous other dangerous effects, such as chromosome damage, reduced defence against brain and liver damage.

This organization then presented a resolution to us as parliamentarians as follows:

THEREFORE, BE IT RESOLVED that the Nova Scotia Federation on Alcohol and other Drug Problems requests the Department of Justice of the Government of Canada, and other appropriate bodies concerned, to take whatever necessary steps are appropriate to ensure that the current legal status regarding the use of cannabis remains unchanged, and that the Government of Canada and other concerned bodies seek the introduction of measures which will decrease the use of cannabis in Canadian Society.

We are dealing with a young offenders bill and at the same time the government is talking about decriminalizing marijuana. These documents received from the educational system point out that this will create nothing but problems for us. It seems that once a young person develops a drug habit it becomes an extremely costly habit, and so many of them have to return to crime, robbery, rape and what have you.

● (1420)

Since we have a very serious problem on our hands, we will not be able to rush this bill through, as suggested by the Solicitor General (Mr. Kaplan). That suggestion indicates to me that the minister does not understand the magnitude or the seriousness of the problem. This bill is a 90-page document, and we will have to go through it with great care because of the serious problems we have today with respect to juvenile delinquents, young offenders, drugs and crime. We shall have to go into a great deal of detail in the committee in dealing with this bill. We shall have to call in the police, the medical profession and so forth, which could contribute greatly to the improvement of Bill C-61.

[*Translation*]

Mrs. Céline Hervieux-Payette (Parliamentary Secretary to Solicitor General): Mr. Speaker, first of all may I say to the House what a great honour it is for me to comment on a significant piece of legislation, an act respecting young offenders and which will repeal the Juvenile Delinquents Act. Indeed, Mr. Speaker, as the member for the riding of Montreal-Mercier, I have had the opportunity to make frequent visits to the institutions where juvenile delinquents are housed, institutions such as Boscoville, Mont Saint-Antoine and the Cité d'accueil de la Rivière-des-Prairies.

Mr. Speaker, those institutions in my riding have enabled me to be in regular contact with youths in trouble with the law and with the professional staff responsible for helping them rehabilitate and become worthy citizens. I want to salute those professionals and I hope that the new bill will make it possible for all offenders, particularly the young, to turn over a new leaf and, finally, to enjoy a better life in a country such as Canada.

Mr. Speaker, I would like to reply to some of the remarks made by members opposite, particularly by the former solicitor general, the hon. member for Durham-Northumberland (Mr. Lawrence), who said that the House had been waiting long for this bill. If I may, Mr. Speaker, I should like to make a slight correction and point out to hon. members that Bill C-61 received first reading last February 16 and was given second reading consideration on April 15, May 12 and again today. Therefore, less than a year after the election, the Liberal government introduced this important social measure and I am proud to take part in the debate on this bill. The hon. member for Huron-Bruce (Mr. Cardiff) as well said that the bill had been long in coming. Again if I may, Mr. Speaker, I would point out that the previous government had not introduced a bill as such in the House, all it did was to draft a policy statement. Having drawn inspiration from all existing documents, from reports prepared by government officials and from discussions held with the provinces, we suggest that perhaps this bill reflects the closer agreement between the provinces and the federal government since the provinces are partners in the administration of this legislation. Indeed, Mr. Speaker, I take the liberty of reminding my colleagues that there would be no future for this statute without the participation of the provinces, for its administration falls under their jurisdiction.

[*English*]

I would like also to provide a clarification for the hon. member for Perth (Mr. Jarvis), who was asking the government about the difference between responsibility and accountability, two words we see in clause 3 of the bill. Perhaps I can offer a small explanation by saying that responsibility relates to capacity to form the intent to commit a criminal offence. According to the proposed Young Offenders Act, a young person would be responsible for his or her illegal behaviour, but she or he would not be held accountable in the same degree as an adult. That is why there will be different courts and different procedures for young offenders than for adults, and that is why we can say that responsibility and accountability are two different things under this bill.

[*Translation*]

Mr. Speaker, my colleagues have made several comments on alternative measures. I would like to explain in detail the avenues open to a youth in trouble, to a young offender. On the first offence, if it is a minor one the police officer can

simply reprimand the young person and point out that his behaviour is reprehensible, and the procedure can stop there. On the other hand, at a later stage, perhaps for more serious offences, section 4 points out that alternative measures may be used. These measures are voluntary and the young offender can call on a lawyer at this stage to determine whether or not he can agree to the alternative measures. Mr. Speaker, I would like to point out that at no time is there a question of pleading guilty to make use of these voluntary measures, and that moreover, the act specifies that even the statements made at that time cannot be held against the young person.

A later stage, Mr. Speaker, which is somewhat more serious, will allow law enforcement authorities, that is the provinces, to refer the young person to a youth court. At such a time, as my hon. colleagues have pointed out, the young person must have the assistance of a lawyer, and in fact, this right is clearly recognized in the legislation.

On the other hand, many means are available to the court to determine, if the young person is found guilty, what measures should apply to him, and I believe that several of my colleagues have noted how these measures or provisions will allow the young person to mend his ways.

However, Mr. Speaker, in extremely serious cases, or at the last stage, for a really hardened young offender, for a young person who may have committed several offences, our bill provides for the possibility of referral to an adult court.

Mr. Speaker, for the information of the hon. member for Esquimalt-Saanich (Mr. Munro), and especially of my colleague for Surrey-White Rock-North Delta (Mr. Friesen) who spoke about remission or the state of mind that a young person must have concerning his offence and the possibility of restitution of the stolen or damaged goods, I would like to point out that we have included in sections 20(c) and 20(f) provisions through which the young person will have to compensate any person who may have suffered damage, loss or injury, or to pay a fine, as provided in paragraph (c).

However, what is important to point out to my colleague is that this legislation provides for restitution, but not necessarily with the parents' money, and thus may force the young offender to face his responsibilities. One of the major principles of this legislation is to force the young offender himself to make some type of restitution according to his means by services to the community.

My colleague mentioned earlier the possibility of paying back that money. I believe that it is not the intention of the legislator to force a young person to pay back the amounts in question which he may not have or to force him to commit another offence to do so.

● (1430)

[*English*]

Some hon. members, such as the hon. member for Bow River (Mr. Taylor) and the hon. member for Edmonton-Strathcona (Mr. Kilgour), talked about vicarious liability. This is an option that was examined very carefully. However, we have concluded that it would be difficult to adopt this option within our law. Civil law is the responsibility of the provinces. The application of this concept would involve great difficulty in terms of jurisdictional responsibility between the provinces and the federal government.

If I may give an example, a young person may be involved in a crime, such as a fire. The young person or the parents could be held liable for $100,000 damages, for instance. I do not think it is the intent of the legislators to be so extreme. I think the bill covers most cases in terms of restitution, or at least ensures that the young offender fulfils his responsibilities.

The hon. member for Broadview-Greenwood (Mr. Rae) stated that clause 56(3) made the bill too lax with regard to evidence. I wish to clarify this point. It may be a misunderstanding that will be clarified at the committee stage. It is not the intent to collect evidence in a fashion which will place the young offender in a worse position than an adult. I refer to the situation where a young person may say to an arresting officer at the scene of a crime that he is guilty. It is not the intent to ignore such facts, but to recognize that later the young person should have the full protection of the law.

The hon. member for Fraser Valley West (Mr. Wenman) was concerned about the destruction of records. He said that if these were computerized, it would be difficult for the young offender to ensure that the records are destroyed. The bill does not provide that the information be sealed after five years but completely destroyed. The bill provides that when a young person becomes an adult he may make a special request for destruction of his records. He or she is probably the best person to know where the records are held and to ask that they be destroyed. It is very clear in the bill that it will be an offence for anyone to use the information. That is a safeguard to ensure that no records are used against the young person. This section, which was not in the previous act, can be improved and will be discussed at the committee stage.

The hon. member for Calgary West (Mr. Hawkes) said that the rights and freedoms granted to the young person in the bill do not balance the responsibilities of that person. I remind the hon. member that the first principle of the bill is to see that the young person has the responsibility for his or her offence and will be held accountable before the court. This bill does not in any way remove the responsibility from the young person. Under this bill there will be more responsibility than under the previous legislation.

With regard to the family, clause 3(g) provides that the parents will be requested to appear before the court. However, the family is recognized as having the first responsibility in caring for the young person and should be there when the young person has some difficulty.

[*Translation*]

Mr. Speaker, I would like to add some comments as several colleagues have spoken of the problems related to the financial provisions of legislation. We do indeed recognize the fact that the addition of new rights, such as the right to counsel, will add to the provinces' expenses.

We are in fact negotiating with them at the present time and there will be a federal-provincial conference in June, which will be a follow-up to the round of negotiations which were held with each individual province. We do believe that, as a result of these discussions, financial arrangements for the new services will be worked out and also that an agreement will be reached between the provinces and the federal government. Therefore, I do not think there is any need to be overly concerned about additional expenses as discussions are well under way. I also think that so far none of the provinces has appeared overly concerned about the federal contribution to the new service.

[*English*]

I now wish to address some of the main objections of the opposition. Their position was set forward in the amendment of May 12. Most members who addressed that issue talked about the principle. The hon. member for Winnipeg-Assiniboine (Mr. McKenzie) talked about equality before the law. Let me state a few facts. First, the situation is that there is no uniformity in the application of the Juvenile Delinquents Act. This was outlined by some members.

The bill states that a young offender is a person of at least 12 years of age and not having reached the age of 18 years. There is provision for the provinces to lower the age. We agree with members opposite that the ideal situation would be a uniform age. However, as stated previously by the Solicitor General (Mr. Kaplan), there are cost factors involved. Certain services should be available, and at this time it might be a burden the provinces could not take on in order to implement the new act. The fact is that the age would be 18 in terms of uniformity. Upon request by a province to the federal government, it could be lowered. If no provinces were requesting a change, the age would be 18 across the country.

• (1440)

I would like to talk about the principle in terms of age by referring to a neighbouring country which has a federal system. The jurisdiction over juvenile delinquents lies with the state government in the United States, while our jurisdictional position is a mixed one, with the provinces having the right to administer the bill and the federal government having the right to apply this bill based on the Criminal Code. Recently in the United States there were 33 states using 17 years of age, 12 states using 16 years of age and some using 15 years of age. On April 9, 1981, the state of Illinois described the word "minor" as meaning a person under the age of 18 years. So one of the latest pieces of legislation in the United States refers to 18 years of age.

Also I should like to refer to the state of the international law. New Zealand uses ages 14 to 17; Australia, from 10 to 16; Japan, from 14 to 20; in Belgium it is under 18; England is from 10 to 18.

Clearly it is not a matter of principle. If it was a matter of principle, how could a country such as the United States with its first amendment, which is equivalent to our charter of rights, permit the young offenders bill to apply to 16-year-olds in some states and to 18-year-olds in other states? The point is very clear; it is a matter of administration by the provinces. Some provinces have indicated very clearly that they would prefer 16 or 17 years of age. Others are indicating that 18 years of age is a prerequisite to the adoption of this bill.

By stating its position on 18 years of age, the federal government is actually following current international law and showing some guidelines which could perhaps be followed in the future. There might be a period in which the provinces would adjust themselves to the 18 years of age principle. There will probably have to be some negotiations in terms of implementing an older age in some provinces. As we know very well, the treatment of juveniles and older persons before the adult court is quite different. It is a sociological fact that some provinces want a younger age and others want an older age. The amendment cannot be accepted based upon the question of principle; it is an administrative question.

By enacting this bill, we are taking a step in the right direction. We are tabling a bill for which the people in the milieu have been waiting some time, and I am proud to have participated in its debate.

Mr. Walter McLean (Waterloo): Mr. Speaker, it is a pleasure to have an opportunity to participate in the debate on this bill. In its form, it is much similar to the one tabled on October 26, 1979 by the then solicitor general, the hon. member for Durham-Northumberland (Mr. Lawrence). If I may, I want to indicate my concurrence with the theme of the bill and its direction, that of ensuring young people are held more socially accountable, and are seen as individuals and not just as extensions of their parents.

In light of my experience in community relations and counselling, I welcome the thrust of a number of the proposals of the bill, such as the increase from seven years to 12 years for criminal responsibility. It more accurately reflects the maturing process of young people in educational theory. Also I welcome the right of due process of the law in the same way that adults have today and the elimination of a criminal record if after one offence a young person, as is often the case, finds himself rehabilitated and there are no further violations. Also there is the option of alternative sentences. In a day of rising expenses and when a great deal is spoken about the perpetuation of crime by criminal institutions, this is a very humanizing and responsibility-building mechanism.

In supporting the thrust of the bill, I also wish to indicate my reservation, as indicated in the amendment of the hon. member for Durham-Northumberland, that this matter of a uniform age for young offenders across the country must somehow be dealt with. In the processes of government, when things are left to be dealt with administratively, all too often we find that these things are perpetuated in the form in which they were passed.

As I look after the representations in the similar area relating to family law and the representations across the country in terms of support payments in divorce situations, I have found that women's groups have repeatedly indicated

that they cannot accept the matter of each province making its own rules. We are looking at the reality of mobility in Canada, not only of spouses who may avoid support, but of young people moving across the country often in search of work. When they are unemployed, all too often they fall afoul of the law. The amendment correctly addresses the situation of the mobility of our young people at the moment.

Therefore, it is an important principle that there should not be different rights in different parts of the country, but that there should be uniform rights for all young Canadians across the country.

I would like to add some supportive and interpretative comments on one specific clause of the bill, Clause 22. It is closely connected with a number of initiatives that have taken place in my constituency. It is the provision for the option of a community service disposition in lieu of incarceration. This option has been used for over two years in the Kitchener-Waterloo area, beginning as an experiment under the guidelines of Sections 662 and 666 of the Criminal Code respecting probation orders, to the point where there are now some 280 community service orders being carried out in my region. Ranging in terms of 100 to 150 hours, the community service orders provide an invaluable learning experience for young people as an alternative to a jail sentence. These have proved especially effective for first-time offenders, since the emphasis of these community service orders is on the development of responsibility for one's action as opposed to gainless punishment.

● (1450)

Community service orders have been used frequently in the case of young people since with rising unemployment there have been more and more young offenders coming before the courts. Many cases involve breakdown in family life where parental guidance is lacking. This option is an extremely important part of this bill because it changes the emphasis from an isolated individual against the community, someone who is in a sense shaking his or her fist at the community, to someone who is in support of society and working on its behalf. This is accomplished through a positive contribution to the community, providing a service which would not otherwise be available in the community, which results in an exercise of socialization or reconciliation.

This option has been received into the cultural mosaic of Waterloo county, where there has been a tradition of community service. Therefore, this concept can be understood. Under community service orders services have been rendered to municipal governments, school boards and social agencies. In many cases they provide for the development of new skills. In a sense they provide training in trades. They prepare individuals to be able to offer something to the employment market while not competing with existing jobs at the same time. That is to say, community service orders are for volunteer work, an area of endeavour on which people in my riding place a great deal of importance.

One of the agencies which has benefited from this option is the victim-offender reconciliation service which has been pioneered by the Mennonite community in my area. This program encourages an individual to accept responsibility for his or her action, not with patronizing treatment for young people but by stressing reconciliation over punishment through the direct confrontation of the victim and offender. This service brings these people together to discuss their feelings and what must be done in order to close the gulf which has been created.

The John Howard Society in the Waterloo region is the agency which monitors the terms of a community service order. The society stresses that the terms of a CSO must be very clearly set out so that the offender understands that it is not a reprieve but rather an opportunity for that young person to regain a responsible and respected status in the community. These projects range from parkland clean-ups to giving assistance in senior citizens' homes. Again, the importance is that the service can only be provided by voluntary agencies, if at all. The effect of these orders is to get the community involved in corrections. They educate the community as to who, and not what, an offender is so that the community sees that it has a stake in its parts. Indeed, in a sense it is a socializing exercise. There is another agency called Youth in Conflict with the Law which was formed to try and bridge this gap. It has been seeking to socialize the whole tragic experience.

We are all familiar with a war situation where the aim is to depersonalize the enemy so that he or she can be seen as "it". This is done so that somehow the obliteration of the person, the dismissal of them, can somehow become more conscionable. The idea of a community service program is rather to personalize the offender, to somehow show that he can make a contribution to society. In December I received a letter which reads as follows:

> We the undersigned are a group of political science students at Wilfrid Laurier University presently studying Canadian government. As part of our course assignment, we are required to prepare and try to get introduced a piece of Private Members' legislation.
>
> The legislation which we are interested in is an amendment to the Criminal Code creating community service orders as a separate option for a judge to use in sentencing an offender. The enclosed information will explain our idea more clearly.
>
> It is our hope that you will be sufficiently interested in our idea to introduce this legislation into the House for us. We will prepare the bill in principle and do all of the necessary research for you. In addition, we will try to create a favourable lobby for the bill by contacting groups such as the John Howard Society. These groups will be supplied with our research information in hopes that they will help us in publicizing this proposed bill.
>
> If you have any interest in pursuing this matter with us, or would like more information, we ask you to please contact us at the addresses listed below as soon as possible.
>
> Sincerely yours,
> Geoffrey Hayes
> Deborah Harmaty
> Katharine Harley
> Erin Gilligan
> Glenn Fern

These students, under the direction of Professor John McNenemy of the political science department, have begun to

address the issue as young people themselves. They are addressing the issue with respect to the welfare of society. I am pleased to have been in touch with them and to have heard their ideas. I hope the government will incorporate into this bill the amendments the students are seeking. If it is not possible for that to be done in this bill, I hope that I will have the opportunity to introduce a bill based on the theme which they have presented in order to fully accomplish the aim they have so wisely and rightly identified in their studies as one which would lend itself to the well-being of our community, not only the community of Kitchener-Waterloo, but the Canadian community as a whole.

In conclusion, I wish to indicate there is an important flaw in the age of majority clause to which my colleagues in the official opposition have repeatedly drawn attention in order to make this as effective a piece of legislation as possible. Therefore, although I want to register my concern and support for the amendment, I also want to register my wholehearted support for the concept of reform embodied in Bill C-61.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, speaking on this bill takes me back many years to when I was practising law. Although I did not specialize in the field we are discussing today there was always great discussion among practising lawyers about many of the difficulties in dealing with young offenders. At that time the circumstances were much different from what they are today. The mere fact that it has taken this long to present this bill makes us realize just how much difficulty there has been in agreeing on some changes. It is not a subject which has necessarily been dilly-dallied with; there are honest differences of opinion.

I can say that I do not share all the views of my colleagues on this question with regard to uniformity of age. I would have preferred to see the age limit set at 16. One should consider crime statistics today and the activities of young persons aged 16 and 17. Read your newspapers. What are they guilty of? They are guilty of some of the most violent crimes. They are not crimes which are, as suggested by the hon. member for Vancouver-Kingsway (Mr. Waddell), induced by poverty. Not a bit of it! There are any number of reasons why these young 16 and 17-year-olds are engaging in this level of crime. One reason, I suppose, is the dropping of the age of majority to 18 years. It was always said, when 21 was the age required to get into the beer parlour, that one saw 18-year-olds and 19-year-olds trying to get in. Then when the age was dropped to 18, the 16-year-olds were trying to get in, something that they could not do before.

• (1500)

Young offenders have no particular preponderance at any level of society. There are just as many young punks—and that is all they are, vicious-minded young punks—coming out of the best homes as out of the worst homes. The reasons that they have become like that are a reflection on today's society.

Rather than say that young offenders are the result of poverty, I would say that they are primarily the result of the lack of parental supervision and guidance. This is found particularly in the higher income groups where attention or participation in raising teenagers is limited to giving them $20 to $50 on a weekend whilst the parents go off on their own to do their own thing. How many homes do hon. members know of where the way of dealing with their youngsters—as the father and mother are too often pursuing their own pleasures—is to turn over the keys to the family car, give $50 and say, "Have a good time this weekend, son. Just go around our high schools and find out how many kids, unfortunately, have that poor level of parental upbringing. That is where you get the start; but it goes on. Kids, from muppets to adolescents, have been watching television, with violence at all levels, even in the cartoons. In the pictures at which they look there is nothing but more and more violence. They become inured to it. They think it is great. After all, it is a reflection of society. They think, as they grow and see this continue, that this is society.

Naturally, at all times there are those who, because of poverty, go out to get a few dollars. However, I would say that they are, by far, the infinitesimal minority today. This leaves the further group, and I think it is the biggest one. These people, in order to satisfy their appetites for alcohol and drugs, go out on hold-ups, thefts, break-ins and purse snatching. Oh, of course, as my colleague, the hon. member for Esquimalt-Saanich (Mr. Munro) says, there is also the thrill of taking someone's car, just borrowing wheels, to see who has the fastest and raciest car, to see how much rubber can be burned and to see if someone else can be made to look like a chicken on the street. I suppose, in the end, in the words of the social worker, it really comes from peer pressure to be more outstanding than the others.

Those are the motivations, the reasons we have young offenders. It seems to me that to say that all persons under the age of 18 and over the age of 12 shall be lumped together as young offenders is totally wrong. I say that I would favour those attorneys general of the provinces who would opt to have those under age 16 put in the group of young offenders. With respect to the others, one only has to go in the courts to see whether the 16-year-olds and 17-year-olds are any different from the 18-year-olds or the 19-year-olds. I regret to say that in the great majority of cases, this is not the case.

Having said that, I do not think that the present penal system in this country is the one which will deal with this particular problem. We can go through legislation that we pass in Parliament, bill after bill, and say, "Jail for the offender". My goodness! There are offences with regard to agricultural chemicals where the penalty is jail. There are all sorts of offences for which jail is the answer. It is not the answer in these cases, and I appeal to my colleagues here. If we are going to spend money wisely in the administration of justice, then we should spend it on the prevention of crime where it arises, that is in the early years. That is where we should spend our money.

Some hon. Members: Hear, hear!

Mr. Lambert: That is where we should spend our money with social workers and parole employees. We should not put first offenders into jail. They should be put on probation after a period of good behaviour during which they report to a parole worker.

Several hon. members suggested community work, the parliamentary secretary among them, and our colleague, the hon. member for Waterloo (Mr. McLean); alternatives where these young people can be put to work. There are so many things. I do not mean to suggest raking leaves, cleaning streets, or demeaning work of that nature. There are all sorts of good community work which they can be given to do.

I fully subscribe, too, to the principle of restitution wherever it is possible. I do not believe a fine should be paid to the state. What will the penalty do? What about the dear old lady whose purse has been snatched and most of her cash taken? A young punk is picked up, and there is no doubt about his guilt. Then he is fined rather than sent ot jail. The state benefits as a result of the compensation it receives for apprehending him. A law-abiding citizen has a right to be protected by the state—she has that right, that is all she has; she gets nothing out of it. It is an empty letter. The same applies to the elderly couple or any person who finds their home broken into and things stolen. They may be covered by insurance or they may not.

● (1510)

I am glad that judges in young offenders courts will now have the opportunity to use alternative methods of dealing with such situations. But we are really going to have to provide them with a framework that is well thought out and well administered so that young people can be put on their good behaviour—on a leash. How tight or loose that leash shall be, will depend on the skill of the parole worker.

There has sometimes been a problem with the place where young offenders are held prior to their court appearance. All too often it has been the overnight tank of the local police station. In large cities, many are found in the nightly run in the bullpen or in the remand centre where hardened criminals and young first offenders are put in all together. Sometimes the young ones glory in this because they are close to the feet of hardened professional criminals; it is something they can boast about to their peers in later days. The money must be spent where it will do most good.

A similar instance in recent times was the recycling of scores of thousands of public servants into second language training. That was like spreading a thin film of water on a desert. Had that money been spent wisely on teaching our children a second language, we would have had some brighter prospects for the future.

It seems to me that it is wrong to spend so much money every day on incarcerating thousands upon thousands of hardened criminals. Surely a lot of those people would not have become hardened criminals if they had been handled differently at the outset of their unfortunate careers.

I was struck by some particular features of this bill, Mr. Speaker. I should like to refer to clause 3 in particular, the declaration of principle. Some people claim that there is a lot of "do-goodism" in this and that a lot of it is a cliché. Some of it is obvious, but I think that as a general body of policy for this country to adopt toward its young offenders, it is a step in the right direction.

One thing is badly lacking, however. In subclauses (1)(d), (1)(e) and (1)(f), the reference to the rights of young persons is repeated. Mr. Speaker, all my studies in law were predicated upon the basic principle that every right had a corresponding duty. I have the right of ownership of property, but I have a duty not to use my property to the detriment of my neighbour. I have an absolute right to my life, but I have a duty not to injure my neighbour. All the way through, there is no right without a corresponding duty.

There has been mention of a charter of rights to be included in the new Constitution. I was particularly struck by the absence of any mention of duties or obligations in that; it is all take and no give. In this particular instance too, every one of the rights that those young people have, carries a corresponding duty, and those duties should be included in the bill. To that extent I would say that clause 3 of the bill should be revised.

The parliamentary secretary spoke of some difficulties in recognizing the principle of vicarious liability and suggested that this was introducing the question of civil liability into criminal law. I believe that a young offender is not necessarily there; there are some nine, ten and 11-year-olds who are the greatest little vandals you could meet. This brings up the question of the vicarious liability of parents.

If parents are so negligent in the care of their children and in giving them guidance that nine and ten-year-olds, and sometimes children younger than that, will break into schools and homes and vandalize them, then let the parents be responsible. We would see a lot of dressing up then. This may be a little old fashioned but I can assure you, Mr. Speaker, that parents would shape up a lot better. There is no excuse when parents tootle off to the beer parlour or the tavern and leave the kids running the streets until ten or eleven o'clock at night, as we often see nine or ten-year-olds doing. If those parent were responsible and were held responsible and were not allowed to come crying, as we see on television, like sob sisters about their darling little kids, those mischievous little kids who do not mean any harm, things would be different. What would happen if those parents had to face up to the music of liability for the harm those children have done? Why is it that the victim, the defenceless public, the man whose car was legitimately parked outside his friend's house who comes out and finds it vandalized is the one who has to pay? And if it is the neighbourhood ten-year-old who has done that, why shouldn't the parents of the kid who is responsible be the one who should have to pay? Why should the victim suffer? Are we afraid of the words discipline, obedience and good conduct? Those are bad words in today's lexicon. We are told that we will set off repressions in children. It seems to me that we have to look at that too within a young offenders bill.

• (1520)

I think this bill does make considerable progress, but I do not think it makes enough. As I have said, I think more money should be put right across the board into the provision of supervisory social workers. If you do not want to call them parole officers, you can find any other words you like, but they should be the ones who will take in hand a far greater volume of young first offenders. These young first offenders should be segregated from older criminals. In the appropriate cases where we find vicious young thugs, then they should be treated in adult court. There are no two ways about it. We have to look to the protection of society. The state has a duty toward its citizens. Citizens have a right to live their peaceful lives uninjured. It is not a hazard of my life that I must run the risk of being robbed, of being mugged, of my life being taken or having my property being vandalized. That is not the role of our citizens. It is the duty of the state to protect them. It is the duty of the remaining citizens not to inflict those damages upon their fellow citizens.

I hope this bill will receive further attention in committee. I hope that the government's mind is open to amendments. The bill has taken a long time getting here. There have been changes. I hope the government can be flexible enough to accept suggestions that will improve the bill. After all, with whom are we dealing? We are dealing with people who are valuable to us, namely, our young people.

I used to think I was a lot more valuable when I was a young person than I am now. But surely this is something we, as legislators, must think about. We must not shut our minds to the fact that because the government has produced a bill, that is the end of the story in so far as sagacity and wisdom are concerned. We should never think because a bill is produced, it is the end of the story. No one loses face by accepting amendments. Not at all. I think one only betrays intelligence by doing so.

I would like to see this bill either deal generally with young offenders under age 16, or that we leave the option open so that those provinces who are, to my mind, enlightened enough to proceed on that basis of the younger age for young offenders may do so without any difficulty.

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I will be very brief. My colleague, the hon. member for Winnipeg North Centre (Mr. Knowles) tells me I have five minutes. I will do the very best I can to accommodate that time limitation.

First I want to recognize some people who work very hard in the family and youth field in the Hamilton area. I have long admired the work that they do. There are two who come to mind, and although I may miss others, I do not intend to offend them by not mentioning them. Both Judge Steinberg and Judge Van Duzer in Hamilton have devoted a lifetime to family and juvenile matters. They have been recognized over the years as having made substantial contributions. They have been innovative and understanding. In dealing with young offenders, in particular, that surely must be the way we should approach any misdemeanor or criminal act that is undertaken.

The subject of young offenders is a very puzzling topic. I want to say at the beginning that this legislation can be supported. I am not arguing against the legislation but I am expessing a frustration over how one deals with a topic which has so many different facets to it and a topic which has to take into account so many different circumstances. Dealing with young offenders is a very delicate matter in most cases.

Let us be fair about this. We are speaking about a small minority of young people. By far the vast majority are good, hard working, sensible, reasonable young people who grow up to be just like we are—whatever that is. However, even among the small minority who fall into the category of young offenders, there is an overwhelming majority of them, too, who break the law once and who then recognize the folly of it and go on to live useful and constructive lives.

What we are doing is trying to write a law, presumably to accommodate that majority of the minority, and at the same time write a law which will enable us to deal with the smaller minority who may turn out, as years pass, truly to become criminals of one kind or another. That almost defies logic.

I want to talk now about parents. Much of the responsibility for the way a child grows up must always remain in the lap or the hand of the parent involved. You cannot be the type of parent who rolls into the driveway dead drunk but expects his child will not drink and drive or suffer the attendant consequences thereof. You cannot constantly berate the police inside your home and on the streets and then expect your child to grow up to respect and support law enforcement and understand the difficulties encountered by the people in that line of work, a difficult line of work at the best of times. You cannot beat and physically abuse children or, for that matter, children and adults in the home, and expect that, by some mystical, magical means a child will be able to differentiate between that method of admonition—the commonly used method within their own home—and what is acceptable in society outside when they have to deal with other children. If violence is the order of the day in a child's home, then violence will be the order of the day outside for that child. When that child is met with frustration, he will respond in the same way as his parents respond. You cannot move into a new subdivision and decide you need a roll of tarpaper or some wood to build a rec room and just nip out the back door in the dead of night, pick it up and expect that your children will appreciate that somehow this is not stealing and, therefore, they ought not to do such things. You cannot plead for leniency when for years you have known that your child was bordering on anti-social behaviour, when finally the chickens come home to roost, so to speak. You cannot go in teary-eyed and ask that you not be held responsible in one way or another for the fact that you did nothing to try to change the anti-social behaviour the child was showing.

● (1530)

I think we all have to accept as parents and people in the community that we have a joint responsibility in the raising of children. We have to accept that the parents have a substantial responsibility, but the rest of us in the community also have a responsibility in the raising of children. We all have to show by example, by effort, by word, by deed and by involvement the kind of guidance that will allow those children to see that society can only survive if we all attempt to live within the law, and if the law is not just, you change it, you do not go around breaking it. I have always been concerned that we have not been able to instil in our own society the kind of sense that children belong to all of us, and that while we may have the child physically or adopt the child, the child is a child of all of us, and we all have to be cautions and careful.

Let me say that there are a number of factors in my judgment that influence a child's behaviour. I do not think it is nearly good enough to intrude yourself into the life of a child after the child becomes a teenager. Respect for an understanding of the law and the parameters that are allowed for behaviour within society are things which begin in the very earliest years, and from that point on a child learns what the rules are, how they are made and how they are changed, and that society is a democratic place and we change our rules in a democratic way. We do not go charging up to the Speaker screaming at him, for example, when we do not like what he does.

One of the things that is most influential in a child's behaviour is peer pressure, and, since children spend most of their time with other children during their school years, it is that arena to which we have to devote a considerable amount of time and money to make sure there are people there who are able to provide the kind of individual guidance children require. This is obvious, as I say, since they spend a great deal of time there. We must try to break down the unacceptable peer pressures and replace them with acceptable and useful peer pressures. We must hold up as examples people who have done useful and worth-while things as opposed to people who have lived on the fringe of the law.

I am not putting these in any particular order, but I think another important thing is parental guidance. I have mentioned that. There has to be an example set by all of us, both in the school and in the community, to make sure that the rewards that are given out, are given, and the recognitions that are made, are made for things that have been seen to be good things in society. We must stress the worth-while things while downplaying the others.

Let me say a word or two about jails and correctional institutions. My experience over a number of years has been that in correctional institutions in particular, since I do not have quite the experience in jails, the subculture from which the child comes to that correctional institution exists within the correctional institution. There is no doubt in my mind, borne out of any number of examples, that there is a subculture within the correctional institutions which inflicts and imposes the kinds of pressures which are the very opposite pressures to those we would like to see for rehabilitation. It is for that reason in a way that I want—and I meant to do it at the beginning—to commend the member for Waterloo (Mr. McLean) for his comments. I thought he made excellent sense. He showed by example in his own community the kind of work that can and should be done in every community all across the country. I hope copies of his remarks will be made available, and I know they are available, of course, in order that we can perhaps encourage that sort of thing to happen all across the country. I think it is in that area that we are likely to make the greatest strides and have the most success.

I do not want to downplay the fact that there is a growing violence in the community both at the adult and juvenile levels which is totally unacceptable. I want to say it is for me, and I am sure for most members of Parliament, a source of considerable worry how to deal with this growth of violence for its own sake. What do you do about it? Obviously the people involved have no particular fear. They generally organize themselves into groups and terrorize other people. I think we are going to have to devote more of our time and effort to infiltrating, if you will, those communities in an effort to try to break that up before it reaches the point where these people end up in Kingston, if it lasts, or some other institution.

I see my colleague looking over his shoulder at me. I have two minutes left. I was thinking about violence, and not only about violence committed by children but also about violence to children. Violence to children comes in many forms. Violence to children can be neglect, and violence to children can and is increasingly more apparently taking the form of incest and brutality. I think on balance society has not yet wakened up to this fact. The House of Commons might, at some more appropriate time, set aside some time to look at what I am sure may not be a new phenomenon, but certainly this phenomenon is coming more and more to the fore.

I do not want to leave the impression that I do not know or think that organizations which are offsprings of organized crime do not make themselves known to and involve themselves in the affairs of young people. The entire distribution for soft drugs is structured through the upper levels of organized crime, working its way down through a number of clearly visible organizations into the playgrounds, hallways and front yards of the schools, at least in the area I represent, and I think probably in many others. Young people are drawn in by the lure of money and the little bit of power they get. Once in they cannot get out because they do not know how to break away.

We have to support efforts to undermine that, get them out of there so we do not have a further deterioration of that growing up process which will hopefully turn out a better place and society in which to live.

In any event, to keep it brief, I say simply this. I want to stress that this can only be the beginning of the debate. This must be an ongoing debate. We will have to isolate many of the facets of juvenile misbehaviour and juvenile anti-social behaviour and of the pressures which are put on some people who are considerably younger than we, and we will have to

provide support in society so that we can try to cope with this because it is not good enough to say that if we just give them all a good whipping, they will suddenly respond positively. We used to do that, but we still had crime.

● (1540)

Mr. Douglas Roche (Edmonton South): Mr. Speaker, while this piece of legislation seems to deal with a narrow subject, it actually speaks to the larger question of our society, our values, our family life, some of the things which are closest to hon. members, and the way in which we transmit values to the next generation. I think that is why this debate has provoked a number of speeches. We just heard a good one from the hon. member for Hamilton Mountain (Mr. Deans).

I will start by indicating my support for the amendment introduced by my colleague, the hon. member for Durham-Northumberland (Mr. Lawrence). This is an important piece of legislation dealing with young offenders. The many amendments contained in this bill, among other things, actually repeal the Juvenile Delinquents Act. If we have to have as a cornerstone of the new act a variation in the maximum age across Canada, that is not acceptable.

That is not to say that most of what is found in Bill C-61 is not acceptable, for it is. It is well known that our party launched a similar process of legislation. Many of the points in Bill C-61 are what we ourselves advanced, so our quarrel is confined.

However, speaking as a member of Parliament from Alberta, I must say that I find it hard to understand why the government is proceeding on a piece of legislation which will allow for a diversity of the maximum age among young offenders. It is hard to understand why we have not waited until we could secure provincial agreement. Is it a question of money? Is it a question of philosophy? I do not believe this problem is insurmountable. I cannot understand why we are proceeding with such haste to bring in a law which will permit someone to be tried under the proposed Young Offenders Act in one province at age 16 and in another at age 17.

I am not particularly concerned about which age should be the maximum. I believe the hon. member for Edmonton West (Mr. Lambert) was correct when he said that a person of age 16 today has sufficient maturity, given the over-all rapid maturation of young people today. I would hold to the age of 16, but I could live with the age of 17. Indeed, if it were the wisdom of the House to set the age at 18, I could live with that too. What I cannot live with is a variation from province to province.

If the government felt free to impose a charter of rights on all provinces regardless of provincial feelings—which have been made clear, and they are a source of great contention and controversy in the country, as we know—what is holding the government back from saying we will have a piece of legislation which will set a uniform age for young offenders across the country? That is the beginning of my approach to this subject.

I want to make two or three other points, if I may, in the brief time remaining this afternoon. First, I think we ought to take just a second to underline a point which needs to be underlined now after a debate centring on young offenders, as if all young people were offenders and we had to spend an inordinate amount of time dealing with the offences of the young. In fact, most young people today are individuals in whom all of us should have immense pride. I certainly do. We should be proud of the way young people today are coping with the level of frustration in our society and with all those factors which are wrapped up in the phrase "future shock". We should be proud of the way they are coping.

I have five children of my own, and I try to stay close to young people, as close as an aging man can. Only this week two groups of young people came to Parliament Hill. One group was made up of the young people chosen for the program "Adventures in Citizenship" sponsored by the Rotary Club. I believe you yourself, Sir, participated in meeting them. The second group was made up of students brought here by the Commonwealth association from across Canada. They may be special students, to be sure, but to my mind—and I met both groups—they represented young people in whose values we ought to take great pride. We ought to give them a little boost and not create the impression that all young people need to be put into the category of young offenders.

When we do talk about young offenders, we cannot be naive and just slide over the fact that offences by juveniles are increasing. We have to live with that. That is a sad comment on our society, but it illustrates the need for a comprehensive piece of legislation. It places on such legislation a special imperative today. Senator Florence Bird recently said the following:

> What is particularly scary—

Senator Bird was speaking about violent crime statistics in Canada.

> —is the 60 per cent increase in violent juvenile delinquency from 1974 to 1978. Most shocking of all is the increase of violence by the young against themselves. In the past decade the suicide rate increased 59 per cent for young people aged 15 to 19.

That is just one indication of the need to take a good hard look at the best ways for society to handle young people, who for one reason or another, find themselves in trouble with the law. I want to return in a moment to some of the reasons for this, which ought to be at the real heart of this debate. We have to look at some of the reasons why young people find themselves in trouble with the law.

Bill C-61 deserves some praise, even though we are opposing the aspect of it which does not provide for uniformity of the maximum age among young offenders. The legislation blends three important principles. The first is that young people should be held responsible for their behaviour but not wholly accountable, since they are not fully mature. Second, society has the right to protection from illegal behaviour. Third, young people have the same right to due process of law and fair and equal treatment as adults. These rights must be guaranteed by special safeguards.

Bill C-61 is a rather long piece of legislation, but that quick overview demonstrates why on the whole the bill merits the support of hon. members on all sides of the House.

● (1550)

We would be remiss if we did not look more deeply at the situation of young people in trouble with the law rather than just looking at how we are going to deal with them more effectively. It is the old question of whether to apply band-aid treatment or to get at the cause of the disease. Bill C-61 is more than a band-aid. Perhaps it is not able to do so, but it does not go deeply into the causes of crime by young offenders. I believe we have to look into this much more deeply. If we spend a little while in this debate and if the committee is able to call witnesses who can speak to the causes, we will be performing a service not only for the parliamentary process, but for all Canadians.

The reason I take this tack in my contribution to this debate was that I recently saw a report of the Carnegie Council on Children. The council said the following:

> Today virtually the last question we ask of any public policy is how it will affect children. It should become the first question.

Who speaks for the family today in the legislative halls? Young families have the least time, energy or financial resources to organize and make their voices heard. Indeed, how can they be self-sufficient when they are so deeply influenced by broad social and economic forces over which they have little control; unemployment, inflation, advertising, television, increased housing costs and inferior education systems. There is a whole range of factors that come into the spotlight when we start to look at the question of a family life that spawns for good or bad children who grow up in an atmosphere where they are loved and cared for or in families which allow undue influence from the outside, factors that hurt the transmission of true family values. I will speak of one of those in a moment.

If we are really serious about the problems of children who get into trouble with the law, we have to look collectively at such factors as child abuse statistics, the mental health picture, the divorce rate, the reasons for teenage suicide, the results of the Senate's examination of the relationship between crime and the criminal's early years. All of this helps us to have a growing knowledge of the character and personality development in the early years. When I speak about the early years, I want to talk about something I have come to learn in my life. I now see it reflected in many professional journals in the field of social sciences.

The most crucial period in the life of a human being is between the ages of three and five. That is when the whole range of factors that give the person a sense of self-esteem need special attention. This is usually when the parents themselves are feeling the strongest pressures of a competitive society. The father is often totally immersed in the economic circumstances of his family. Often he is transferred. The family moves. We have a kind of tradition that as long as the child gets enough to eat and there is no manifest abuse or something terribly wrong such as a disease and ill-treatment, no one worries about it.

The fact is that survival is not enough. Many of the young people at whom this bill is aimed become young offenders because of an earlier period in their life when all they did was survive. A stable and secure atmosphere for children ought to have a top priority. Many aspects of our disjointed society come into play here. That is why the Carnegie Council on Children said that when we make public policies, the last thing we seem to think of is their effect on children.

The Minister of the Environment (Mr. Roberts) is very conscious of the future aspects of the policy of his government. He would probably agree with what I am saying. When we look at questions of the environment, we are trying to protect all the physical manifestations of society for future generations. He has to have his mind on the future.

I hope that that example of the environment will be seen more widely in all of our policies, particularly our economic and social policies. I fear they are not. More attention ought to be paid to daycare and the provision of services for single parent families. In most single parent families, it is often the mother who has the responsibility. However, there are a growing number of instances where it is the father. They need services as well. It is not just a question of providing services but a question of society understanding the need to highlight and accent much more the values of family life.

I said I had one particular concern about outside influences. If we did a study, we would find that the television which a lot of young offenders have seen over the years has contributed to the venom which is reflected in them by their criminal conduct. We make sure that a child drinks pure water. We have laws to that effect. Why do we not have the courage to force the television industry to stop putting garbage and poison into children's minds with the ceaseless parade of murders, violence and seduction as so-called entertainment? That is on the minds of many parents. Why do we not pay more serious attention to these kinds of factors that have unquestionably been an influence in the formation of an important minority of our young people who have become offenders. I just have a moment left, Mr. Speaker.

The deeper we go into the question of children, the bigger the problem appears. In fact, in an address on children's rights, Justice Marcel Trahan of the Social Welfare Court, Montreal, emphasized the human interplay between society, the family and the child. He said:

> When we talk about reforming the law, when we condemn certain institutions, we must be prepared to rethink the entire system.

I see you are anxious to move on to the next proceeding, Mr. Speaker. May I call it four o'clock?

● (1600)

[*Translation*]

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

PRIVATE MEMBERS' MOTIONS

[*English*]

Motions Nos. 33, 38 and 40 allowed to stand by unanimous consent.

* * *

NATIVE RIGHTS

POLICY RESPECTING NEGOTIATION AND SETTLEMENT OF NATIVE CLAIMS

Hon. Warren Allmand (Notre-Dame-de-Grâce-Lachine East) moved:

That, in the opinion of this House, the government should amend its policy of August 8, 1973, respecting the negotiation and settlement of all Indian, Inuit and Metis claims based on the traditional use and occupancy of land and any other aboriginal right not specifically extinguished by legitimate treaty or agreement, and in particular, to delete from the policy that condition that it will not negotiate claims superseded by law.

He said: Mr. Speaker, the purpose of this motion is to amend, improve and correct the government's present policy for negotiating and settling native claims.

According to the present policy of the government adopted by a cabinet decision on August 8, 1973, the government will negotiate and settle claims according to the policy in the annual report of the Department of Indian Affairs and Northern Development which can be found elsewhere as well. It indicates that the government will negotiate settlements with the Inuit and Indian people who have not entered into treaty relationships with the Crown and that these settlements would be based on the loss of their traditional use and occupancy of land in those parts of Canada where any native rights based on traditional use and occupancy have not been extinguished by treaty or superseded by law.

As far as I and many others who have worked in this field can see, there are three failings in that policy which my motion strives to correct. First, according to the policy, the government will only negotiate and settle claims based on land and the occupancy of land. As many hon. members know, aboriginal rights go much beyond the use and occupancy of land. During the lengthy sittings of the constitutional committee, we asked various Indian, Inuit and Metis groups what they meant

by aboriginal rights. Although they hesitated and in many cases refused to give an exact definition because they did not want to limit themselves, they indicated that aboriginal rights included not only land and the rights to hunt, fish and collect on those lands, but all their social, economic, political and cultural rights before the Europeans came which they never gave up. In other words, aboriginal rights include all the rights of those people before the Europeans came. They had societies, economies, languages and cultures. In some cases they hunted and fished; in other cases they raised crops and traded with other aboriginal peoples on the continent. They had a complete way of life. All those things are part of their aboriginal rights, to the extent that they have not given them up.

As I point out in my motion, I want to change the present policy of the government so that negotiations and settlements go much beyond land. In part, my motion reads:

—to the effect that it will negotiate settlement of all Indian, Inuit and Metis claims based on the traditional use and occupancy of land and any other aboriginal right—

So I want to include all aboriginal rights in the negotiations and settlements which will be concluded. That is the first goal of my motion. It is based upon the first failing of the present policy.

The second failing of the present policy is that it indicates that the government will negotiate the loss of traditional use and occupancy of land where these rights were based on traditional use and occupancy which have not been extinguished by treaty. What happened and what is still happening today is that when the government negotiates a land claim settlement with Inuit or Indian groups, it insists aboriginal groups give up all their rights, any rights they may have had in the past or will have in the future of which they may not be aware at the time. They want them to extinguish all their rights, not just the rights which they are giving up in the treaty or in the settlement in exchange for other rights, which is the way it should be. They want them to extinguish any potential or possible right whatsoever. I say that is wrong. In my motion I have suggested the policy should be that they settle "claims based on the traditional use and occupancy of the land and any other aboriginal right not specifically extinguished by legitimate treaty or agreement."

In other words, a right would only be extinguished if it was specifically referred to in the treaty or in the settlement agreement and if the Indians themselves agreed to extinguish that particular right in exchange for another right. That was the second failing I attempted to correct in my motion.

The third failing is the most shameful condition. Presently the government indicates that it will only negotiate and settle claims which have not been superseded by law. The government is saying that even if, from time immemorial, certain Indian or Inuit groups had aboriginal rights in certain parts of Canada, if a federal or provincial government passed a law of its parliament or legislature which took away those rights, then they are taken away and the government will not negotiate them.

This was the basis upon which the aboriginal claim of the Nova Scotia Indians was rejected by the office of native claims. They made a claim for certain lands, certain hunting and fishing rights, and certain other rights in Nova Scotia, Cape Breton and elsewhere. The government indicated that the government of Nova Scotia had passed statutes in various years and that the Government of Canada had passed other statutes in various years which divided the land into townships and took control of it. They had passed hunting and fishing laws and mineral rights laws, so they had exercised jurisdiction over the land. Despite what is right in principle and in justice, the government is saying that if a majority in a parliament or legislature passes a law that a right does not exist, it does not exist. Of course legally that might be correct, but morally it certainly is not. So in my motion I indicate that the government should remove entirely from its policy of negotiating and settling claims this business that it will not negotiate claims where they have been superseded by law, because I think it is wrong.

I drafted my particular motion last summer or fall before we became involved in the constitutional discussions and before the constitutional proposals were tabled in the House. This was well before what I believe to have been a historic day in January when, on the initiation of the government, after much lobbying by Indian and Inuit groups in this country, the government and all the parties sitting on the constitutional committee agreed to that section, part II, "Rights of the Aboriginal Peoples of Canada". Section 34(1) under that part reads:

● (1610)

The aboriginal and treaty rights of the aboriginal peoples of Canada are hereby recognized and affirmed.

By putting that section into the Constitution, much of my motion will no longer be necessary since later on in the constitutional proposal section 59(1) says:

The Constitution of Canada is the supreme law of Canada, and any law that is inconsistent with the provisions of the Constitution is, to the extent of the inconsistency, of no force or effect.

This means that once the provision is passed by this House and by the British Parliament, which I hope will happen soon, the land claims settlement policy of the government will be, to a great extent, of no force or effect in accordance with section 59(1). It will have no force or effect because the laws which are referred to in the policy which superseded these claims are ordinary laws of the Parliament of Canada and ordinary laws of the legislatures of the provinces. Because they are ordinary laws, they give way to whatever is in these constitutional proposals. Since in these constitutional proposals we have a recognition of aboriginal and treaty rights, they will prevail over any cities and towns act any provincial fish and game act, any provincial mining act, any federal oil and gas act or any national energy board act which are all ordinary laws. So once the aboriginal group, whether it be Indian, Inuit or Metis, reaches agreement by negotiation with the government, or through the courts if the government will not settle with them, then those rights prevail over any policy of the government with respect to claims. Consequently, it is my belief that this policy which I am attempting to amend, improve and change through my motion, will fall down completely once the Constitution is adopted in Britain.

I would like to deal with a recent case where the National Energy Board approved the construction of a pipeline from Norman Wells in the Northwest Territories up the McKenzie River to the Alberta border and through Alberta. The Board approved this pipeline over territories which are claimed to be part of the territory of the Dene. The Dene have claimed much of that land as theirs in accordance with their aboriginal rights. Without this constitutional proposal, the government might say that, because of the National Energy Board Act and its decision, that is a statute of Parliament and that it is a legal decision of the National Energy Board. They may say that it would prevail over the rights of the Dene, if they wanted to rest their case on purely legal grounds. But with the passage of this section it is my belief, as a trained lawyer, that this constitutional provision will prevail over any decision of the National Energy Board, and as section 59 (1) says "any law that is inconsistent with the provisions of the Constitution is, to the extent of the inconsistency, of no force or effect."

Although I prepared this motion to correct the three failings I referred to in the negotiation of our native claims policy, I still wish it were done by the government on a voluntary, unilateral basis. Even though it may not be done today, the provisions in the constitutional proposal will do it in any case. Even if the constitutional proposal is passed this year, I hope that the government will not force our native people to test these matters in the courts in order to resolve them, that it will not put them to considerable expense in terms of time and money. Who knows, matters like this can take two, three, four or five years to go through the whole court system. The government agreed to put these provisions in the Constitution. I believe it did so with good will and it was supported by all parties on the constitutional committee. Therefore, it is my belief that the government should voluntarily change right away the provisions of this policy for negotiating claims. It should not wait until the court forces changes to the policy.

This week in the Indian Affairs and Northern Development Committee I asked the Minister of Indian Affairs and Northern Development (Mr. Munro) if he had set up a small group within his department to determine what the effects the new constitutional proposals relating to aboriginal and treaty rights would have on all the laws, regulations and policies which he administers. He said that he had set up such a small group under one of his assistant deputy ministers and that they were attempting to determine where the laws they administered were ultra vires or of no force and effect. He said he believed that it was right that they should not put ordinary citizens of native groups to great expense in the courts. He said that where it was clear that their laws and policies were ultra vires, they should be changed by immediate agreement, or as soon as the constitutional proposal is passed.

My main point in presenting this motion was to correct the failings and inadequacies in our present policy for negotiating

claims with our native people in this country. I said that the present policy was wanting in that it only dealt with land and matters related to land, for example, hunting and fishing. I said that it did not deal with the wide range of aboriginal rights. Second, it insisted on complete extinguishment when that was not really necessary or fair. Third, a claim would not even be considered if it were felt that it had been superseded by some ordinary provincial or federal law. All of these failings should go. They should go on the basis of justice and moral right. But since the governemnt has agreed to the provision which it has placed in its constitution proposals, I think that in virtue of that provision they will go. I ask the government to give immediate attention to my submissions. I certainly would be pleased if the government would agree to this motion today.

Mr. Gordon Taylor (Bow River): Mr. Speaker, I want to say a few words on this matter because it illustrates one of the causes of concern of our native people. I have in my hand a copy of *Indian News* for April, 1981, put out under the Indian and Inuit Affairs program. The heading there is "Bill C-48 snuffs Aboriginal Rights". I want to deal with some of the points which are certainly of concern to the editor of this paper who is speaking for a large number of people. But before doing that, I would suggest that if the government is really sincere in its desire to give aboriginal treaty rights to our Indian people, it should withdraw the legislation which is in conflict with that particular section.

● (1620)

The hon. member who just spoke has given three very definite items which are in conflict, in my view, with part 2 of the proposed Constitution. One of the things which has bothered me throughout this constitutional talk is that we are raising the hopes of people without even defining what the aboriginal treaty rights are. When that is done, the whole matter could be involved in weeks, months or years of litigation. When Indian or native people have to compete against the government, the largest corporation in the country, with relation to lawyers and paying for the costs arising out of litigation, then it does not give people an equal chance even though we say they are equal. They certainly are not.

In Section 33, the proposed Constitution says, "the aboriginal treaty rights of the aboriginal peoples of Canada are hereby recognized and affirmed", but it does not say what they are. Is it the aboriginal right to own land? Is it their aboriginal right to social life? Is it their aboriginal rights to learning, hunting, fishing, or carrying out their own economics as they did before the white man came? No one knows. So no wonder our native people are concerned about this, because when it does not say what it is specifically, then we can hope all we like but it will go to the courts. There will be conflicts, it will go to the courts and then it will be ruled on by those who are sitting on the bench.

Again, in subsection 2 of this act, it says, "Aboriginal peoples of Canada includes the Indian, Inuit and Metis peoples of Canada." It states there who is included; but it does not say what the rights are. That is one of my major objections to this. If this is put in simply to appease our native people at this time, then it is a terrible thing indeed. It would be trickery of the worst kind if that is the objective. If that is not the objective, the government should show its good faith now by withdrawing at least legislation which is in conflict with those aboriginal and treaty rights.

I again agreed that these should not be confined only to land. The aboriginal people lived on this continent long before we did. We say that they were conquered. Maybe they were conquered by kind words and by arrangements rather than through actual warfare, although there may have been some warfare too. However, they were guaranteed, as long as the waters run and as long as the sun shines, rights that they had before the white man came.

Now, the government has set out in its policy at least three rights. Referring to the one on land, it is not only land which is involved with relation to aboriginal rights, as the last hon. member to speak so aptly said. The second right as spelled out is even worse. It says, "Not extinguished by treaty or agreement". "Treaty or agreement", again is not defined. We celebrated the 100th year of Treaty Seven out on the plains of the Blackfoot just a couple of years ago. The Prince of Wales was there and so were ministers from provincial and federal governments. It was a tremendous "do". The Indians came from far and wide. There was a great celebration on the very plains where the treaty was signed. However, would we have to tell them, if this Constitution becomes law, that they have their rights in the Constitution, but that the policy which was on the books before is still on the books, and that it extinguishes their rights because their forefathers signed the treaty? These are the worries of our native people.

The third one is even more serious. It states: "superseded by law". Already, since we put the provision in the Constitution guaranteeing the aboriginal treaty rights, we are taking their rights away by law. Look at Bill C-48. As the editor of this *Indian News* says, "Bill C-48 snuffs Aboriginal Rights". Let us just read one or two items from this particular article, and I quote:

The bill has no environmental protection worthy of the name. In fact, in environmental terms, it may well be the weakest single statute of its kind ever to come before the Parliament of Canada.

The environment is almost an Indian's whole life. The Indians live amongst the trees, they live with the animals, they learn from the animals. They have a closer kinship with nature than the white men have ever had and they want to retain it. Then the story goes on as follows:

The bill implicitly extinguishes—

Notice the word "extinguishes".

—Aboriginal Rights by utterly ignoring them. So-called Canada Lands in the Territories are in reality Aboriginal Lands. The Bill extinguishes precisely those rights which the Charter of Rights pretends to guarantee.

So, even before the Constitution becomes law, we are passing other laws and taking away the rights that we are leading native people to believe they will have if and when the proposed Constitution becomes the Constitution of Canada.

Mr. Munro (Esquimalt-Saanich): Duplicitous.

Mr. Taylor: I would like to read one other passage from this story:

> The Bill jeopardizes any coherent evolution toward responsible government by taking away in advance the access to resource revenues—which would constitute the fiscal base for such a government and secondly, it makes a mockery of the aboriginal claims process by pre-empting all resource revenues for the federal government.

It has been said that if one wants to make an independent man a slave, one deprives him of his bread and his water, and that when he gets hungry enough, he will sell his rights for bread and water in order to survive. Some will and some will not; but a great number will. Here we have a section in Bill C-48 which says that the natural resources are going to belong to the federal government, denying for all time the chance of our aboriginal people in that part of our country to ever become an independent people with a buoyant economy. We take away their means of becoming a buoyant citizenry which could be proud and make a contribution to the country.

● (1630)

I think the government now has a chance to show whether it is sincere in putting this section in the bill about aboriginal rights. A few weeks before it was inserted in the bill, the Prime Minister (Mr. Trudeau) said in this House something to the effect that, "If you will tell me what aboriginal rights are I will agree or disagree." A few weeks after that, the clause was put in without those rights being defined in any way.

As an individual I support the bill, Mr. Speaker. If the government is sincere in its desire to be fair with the native people in regard to aboriginal rights, it should show its hand by withdrawing the policy we are discussing today.

Mr. Peter Ittinuar (Nunatsiaq): Mr. Speaker, I should also like to speak to the motion proposed by the hon. member for Notre-Dame-de-Grâce-Lachine East (Mr. Allmand) and to commend the hon. member for Bow River (Mr. Taylor) for his comments.

From our perspective, this policy on land claims is somewhat anachronistic in light of the recent constitutional steps taken by Parliament as a whole.

After eight years, the 1973 land claims policy is a document which is outmoded in the context of the recent constitutional recognition of aboriginal rights.

The 1973 policy required the extinguishment of "native interest" in certain lands in exchange for some kind of compensation. It further limited negotiations only to areas where native title had never been extinguished by treaty or superseded by law.

The policy's provisions had the effect of smoothing the way for resource developers in the north by extinguishing aboriginal title, and in the south by precluding negotiations in areas where resource developers were already established.

The kind of settlement this policy offered native people was loss of political and economic control in exchange for their assuming full responsibility for their own well-being.

In a paper on the 1973 policy statement on native settlements, Murray Angus discusses the advantages of this policy for the federal government. He says:

> The type of compensation, particularly the large cash payments, served to legitimate the government's over-all handling of the native problem and also exonerated it from much of the responsibility for their future welfare.

The problems with implementation of the James Bay agreement—with all due respect to James Bay Inuit and Indians—demonstrates quite clearly how the federal government abrogates responsibility in native communities after it has reached a "compensation for extinguishment" settlement, as was the case in the James Bay agreement.

The 1973 policy also had the effect of moving questions of aboriginal title out of the courts in order to facilitate the negotiations process. Even though court cases are time-consuming and costly, native people have demonstrated over and over that they are patient. This was very evident in the Baker Lake court case. Perhaps it is fair to say that federal government and resource developers are not patient, but there has been increasing pressure to settle "claims" in order to speed up development. Bill C-48 is such an exercise.

The reformed Constitution which recognizes and affirms aboriginal rights and aboriginal title, has important implications for the settlement of comprehensive claims. Constitutional rights cannot be extinguished by any legislation or policy statement. Everyone knows that the idea of extinguishment is not only anachronistic, but will shortly be legally impossible.

Comprehensive claims are not simply a way "to remove the sense of grievance and injustice which impedes the relationship of the Indian and Inuit peoples with the governments concerned and with their fellow Canadians," as the 1973 policy statement suggests. Comprehensive claims provide a mechanism for defining aboriginal rights for the first time in Canadian history.

The present policy, based on the 1973 policy statement, prejudices the process of defining rights through comprehensive claims negotiations. For example, the present policy prohibits negotiations on land which contains oil and gas reserves. This certainly prejudges the issue of whether aboriginal title includes rights to oil and gas benefits on land subject to aboriginal title. We know the value of the buck as well as anyone in Canada. It also explains the apprehension expressed by northerners about the proposed oil and gas act.

The Inuit Tapirisat of Canada and the federal government are now involved in comprehensive claims negotiations. It is not known, however, whether the Inuit Tapirisat can negotiate on those lands which contain oil and gas and on those lands on which Bill C-48 will increase development. Last summer the Inuit Tapirisat of Canada addressed the Standing Committee on Indian Affairs and Northern Development. I quote Thomas Suluk, the chief negotiator for the Inuit Tapirisat as follows:

A land claims settlement between the Inuit of Nunavut and the federal government should reflect an awareness that the days of trinkets and tiny reserves are over; an awareness that a people cannot retain its self-reliance and self-esteem if the power to shape its future is appropriated by others.

Implicit in this statement is the realization that for Inuit, land claims negotiations and political development issues are inseparable. Self-reliance and self-esteem do not result from transfers of money, but rather from the management of one's own affairs within the greater society in a way which integrates the cultural pride of a people with political and economic structures responsive to the people.

The Inuit of Nunavut have proposed the creation of a new Territory in the Eastern Arctic. The Nunavut territory is supported not only by those who, like their ancestors, were born in the north, but also by those who have chosen to make Nunavut their home. This includes many people from the south.

The legislative assembly of the Northwest Territories passed a number of resolutions last November which address the question of division of the territory. These resolutions include recognition of the present geo-political structure of the Northwest Territories as an interim arrangement and commitment in principle to the divsion of the Northwest Territories into eastern and western portions, subject to the expressed will of the people, by plebiscite.

In 1974, Dr. Lloyd Barber of Regina University, in his role as Indian Claims Commissioner for Canada at that time, stated, in relation to Dene rejection of the notion of "extinguishment" of aboriginal rights, as follows:

I cannot emphasize too strongly that we are in a new ball game... We've been allowed to delude ourselves about the situation for a long time because of a lack of political power in native communities.

Seven years after this statement was made, the constitutional package recognized and affirmed aboriginal rights. It has been a long and tough battle, and one which, in many ways, has only just begun. Perhaps the recent constitutional amendments are a beginning.

Political power in native communities may be growing. The evolution planned by the Northwest Territories government may reflect that. Perhaps this growth will foster changes in attitude among the politicians and bureaucrats who handle native claims.

We await with interest the forthcoming comprehensive policy of the Minister of Indian Affairs and Northern Development (Mr. Munro) and we fully expect it to reflect the change in official government attitudes which the constitutional revision process began. I have spoken in support of the motion of the hon. member for Notre-Dame-de-Grâce-Lachine East.

Some years ago the Prime Minister (Mr. Trudeau) stated that he would never see the north attain provincial status. He also said there were no aboriginal rights. Perhaps his changed in attitude toward aboriginal people, with his commitment to constitutional recognition of those people will reflect changes in his attitude or political awareness of the north as well as of other parts of the country.

• (1640)

[*Translation*]

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, first of all, I would like to congratulate the hon. member for Notre-Dame-de-Grâce (Mr. Allmand) and thank him for his interest in the cause of the native people of Canada, not only in this House, but also in the Committee on Indian Affairs and Northern Development, especially as the motion which he introduced today gives us an opportunity to review the situation of the native people of Canada.

Mr. Speaker, history tells us that several attempts have been made to meet more adequately the concerns of the Canadian native people. The federal government has recognized the validity of this objective. On August 8, 1973, the Minister of Indian Affairs and Northern Development announced the policy of the government concerning the claims of the Indians and Inuit.

On the one hand, this policy reaffirmed the principle long recognized by this government that legal obligations towards the Indians would be met; for this purpose, the government would continue to hear such grievances as the Indians might state concerning its administration of Indian lands and other property under the provisions of the Indian Act and Regulations, as well as such claims as might be made concerning the negotiation and interpretation of treaties with the Indian people or agreements and proclamations concerning the Indians and the reservations. In this statement of policy, Mr. Speaker, the claims based on these grievances were called particular claims.

On the other hand, the government of Canada stated that it was willing to negotiate the settlement of claims with native groups in the regions of Canada where, in keeping with traditional use or occupation of the land of these regions, these groups had acquired certain rights which had never been cancelled by a treaty or an act. While this interest was never conclusively recognized or defined in Canadian law, it ensues from the traditional utilization and occupation of lands in these regions, which include the Yukon, Northern Quebec, the major part of British Columbia and the Northwest Territories. The government recognized that occupation of these lands by non-Indians had not taken this right into account, that the Indians had not been offered compensation for the gradual erosion of their rights, and that generally, this had prevented the native people from taking advantage of the development which could have resulted from the settlement of these lands.

The claims which would be based on that principle are called "over-all claims". I think the summary I have just made of the policy concerning aboriginal rights in 1973 may be of some use. However, to appreciate its full import it would be advisable to read the statement made by the Minister of Indian Affairs and Northern Development on August 8, 1973. Several Indian bands in Canada Maintain relationships with the federal government which are symbolized in the treaties

they have made with the Crown in the course of history. Since the government committed itself a few years ago in the case of Indian claims and treaties, the legitimate rights of the Indians must be recognized. That still remains the basis of government policy.

The commitment of the government of Canada to abide by the treaties has been reaffirmed very recently by Her Majesty the Queen when she spoke to Alberta's Indian representatives in Calgary on July 5. Among other things, Her Majesty the Queen said, and I quote:

> You may rest assured that the government of Canada acknowledges the significance of fully observing the treaties, both in the spirit and in the terms of those agreements.

That declaration and the present policy statement testify to the fact that pursuant to the provisions of the British North America Act, the government acknowledges and accepts its continuing responsibility for the Indians and the territories which have been reserved for them. In that respect the government considers that its position results from a historic evolution which dates back to the royal proclamation of 1763, which remains a fundamental declaration of the territorial rights of Indians in this country, regardless of the differences that may have surfaced in its legal interpretation.

In addition, Mr. Speaker, as a result of a court ruling, the jurisdiction of the federal government over the Indians has been extended so as to include the Eskimos and the Inuit. If we are again drafting new premises at this time it is because we want to point out that the ensuing policy statement is not meant to make amendments to it. The government wants to reaffirm to the native people involved and to the people of Canada generally that its policy in that respect is nothing less than an attestation of its responsibility.

This policy is concerned with the claims and the proposed settlements of already old grievances. Those claims originate from Indian bands which have not signed treaties with the Crown. According to them they are warranted under various titles: Indian title of ownership, title of aboriginal ownership, aboriginal title of ownership, native right of ownership or right of usufruct. Essentially, the native people seek to obtain compensation by filing claims based on the loss of traditional enjoyment and occupation of territories in certain parts of Canada where the property title of the Indians has never been abolished by treaty nor replaced by statute. Ever since it came to power in 1968 the government has accepted those claims and provided funds as well as other forms of assistance to the Indians and the Inuit so as to enable them to do the research necessary to establish their traditional territorial interests.

● (1650)

The government has now received official requests from certain native groups and knows that others will follow suit. The lands involved are in British Columbia, Northern Quebec, the Yukon and the Northwest Territories. In reviewing its approach to Indian and Inuit claims, the government has considered and taken into account the briefs presented by various associations and the opinions expressed both by those groups and the members of the Standing Committee on Indian and Northern Affairs, on which I sit as well as recent court proceedings dealing with Indian claims. The government is well aware of the fact that the claims do not involve mere land and money issues but that they are related to a way of life. Therefore, any settlement must, in a positive and durable way, help solve the cultural, social and economic problems which for far too long have maintained the Indians and Inuits as second-class citizens in our society.

Basically, the government's view is that these claims must be settled and that the best way to do so is through negotiations. These negotiations should result in agreements with the various Indian and Inuit groups involved and such agreements should be enshrined in legislation voted by this Parliament so as to have force of law. I heard the hon. member for Nunatsiaq (Mr. Ittinuar) of the Northwest Territories a moment ago express his pleasure at the fact that since aboriginal rights would be included in the Constitution the settlement of land claims would no doubt be speeded up, and I think that it is a credit to members of this House that they passed the amendment that was put forth during the constitutional debate.

Mr. Speaker, this government is now prepared to negotiate with the official spokesmen of these groups on the principle that if the traditional rights to the lands claimed can be established, native people will receive just compensation or benefit for these interests. The lands that are in litigation do not fall under federal jurisdiction. In the Yukon and the Northwest Territories, the government has the power to use Crown lands after consulting with the territorial governments. With respect to the claims involving lands in the provinces, provincial powers and the rights of Canadians living on those lands have to be so considered. So as to reach satisfactory agreements with the Indians and Inuit residing in the provinces, the latter, together with the federal government, must get involved in the negotiation and settlement process. It is in the interest of these provinces and their residents that these land claims be settled and it is reasonable to say that the provinces are prepared to offer compensation. The government has made its position clear to the provinces involved and has strongly urged them to participate in the proposed negotiations. There are differences between some of the native claims and other differences are bound to come up in the future. They stem mostly from the settlements that have been proposed and require a flexible approach which the government is willing to take.

About a year ago, the B.C. Indian Chiefs Union demanded compensation based on the traditional loss of enjoyment and land occupation in that province. Since then, the courts have answered the Nishga claims relating mostly to lands under provincial jurisdiction. The government is now ready to negoti-

ate those Indian claims in British Columbia and considers the provincial participation as essential to a satisfactory settlement.

As for New Quebec, most important legal cases related to Indian claims in that area are now before the provincial courts. Once again, the federal government believes that negotiation is the best method of obtaining the results hoped for by all parties concerned, and it will spare no effort to find a solution. However, as those questions are now before the courts, it would be improper for the Canadian government to say more on the matter.

The government has already agreed with the representatives of the Yukon Indians to start negotiations concerning their claims. Those dealing with the proposed settlement have already started. The government is also ready to negotiate with the associations of non-treaty Indians and Inuits from the Northwest Territories. The government has made clear for quite some time that it is willing to fully meet its obligations, show flexibility and hold consultations with the interested parties. Like the Indian groups of Canada, the Northwest Territories Eskimos have obtained funds to help them carry out studies on land claims. In all cases where it is acknowledged that traditional land interests have been disregarded, the government has been willing to look into them and it recognizes in principle the need to compensate any loss resulting from such neglect. It agrees that the best way to achieve the proposed objectives is to reach a freely negotiated settlement with all parties concerned.

Mr. Speaker, in some parts of the country, such as southern Quebec and the Atlantic provinces, there are no treaties dealing with transfer of lands. In this regard, the government is of the opinion that territorial claims in those areas are different in nature from those we spoke of a while ago. The Indians submitted claims concerning their interests in those lands which the government is now in the process of studying. It has also provided them with funds to pursue their necessary research. The policy of the government with regard to the claims of our native peoples fits into the context of other policies intended to alleviate the feeling of bitterness and unfairness that dampens good relations between, on the one hand, the Indians and the Eskimos, and, on the other, the governments concerned and the other Canadians. I see, Mr. Speaker, it is almost five o'clock. Once again, I wish to say how pleased I was to take part in this debate.

This policy has been the mechanism used throughout the study of the claims mentioned by the first speaker. Now that it has been suggested that the rights of our native people be entrenched in our Constitution, the settlement of land claims will no doubt be speeded up. There is no reason to stop negotiations already under way for that purpose and wait for final patriation—

Mr. Knowles: Question.

Mr. Cyr: —nor is there any reason to put through a waiting period those groups who have certain claims when they are ready to negotiate now.

Mr. Knowles: Question.

Mr. Cyr: The entrenchment of ancestral rights in our Constitution is in itself official recognition of the status of the native people of Canada.

Mr. Deputy Speaker: The hour provided for consideration of private members' business has now expired.

[*English*]

It being five o'clock p.m., pursuant to Standing Order 2(1) and Standing Order 2(3), this House stands adjourned until Tuesday, May 19, 1981 at two o'clock in the afternoon.

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, May 19, 1981

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

THE ADMINISTRATION

MINISTERIAL TRAVELS ABROAD—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise under Standing Order 43 as a surrogate for the millions of Canadians who are suffering social and economic misery because of a bankrupt administration which is bereft of ideas and solutions, and indeed is unaware of and insensitive to the chaos it has created in the economy. Therefore I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That this House deplores the actions of the Prime Minister and the Deputy Prime Minister in junking Parliament and the Canadian people before junketing abroad at such a critical period in our economic plight and, furthermore, that the estimates for travel for the aforesaid gentlemen be reduced to $1 so that they will stay at home and apply themselves to finding solutions to the serious problems they themselves created over the last 12 years.

Their facade of helping other nations is disgustingly presumptuous when they cannot even help Canadians.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SMALL BUSINESS

CALL FOR REASONABLE INTEREST RATES—MOTION UNDER S.O. 43

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, last week under this order I moved two motions asking for the reduction of interest rates to assist the farmers in my area. I am now aware of a small machine shop and crane rental firm which, due to the unreasonably high interest rates, is forced to reduce its staff from 30 to eight and sell off seven of its ten mobile cranes, adding to unemployment in the area and reducing available services.

I again therefore, move, seconded by the hon. member for Northumberland (Mr. Hees):

That the Minister of Finance immediately institute reasonable interest rates for small business.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL ENERGY PROGRAM

IMPACT ON SERVICE COMPANIES—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity.

In view of the fact that the Minister of Energy, Mines and Resources, over the past several months, has failed to heed the warnings of the hon. member for Assiniboia (Mr. Gustafson) as to the drastic effect his national energy policy has been having on the supply and service industry in Saskatchewan and Alberta; and in light of the visit last week of representatives of the industry, and the belated outcry on the weekend by the sole candidate for leadership of the Liberal party in Saskatchewan who, up until this point, has been an unquestioning supporter of the government energy policy; I move, seconded by the hon. member for Saskatoon West (Mr. Hnatyshyn):

That the Minister of Energy, Mines and Resources make a statement on motions indicating what changes he plans on making in his energy program to assist the small service and supply companies in order that they will not end up in bankruptcy or be forced to move to the U.S.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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POST OFFICE

SUGGESTED COMMEMORATIVE STAMPS TO HONOUR THE DISABLED AND THE HANDICAPPED—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I rise under the provisions of Standing Order 43. Since 1981 is International Year of Disabled Persons and Canada has been in full support of this international declaration, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

S.O. 43

That this House requests Canada Post to print at least two stamps during 1981 to commemorate the International Year of Disabled Persons, with one stamp depicting the logo of the international year and the other exemplifying the contribution made by Terry Fox in his Marathon of Hope that clearly showed that disabled and handicapped Canadians can and should be recognized for their abilities rather than their disabilities, a design for a Terry Fox stamp having been approved by the Fox family.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

GOVERNMENT POLICIES—MOTION UNDER S.O. 43

Mr. John Bosley (Don Valley West): Madam Speaker, I rise under the provisions of Standing Order 43. Last week the Prime Minister indicated that he appears to believe that Canadians should be more grateful for the apparent 50 per cent improvement in real wealth over the last decade. During that decade the tax grab of the government has increased by more than 100 per cent. Therefore I move, seconded by the hon. member for Vancouver Quadra (Mr. Clarke):

That the House inform the Prime Minister that it totally rejects his policy of "one for Canadians and two for me", that the government should begin at long last to leave more in our economy for Canadians, and that the House believes that the Prime Minister should at the very least apologize to Canadians for his economic stupidity.

Madam Speaker: Is there unanimous consent for such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADA DEVELOPMENT CORPORATION

APPOINTMENT OF DIRECTORS—MOTION UNDER S.O. 43

Mr. Doug Lewis (Simcoe North): Madam Speaker, I rise under the provisions of Standing Order 43. The large number of Liberal party hacks vying for nomination to the board of directors of the Canada Development Corporation has created confusion in the ranks of the unemployed. It may well be that there will be no more room for spouses of cabinet ministers. I therefore move, seconded by the hon. member for Prince George-Bulkley Valley (Mr. McCuish):

That the Minister of Finance be instructed to hold a lottery for laudable Liberals to determine which will be accommodated at the public trough as directors of the Canada Development Corporation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1410)

[*Translation*]

THE CONSTITUTION

SUGGESTION THAT GOVERNMENT WITHDRAW PARLIAMENTARY RESOLUTION—MOTION UNDER S.O. 43

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, pursuant to the provisions of Standing Order 43, I ask the unanimous consent of the House to deal with a matter of urgent and pressing necessity.

In view of the fact that the Quebec Liberal leader, Mr. Claude Ryan, has stated during the weekend that the defeat of his party in Quebec was due to the fact that the Prime Minister (Mr. Trudeau) has stubbornly ignored the will of the provinces in his attempt to patriate the constitution unilaterally, and considering the relevancy and truth of such a statement, I move, seconded by the hon. member for Don Valley West (Mr. Bosley):

That this House publicly reassert the will of the Canadian and Quebec people under the circumstances to object to this unilateral action, and that the government withdraw its totally unacceptable project in the best interests of all Canadians.

Madam Speaker: The presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

THE ECONOMY

EFFECT OF HIGH INTEREST RATES ON HOME OWNERS—MOTION UNDER S.O. 43

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I rise under the provisions of Standing Order 43. Whether or not the government believes it, there are people in Canada who will suffer immeasurably as a result of high interest rates. Therefore I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the government table in this House the reasons why it has decided that Canadian families should be forced to abandon both their homes and investment therein as a result of usurious interest rates, while the banks enjoy record profit margins and, further, that the Minister of Finance should arrange public hearings across Canada to enable him to understand the magnitude of this problem.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE CENSUS

APPOINTMENT OF ENUMERATORS—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, in view of a recent admission by census manager, Mr. Edward Pryor, that candidates for positions as census enumerators are nominated for each position by the local Liberal party organization or a Liberal member of Parliament, and whereas Mr. Pryor said, "It's not easy to find qualified people and if the party organization was not used, some other structure to find candidates would be needed", I therefore move, under the provisions of Standing Order 43 and seconded by the hon. member for Don Valley West (Mr. Bosley):

That this House insists, as a matter of principle, that the 1981 census be carried out in a manner free of political influence or favouritism and therefore instructs Mr. Pryor and his boss, the minister responsible for Statistics Canada, to meet immediately with the Minister of Employment and Immigration so that qualified and deserving census enumerators might be selected on an impartial basis from those thousands of qualified Canadians presently seeking employment through Canada Manpower Offices.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

SUGGESTED INTRODUCTION OF FARM BUSINESS DEVELOPMENT BOND PROGRAM—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, in the first quarter of this year farm bankruptcies were up 70 per cent from the same period a year ago because of the unconscionably high interest rates being condoned presently by the Government of Canada. At the same time the Small Business Development Bond program has proved to be a great help to small business; indeed, according to the Federation of Independent Businessmen, it has been a lifesaver to them. I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the government consider applying the same principles of the SBDB to the agricultural sector and create a farm business development bond. In this way the government will go at least some way toward relieving the very high pressure being exerted at this time on this important and vulnerable sector of our Canadian economy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

CALL FOR LOWER INTEREST RATES—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Inflation caused and aggravated by lack of production, along with higher interest rates and taxation like the excise tax on natural gas, means that farmers must pay more for heat, fertilizers, credit and machinery. Thus being unable to cope with these skyrocketing costs, they have no alternative but to cut production, which aggravates inflation bringing still higher interest rates, which again lowers production, all of which is already bankrupting our producers. Whereas the policies of the Liberal government are responsible for this vicious cycle, I move, seconded by the hon. member for Peace River (Mr. Cooper):

That this House demands that the Minister of Finance immediately lower interest rates for producers and eliminate the excise tax, which will start this country back toward economic sanity and stability, which will mean increased production, which will lower interest rates and inflation, which will again increase production, which will mean further increased production, which will lower interest rates and inflation, which will again increase production, and thus bring prosperity and happiness back to this depressed country.

Some hon. Members: Order, order.

Some hon. Members: Hear, hear!

Madam Speaker: Order, please. Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1415)

ORAL QUESTION PERIOD

[*English*]

HOUSING

ASSISTANCE FOR HOME OWNERS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is for the Acting Prime Minister, who will recall that in the Speech from the Throne the Government of Canada solemnly promised that it would:

—act to assist those unable to bear the burden of renegotiating their home mortgages in the present abnormal situation so that the spectre of foreclosure will be avoided.

That was the solemn promise given by this government in the Speech from the Throne. The other day the Prime Minister indicated that the government intended to break that promise and that it would not help Canadian home owners who are faced with foreclosures.

The Acting Prime Minister will know that the government is spending $1.5 billion on the acquisition of Petrofina. He will also know that the government is spending some $480 million, which it does not need to spend, on oil import subsidies

because it cannot come to an agreement with the producing provinces. Will the Acting Prime Minister tell this House and the people of Canada why the government prefers to spend billions of dollars on buying oil companies and on subsidizing the oil economies of OPEC nations rather than using that money to keep its promises to help Canadian home owners who face foreclosure?

Some hon. Members: Hear, hear!

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, the statement quoted by the right hon. gentleman must be seen in the context of the whole Speech from the Throne. I would draw to his attention, and to the attention of members of the House, the next sentence in the Speech from the Throne, which was to the effect that the ministers of the government were convinced—and this was in April of last year—that the objective of this saving feature referred to by the right hon. gentleman could be achieved without the government embarking upon a major subsidy program. Indeed, subsequent to that, the Prime Minister requested that I meet with the leaders of the lending institutions, which I did. We encouraged and urged them to attempt to assist home owners faced with these problems on a selective and individual basis. I would submit, in fact, that has been the case, since in this month the number of foreclosures is down compared to the same period for last year.

Mr. Clark: Madam Speaker, unwittingly the minister has given very good advice to the people of Canada. He says that you should always read the next sentence in what any Liberal says. The next sentence in what any Liberal says is that they will break the promises they solemnly give to the people of this country.

Some hon. Members: Hear, hear!

* * *

THE ECONOMY

GOVERNMENT EXPENDITURES ON OIL COMPANIES AND OIL IMPORTS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is for the Acting Prime Minister. I hope he will not shuck this one off to some other junior minister.

Some hon. Members: Oh, oh!

Mr. Clark: My question has to do with the priorities of this government, which has refused to help Canadians who are facing foreclosures on their homes. It refuses to help low income Canadians who are dealing with the extraordinary costs of inflation; it refuses to help small businesses and farmers who are facing bankruptcy, yet it is prepared to spend $1.5 billion to purchase an oil company and $480 million on an oil import subsidy, which it does not need, since it is too stubborn to come to an agreement. We know that the government is prepared to spend billions of dollars. Why does it prefer to spend billions of dollars on oil companies in foreign countries rather than spending them to help Canadians here at home in a time of serious economic crisis? Can the Acting Prime Minister explain those priorities to us? Why do oil companies receive more priority than widows, home owners, and the victims of bankruptcy?

Hon. Jean-Luc Pepin (Acting Prime Minister): Madam Speaker, the first question raised by the hon. gentleman had to do with housing, so I thought the proper minister to answer the question would be the minister in charge of housing.

With regard to the statement by the Leader of the Opposition about the acquisition of Petrofina, I think most people in Canada are in full support of that acquisition.

Some hon. Members: Hear, hear!

Some hon. Members: No!

Mr. Pepin: If the Leader of the Opposition asked questions with respect to what the people of Canada want, I think he would find that they are more in agreement with the acquisition of Petrofina than they were in agreement with his position on Petro-Canada.

* * *

● (1420)

AGRICULTURE

INCREASE IN FARM BANKRUPTCIES

Right Hon. Joe Clark (Leader of the Opposition): I at least give the Acting Prime Minister credit for not trying to defend what is indefensible, and that is, to spend Canadian taxpayers' money, to raise the taxes of Canadians, to put it into the hands of large oil companies and into the hands of OPEC rather than to put that money into the hands of Canadians who need help in meeting mortgage interest payments or in avoiding bankruptcy or in meeting any of the other domestic economic crises which this government's economic policy has caused.

The Minister of Agriculture heard his Prime Minister say the other day, before his Prime Minister left the country, that Canadians, including farmers and food producers, are ahead of the game and that their real disposable income has gone up by 50 per cent during the period 1970 to 1980.

If the Minister of Agriculture agrees with that, will he explain to us how it is that in Ontario alone, in the first three months of this year, farm bankruptcies have gone up 76 per cent over last year? Will the Minister of Agriculture also tell us, if farmers are having it so good this year, why are there all these farm bankruptcies, and what does his government intend to do to help Canadian farmers who are facing bankruptcy as a direct result of the policies of his government?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I am aware of what the Prime Minister has said. It is true what he said about farm income; but there are certain sectors in the farm productive industry which are in deep

trouble. Those are the ones in the pork and beef production entities, the red meat production entities. However, the others have enjoyed what the Prime Minister has said, that kind of living. They have looked after themselves to a certain extent. They have looked after themselves in a better marketing establishment for themselves, better marketing entities for themselves.

All one has to do is to check the grain industry, if one wants to see this, where interest-free advance payments are made to them. If one looks at the grain-year that ends in July and starts again in the first of August, one will see that they have applied for less this year, so far, than they did the year before, because they are delivering their grain and they are getting reasonable prices for it. So, those production entities are doing well in agriculture; but the bankruptcies are in the two areas which are doing so badly. Speaking of bankruptcies, when one uses the terminology of 70 per cent more, one has to be realistic and realize that there were only 124 in Ontario last year, and there have been slightly over 200 registered so far this year.

But I am sure that the hon. Leader of the Opposition also knows that that does not show the true picture because many of the people are losing their—

Mr. Epp: Their shirts!

Mr. Whelan: —their farms, etc., and not really declaring bankruptcy. They are being put in a form of bankruptcy by banks, etc. So, even the figures which we are both using do not show the true picture.

Mr. Hees: You are Paul Martin's boy, Gene.

* * *

THE ECONOMY

GOVERNMENT PLANS TO ASSIST HOME OWNERS AND LOW INCOME CATEGORIES

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is to the Acting Prime Minister who will remember that last week the Prime Minister stood up in the House and boasted that Canadians never had it so good. What is more, on the CTV "Question Period" the Minister of Finance said: "individuals are pretty adaptable and they are now prepared to live with the inflation rates and the mortgages rates." That shows just how far he is removed from ordinary people who, indeed, are not prepared to live with the government's high interest rate policy. They want to know what the government is doing.

I would like to ask the Acting Prime Minister, because I think that he is probably more sympathetic to the plight of the ordinary income earner than either of his colleagues I have mentioned, what the government is prepared to do to relieve the problems of those who are losing their homes or who are being forced to exist on less than adequate diets?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, like the Prime Minister and the Minister of Finance, I am quite confident that the average Canadian has a much better understanding of the situation facing the Canadian society than the hon. member. Indeed, if we refer to the basic principles of the budget as expounded by the Minister of Finance, we can see that there were two main objectives: first, fighting against inflation, and the current situation demonstrates that the inflationary pressures are still with us; second, achieving autonomy in the field of energy. As regards inflation, both the Prime Minister and the Minister of Finance have reaffirmed our position, namely, that it remains enemy No. 1 and that we have taken steps to cushion its impact on those who were most vulnerable in our society, and the average Canadians understand and follow that policy.

• (1425)

[*English*]

EFFECT OF INCREASE IN FOOD COSTS

Hon. Flora MacDonald (Kingston and the Islands): It is easy to see, Madam Speaker, that even though the Minister of Finance is out of the country, his cabinet colleagues have the albatross of the Minister of Finance hanging around their necks.

I should like to direct my supplementary question to the Minister of Consumer and Corporate Affairs who surely must be shocked by the tremendous increase in the cost of food. The over-all consumer price index is up 12.7 per cent, but the price of milk is up 48 per cent in the past year, butter 37 per cent, potatoes 148 per cent, and fruit and vegetables 73 per cent, to name just a few.

I should like to ask the minister what he is doing to see that consumers are not being gouged. What recommendations is he making to his cabinet colleagues to see that the burden of these high food costs is not falling heaviest on those who can least afford it?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, it is obvious that rising prices, particularly food prices, must be of great concern to all Canadians. Of course, as consumer minister I am very much interested in that question, but I support the efforts made by the Minister of Finance to settle the problems created by inflation. I do not believe we can isolate the question of food prices and turn it into the exception. On the contrary, I would suggest that anyone who cares to examine the situation in the field of food prices will realize that very fortunately food prices in Canada are still much lower than those which prevail in most industrialized countries.

[*English*]

SOCIAL SECURITY

QUERY RESPECTING AID FOR SENIOR CITIZENS

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, my question is for the Minister of National Health and Welfare. In view of the serious repercussions of high interest rates and high prices as far as senior citizens are concerned, does the government plan anything at this session on an emergency basis to come to the aid of senior citizens? I ask the minister not to give the stock answer that there was a $35 increase last year and that it has been fully indexed because, as a matter of fact, the maximum guaranteed income supplement today is only 8.8 per cent higher than it was when that $35 was given, whereas the cost of living is rising at a rate of 12.5 per cent on an over-all basis, and even more with respect to food. Is the government going to do something on an emergency basis for senior citizens right now?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I would like to be able to give a positive answer to the question asked by the hon. member, but unfortunately I cannot do so for the very reason that we are now trying to get through a rather difficult economic period. The hon. member does not want me to speak about the indexation of the old age pension supplement. I must still tell him that we have seriously considered the possibility of using a different index for senior citizens according to the cost of a food basket and a model of budgetary spending applicable to their particular way of life. All the advice that we have received in this regard was to the effect that over ten years, the difference would represent a total of only 1 per cent, or .1 per cent a year, which cannot justify exceptional measures. Apart from this measure, we cannot incur further major government expenditures at this time, I am sorry to say.

● (1430)

[*English*]

REQUEST FOR EMERGENCY ACTION

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, I did not ask the minister not to refer to the indexation of pensions. I asked her not to allege that the $35 given last year was being fully indexed, for it has not been. With respect to the point she has raised about a separate index amounting to only a 1 per cent difference over ten years, may I ask if she is not aware of the fact that at the present time food prices are running at 16 per cent and 18 per cent or higher on an annual basis, and that rental and energy costs are rising beyond reason? Is there not now, in her opinion, a case for an emergency measure—never mind the ten-year period—to keep senior citizens from falling too far below the poverty line?

Some hon. Members: Hear, hear!

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I regret to have to mention the matter of cost when dealing with the problem of senior citizens, especially—and I do emphasize this to the House—that of single people who receive the income supplement and many of whom are women. We do not usually say that they receive a sufficient number of special privileges which are not taken into account in the indexation and which are of course not deducted, such as senior citizen residences which clearly cost less. There remains one problem of which I have often talked with my colleagues in the House, and which would cost us $730 million to solve.

As for the other senior citizens, I refer to the couples, all of them are now over the poverty line, and this is why we often speak about the $35 a month, which makes $480 a year, to which quarterly indexation applies. The next indexation of the old age security pension and supplement is due in five weeks. It will amount to several dollars. It is worked out to take into account—and I regret that it cannot occur at the same moment as prices increase, but everyone knows that this is impossible. In five weeks, there will be an increase of several dollars in the amount of the pension and the supplement.

[*English*]

Mr. Knowles: Madam Speaker, as the minister must well know, that indexation she talks about is always behind. By the time a pension increase comes, there is another rise in the cost of living leaving pensioners still further behind.

REQUEST FOR LEGISLATION TO BENEFIT WOMEN AGED 55 TO 65 YEARS

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, my final question has to do with the very good speeches the minister makes around and about the country, in which she keeps saying that one of her priorities is to do something for single women, especially those between the ages of 60 and 65, who are not included in the spouse's allowance, and those between the ages of 55 and 60, for whom there is nothing under federal auspices. Is the minister prepared to make recommendations at this session of Parliament to do something to remove this discrimination against women between the ages of 55 and 65?

Mr. Baker (Nepean-Carleton): Before the end of this session.

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Unfortunately, Madam Speaker, I have not spoken about this problem for quite a while, except to recognize its existence when it is specifically discussed, and this for a good reason. I have examined repeatedly the priorities of my department and the available budget, not only in my own department, but for the government in general, and it is impossible

for me to recommend such action as a priority before we have placed the people over 65 above the poverty line. This is still our first priority, and unfortunately, I have always said that this could not be done immediately, but rather as soon as the economy would permit.

[*English*]

REQUEST FOR EXAMINATION OF IMPACT OF HIGHER PRICES ON POOR AND ELDERLY

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is for the Minister of National Health and Welfare. The food component of the Consumer Price Index, that is the food eaten at home, showed a 16 per cent increase. Our current rate of inflation is one per cent per month. Today we are told by Agriculture Canada that we can anticipate a faster increase in the rate of the price of food. Given these factors and the fact that the minister is not prepared to act to protect old age pensioners, those on fixed incomes and the working poor, against rising food prices, and rising energy prices in terms of home heating fuel, is the minister prepared at least to authorize a thorough examination into the impact of the Consumer Price Index, particularly the food price increases on the working poor and on the elderly, and is she prepared to do that now?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I have explored thoroughly, with officials of the different departments concerned, and with my provincial colleagues, the components which make up our indexation and the way it is passed on to people through all the social programs. Concerning the working poor, it is true that the child tax credit which mothers are receiving right now, amounting to $238 a year, is indexed annually and it does take time to catch up with preceding years. However, it is supposed to catch up quite closely to the cost of living.

As for pensions and supplements, they are indexed every three months. Because of that they are much closer to the exact additional burden placed on people's shoulders. For that reason I do not accept accusations like that from the hon. member. The hon. member should ask those provinces which have not even passed on the $35 to all seniors who needed it why they have not done so. Instead of asking these types of questions which raise expectations, when the member knows full well there is no more money for big expenditures, and it is immoral to do that.

Miss MacDonald: What about Maurice Strong?

SUGGESTED ADVANCE INDEXING

Hon. James A. McGrath (St. John's East): Madam Speaker, one thing the minister said made sense, that the poor and the old age pensioners of this country cannot expect any sympathy from this government. That is obvious.

The minister referred to indexing of the child tax credit which takes place on an annual basis. Indexing with regard to the Canada Pension Plan also takes place on an annual basis. Indexing with regard to the OAS is done quarterly. In each case though people have to fall either a year or three months behind. Given the economic situation in the country today, surely it is possible to be able to anticipate the rate of inflation on a quarterly basis so that people would not have to fall behind. When people's incomes fall behind the rate of inflation, it is obvious they have to go without. There is no consolation waiting for indexing to catch up when they probably get only $2 more in their old age pension cheque.

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I suppose the question the hon. member asks is whether the government agrees that a monthly or quarterly indexation for all social programs, other than pensions, is apropos. I did not quite understand the question which the hon. member asked.

Mr. McGrath: Madam Speaker, my question is very simple. Why not index three months ahead instead of for the three months that have just passed? That is what I am asking. It is very simple.

Miss Bégin: Madam Speaker, my answer is as simple. Could the hon. member send me his list of forecasts and we will study it?

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

* * *

HOUSING

NUMBER OF FORECLOSURES

Mr. Doug Lewis (Simcoe North): Madam Speaker, my question is for the minister responsible for housing. Earlier in the question period the minister trotted out the same old defence that the number of foreclosures is down. The minister will know that foreclosure is legal history and that banks and trust companies are now using power of sale.

However, my question deals with repossessions and defaults which come into the hands of the mortgage insurance fund. In 1978 the mortgage insurance fund acquired only 2,900 units; in 1979 it acquired 14,800 units. In 1980 it acquired 14,500, an increase of 500 per cent for each of the two years. When the government states that the number of foreclosures is down, does it mean down in comparison to 1978, or down in comparison to the horrendous record of 1979 and 1980?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I agree with some of the statistics used by the hon. member in the introduction to his question. It is quite true that it was during the Conservative government period in 1979 that defaults first dramatically increased. The figure of 14,000 is correct.

Mr. Baker (Nepean-Carleton): You have missed the point.

Mr. Wilson: Can you keep a straight face?

Mr. Cosgrove: As a result of that, the former government authorized the corporation to borrow funds from the government in order to meet the strong demand against the mortgage insurance fund. There is no question but that the strong demand continued into 1980. I thought that I had said earlier in the question period today, and on other occasions when I spoke about foreclosures and the foreclosure rate, that I was comparing this year against last year. After all, it was March of last year when the Speech from the Throne to which the right hon. gentleman first referred was made. It is that period we were addressing. It is that which I used as a benchmark in my response.

● (1440)

DECLINE IN REAL WAGES

Mr. Doug Lewis (Simcoe North): I reiterate, Madam Speaker, foreclosure is legal history. I want to ask the minister of housing something else. The Minister of Finance has suggested that Canadian home owners renewing mortgages taken out in 1976 have more disposable income with which to meet today's high mortgage interest rates. However, in the 1980 annual report the president of CMHC states that "the increase in real weekly wages dropped from an average of 2.5 per cent in the first half of the 1970s to .5 per cent" in the second half of the 1970s. That is cited in the report as a reason for the heavy volume of mortgage defaults in 1980. My question to the minister in this. Who is correct, the Minister of Finance who states that Canadians have enough disposable income to take care of higher mortgage interest payments, or the president of CMHC who cites a slowdown in the increase of real wages as the reason for mortgage defaults?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, I do not have a clear recollection of the Minister of Finance making the statement just attributed to him by the hon. member. To compare those statistics is probably not very useful to any householder, man, woman or family faced with the prospect of the large increases they have to pay in shelter costs.

Mr. Baker (Nepean-Carleton): They just want help.

Mr. Cosgrove: That is a real problem for them. My point today was to say that, compared to last year, thank heavens there are fewer people, whatever the reason may be, faced with that choice, the real prospect of being faced with foreclosure. Therefore they are ahead.

* * *

CANADA LABOUR CODE

AMENDMENT SOUGHT TO AID PART-TIME WORKERS

Miss Aideen Nicholson (Trinity): Madam Speaker, my question is for the Minister of Labour. In view of the fact that Canada's part-time workers, who are mostly women with family responsibilities, do not usually have access to fringe benefits or opportunities for promotion, can the minister say what steps he is taking to ensure that those part-time workers who come under the Canada Labour Code can receive pro rated salaries and benefits, and that barriers to unionization are removed?

Hon. Gerald Regan (Minister of Labour): Madam Speaker, the question is a very pertinent one in today's society, and to a greater degree in view of the developments that appear will be occurring in the work force in the coming months and years. There are some companies which today hire, for certain classes of jobs, only part-time employees. Part of the reason for that may be the fact that they escape pension responsibilities. They are often able to hire those people at lower rates of wages, and there are other absences of benefits. As part of our review of the Canada Labour Code, my department is reviewing that situation and will be coming up with recommendations for legislation which might recognize in a more realistic manner what is happening in the work force today and what sort of protection might be provided for part-time workers, particularly female part-time workers who are a large part of that work force.

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EMPLOYMENT

OVERRULING OF RECOMMENDATIONS MADE BY MANITOBA COMMITTEES ON SUMMER YOUTH EMPLOYMENT PROJECTS

Mr. Rod Murphy (Churchill): Madam Speaker, my question is directed to the Minister of Employment and Immigration. In the case of several Manitoba constituencies, local advisory board recommendations for projects for the summer youth employment program were overruled at the ministerial level and new low priority projects were funded. In view of the fact that the local advisory board concept was a means of ensuring that local people who understood what was going on in their community had a lot of input, can the minister explain why he believes that his knowledge of all the communities is so great that he is able to overrule the recommendations of locally appointed people?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I want to point out to the hon. member that in the vast majority of cases the recommendations of the local advisory boards were followed. If the hon. member has more precise concerns that he would like to raise, I will be glad to deal with them on an individual basis. However, under the present terms, that large generalization just does not hold true.

Mr. Murphy: The minister asks for a precise list of my complaints. In one constituency the sponsor of a project who received money even though it had a very low priority from the local advisory board, was the president of the Liberal party in northern Manitoba. In another constituency it was a relative of Senator Roebuck. In another constituency in Manitoba it was someone from the minister's own constituency who received money to go into Selkirk-Interlake. That is the problem. Will

the minister explain to us why he is using the student youth employment program as a political pork-barrel?

Mr. Crosbie: Right on.

Mr. Axworthy: The hon. member misinterprets the purpose of the program.

Some hon. Members: Oh, oh!

Mr. Axworthy: It is to provide employment for young people in this country. As hon. members will know, each constituency, regardless of political affiliation, has the right to have an advisory board. We have followed the recommendations very dutifully of most members in most cases, and are prepared to listen to their recommendations and consult with them, which is the purpose of that. The fact that there may be some additional funds available which are allocated to where there are projects of real need is a discretionary judgment that must be retained by the government.

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NATIONAL ENERGY PROGRAM

DOWNTURN IN DRILLING ACTIVITY

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, in the absence of the minister of energy I will direct my question to the Acting Prime Minister. The May 4 edition of *Oil Week* shows that oil drilling activity is now down over 50 per cent, land sales of petroleum properties are down over 70 per cent, and 139 drilling rigs have left the country. The downturn that was so widely predicted about the Liberal energy program some months ago is now with us in spades.

Since two of the taxes which are the most controversial in the program, the excise tax on natural gas and the 8 per cent production tax, will be before the House shortly, and since these are the main subject of the deadlock between Alberta and Ottawa, will the government consider deferring these taxes until the negotiations are completed with Alberta to indicate its willingness to be flexible, to unwind this deadlock and to bring an end to the very serious downturn that is with us in this industry?

Mr. Roy MacLaren (Parliamentary Secretary to Minister of Energy, Mines and Resources): Madam Speaker, the hon. member's memory seems to be somewhat confused when he speaks of a downturn resulting from the NEP only. The hon. member may recall that prior to the National Energy Program there were many indications in the journal he cites, as well as in newspapers and other media, of the adverse impact on drilling activity of the gas glut or gas surplus in Canada. We saw a downturn in those drilling activities prior to the tabling of the program.

With regard to the second part of his question, there will be ample occasion to debate the taxes as he suggests.

Mr. Wilson: I will direct my supplementary question to the parliamentary secretary. Since between 500 and 1,000 producing wells have now been capped as a direct result of the energy program of the Liberal party, and since Bill C-57 will be before us shortly, is the government considering any amendments to ease the impact of this legislation on the marginal producing wells, wells that have been producing some oil but are now going out of production? We will now be paying twice the price for oil from countries like Mexico and Saudi Arabia. Will there be any amendments to Bill C-57 which will address that problem?

Mr. MacLaren: Madam Speaker, any amendments to Bill C-57 will be brought forward at the appropriate time.

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● (1450)

CANADA DEVELOPMENT CORPORATION

CHAIRMANSHIP OF BOARD OF DIRECTORS

Hon. John C. Crosbie (St. John's West): Madam Speaker, in the absence of the Minister of Finance, who has fled to Gabon, his only positive contribution to Canada's economy this year, my question is directed to the Minister of Industry, Trade and Commerce, whose department is also concerned with CDC. I refer the minister to the original prospectus for share sales to the public in 1975 of that corporation, and also the information memorandum I have in my hand of September, 1980, which says this:

> CDC is not a Crown Corporation... CDC does not require government approval in the conduct of its affairs and the government has publicly indicated it will not interfere with the directors in the exercise of their business judgment.

In light of those representations made to the public on behalf of the government that it will not interfere with the business judgment of the directors of that corporation, on the basis of which shares were sold to 50,000 Canadians, will the minister now confirm that the government will cease interfering with the business judgment of the directors of CDC, will cease putting pressure on for the appointment of Maurice Strong as the chairman of the board of directors, and will call off Mr. Coutts, Senator Davey and the Minister of Finance, who have been telephoning and harassing directors and trying to pressure them to make these appointments? Will the government now carry out its representations to the public?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, as far as I am aware the government, through the Minister of Finance, is acting in ways totally consistent with the law passed by this Parliament creating the Canada Development Corporation, its role as a shareholder holding some 49 per cent of the shares on behalf of the Canadian people, and is generally operating in a manner consistent with the interests of all the shareholders.

Oral Questions

PROPOSAL TO BUY GOVERNMENT'S SHARES

Hon. John C. Crosbie (St. John's West): Madam Speaker, the minister will know that the CDC repudiated the minister's attempt to interfere with it a few months ago. The minister attempted to force the CDC to go in on some kind of proposal with Massey-Ferguson or Chrysler. The CDC was carrying out its proper function then, and the minister and his people since then have been attempting to bully the CDC and to stop it from taking its independent course.

My supplementary question is this: will the government accept an offer which was sent to the Prime Minister in a letter of May 14 by Burns Fry Limited? Burns Fry Limited was one of the investment dealers involved in the Canada Development Corporation share issue. Burns Fry Limited therefore feels its responsibility. Having been misled into deluding the public, the 50,000 shareholders who contributed some $400 million, Burns Fry Limited has made an offer to purchase the government's shares in the CDC so that the CDC can remain committed on its present course, and the government can go ahead and create a new vehicle to be an instrument of its public policies in the field of investment and business.

Is the government now considering that proposal from Burns Fry, or will the government give it positive consideration, and is the government prepared to sell its shares in CDC and to stop this unwarranted interference in breaching the securities laws of the country?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, the details of this letter have not been brought to my attention, beyond my reading a report in the press, and I would be very happy to check with the Prime Minister to see what further information I can provide to my hon. friend, or he could direct his question to the Prime Minister himself when the Prime Minister is in the House tomorrow.

PURPOSE OF CORPORATION—GOVERNMENT POSITION

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is also directed to the Minister of Industry, Trade and Commerce. It is supplementary to the questions asked by my colleague, the hon. member for St. John's West.

In October of 1980 a leaked cabinet document from the minister's department indicated that the minister was anxious to recast the corporation as a government policy tool. He suggested two options, from friendly persuasion of board members to changing the act. In light of the recent speech made by Mr. Anthony Hampson, the president and chief executive officer of CDC, who said that the CDC is not a buy-back investor, oversized mutual fund saviour of sick companies, employment agency, or regional disparity eliminating machine that some people have talked about, I wonder whether the minister can confirm or deny that he is attempting to change the CDC into something of the nature of a Petro-Canada in the manufacturing and industrial sector. Is that his intention? Is that what he is promoting through cabinet argument?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, the purpose and form of operation of the Canada Development Corporation have been set down in a law passed by this Parliament and, as far as I am aware, the government is not doing anything inconsistent with the direction of Parliament in this regard. If and when there are any decisions by the government to change what is set out in this act, obviously amendments will have to be presented to Parliament, and they will be dealt with in the ordinary way through the full parliamentary process.

REQUEST FOR TABLING OF CORRESPONDENCE

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, the political meddling on the part of the government thus far has meant that there has been at least a 10 per cent drop in the value of the shares which were purchased in good faith by the citizens of Canada. The minister will know that Mr. Hampson came out very strongly in that same speech to which I referred, with respect to political interference. He said that the CDC has grown as a corporation designed to operate in the private sector of the economy under the guidance of a board of directors who are free of political intervention and who hold written assurances from both the Prime Minister and the Minister of Finance to that effect.

I would like to ask the minister whether he is prepared, on behalf of the government, to table the letters which have been given to the board of directors indicating there would be no political interference, and whether he will indicate on the floor of the House of Commons that an attempt to have Mr. Paul Martin, Mr. William Mingo, and others who are well-known Liberals, appointed to the board of directors will be discontinued, or is he trying to make this another St. Maurice Gas Company?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, the minister responsible for the CDC is the Minister of Finance. I will be happy to draw my hon. friend's question to his attention. I was very interested to hear him mention the names of two outstanding business leaders, but I think any further information should come from the Minister of Finance.

* * *

ENVIRONMENTAL AFFAIRS

ALICE ARM, B.C.—DUMPING OF TAILINGS BY AMAX—REQUESTS BY BRITISH COLUMBIA MEDICAL ASSOCIATION

Mr. Jim Fulton (Skeena): Madam Speaker, my question is directed to the Minister of National Health and Welfare. At the weekend the largest medical association in western Canada, the British Columbia Medical Association, passed a resolution making two specific points. The first called for a full public inquiry into the marine dumping of tailings from the

Amax mine at Alice Arm. The second called for the cessation of dumping until a detailed study of bio-accumulation of heavy metals in the food chain has been completed.

Will the minister support the B.C. Medical Association in either of those calls?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I have not had a briefing on the meeting of British Columbia doctors which took place during the weekend. As soon as I have, I will report to the hon. member.

TOXIC WASTE SPILLS—POSSIBILITY OF LEGAL PROSECUTION

Mr. Jim Fulton (Skeena): Madam Speaker, my supplementary question is directed to the Minister of Fisheries and Oceans. He has been in Vancouver recently. There have been two spills of toxic waste from the Alice Arm mine into the intertidal zone. The minister indicated on Thursday in Vancouver that he was considering charges. Could he tell this House whether charges will be proceeded with, or can Amax expect in the future always to be immune from prosecution in the same way it gets special orders in council during elections?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, as usual, the hon. member confuses the two issues. The spills are being examined by officials of the Department of the Environment and my department. If they recommend charges, charges will go ahead. There will be no harsher treatment or softer treatment for Amax than there is for any other organization which is involved in this type of situation.

* * *

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE—TESTING OF INSULATED HOMES

Mr. Peter Lang (Kitchener): Madam Speaker, my question is directed to the Minister of National Health and Welfare. In view of the fact that urea formaldehyde foam insulation is definitely causing health problems for some Canadian home owners and forcing some home owners to leave their homes, will the minister indicate whether the government will take responsibility, through her ministry or any other government department, for testing all homes with urea formaldehyde insulation so that people will know whether their health is endangered and, second, if homes are found to have an excessive urea formaldehyde level, will the government take responsibility for compensation for removal of that insulation?

Some hon. Members: Hear, hear!

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, with respect to the first part of the question, where technical assistance may be needed, I said to the House last week that I have asked my officials to discuss with the provinces what help can eventually be provided to people who want to know the levels of UFFI fumes in their homes.

As to compensation, I am not aware of any plans of the government to accept legal responsibility or to provide further compensation.

* * *

• (1500)

IMMIGRATION

ACCESS OF CANADIAN CINEMATOGRAPHERS TO UNITED STATES MARKET

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, my question is directed to the Minister of Employment and Immigration. Now that the mantle of leadership has been lifted from his shoulders, I would like to ask him a question about immigration. American cinematographers with travelogues have been given free access into Canada and they travel the country giving their shows to Rotary Clubs, etc., which is very fine; however, Canadian cinematographers have not been afforded the same privilege in the United States.

Would the minister use his influence to ensure that Canadian cinematographers receive the same privileges in the United States as the Americans receive here?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the hon. member may be aware, because I believe the announcement was circulated to all members' offices last week, that we are working on an arrangement where we will meet with each of the constituent groups in the arts and culture field, cinematographers, people in the theatre, dance and so on, to look at each of the regulations as they apply to the admission of offshore workers or technical people. So we will be developing new guidelines for the admission of foreign workers in each of those areas and once we have those we will be in a position to discuss them with the American authorities.

Mr. McDermid: That is fine and dandy for down the road, but I ask the minister what he is going to do about Canadians who have confirmed bookings in the United States now to present their travelogues on Canadian scenery and trips. What are you going to do to assure them that they can fulfil their commitments in the United States within the next few months?

Mr. Axworthy: Madam Speaker, we will certainly take that matter up with the American authorities, but that is a judgment that they have to make. We can only bring that to their attention, as it has been on several counts. However, I will discuss the matter further with my colleague, the Secretary of State for External Affairs, and we will see if further representations can be made to our embassy in Washington. As I said, we are in the position where we are revising our own regulations as they apply to non-Canadians in the cultural field.

PRIVILEGE

MR. NICKERSON—NOTICE OF QUESTION TO BE RAISED

Mr. Dave Nickerson (Western Arctic): Madam Speaker, I gave you notice of a question of privilege earlier. It involves certain improper, partisan actions by the Minister of Indian Affairs and Northern Development (Mr. Munro), and because he is not in the House to answer these charges, with your permission I would like to have this matter held over until such time that he is in the House.

Madam Speaker: It is not necessary for the minister to answer any so-called charges the hon. member might make. If he does want to expose his question of privilege I can hear it and see whether there is a foundation for it. However, if he prefers to wait until such time as the minister is here, I can hold it over for a few days.

MR. MURPHY—ALLOCATION OF PUBLIC FUNDS

Mr. Rod Murphy (Churchill): Madam Speaker, my question of privilege arises out of what happened in today's question period, and if the minister would come from behind the curtains I would like to raise the issue.

I raised the matter of funds being used not as recommended by the local advisory board, but being used in some cases as a political pork-barrel. The minister responded that I did not understand the nature of the funding. If he means by that that it is being used for political pork-barrelling, I accept that answer; but he also said that what was happening was that he was using additional funding to give money to these programs where he seems to have a few friends within the province of Manitoba.

That is not correct, Madam Speaker. According to the information that came from the minister's office, he has cut money that was allocated by the local advisory board, for projects in South Indian Lake and one of the projects in The Pas and used that money to fund another group which has asked for funding for their organization.

Now, it is not my purpose today to try and raise an issue over whether or not the minister has the right to intervene; what I am referring to is the role of the MP. The minister asked members of Parliament to do two things: first of all, he asked us to appoint local advisory boards; secondly, he asked each of us to make our own personal recommendations as to what that money should be used for. And that should have happened after the local advisory board had made their recommendations.

Madam Speaker: Order, please. It seems to me that the hon. member does not have a question of privilege but a grievance about the way in which a minister has proceeded in the allocation of public funds. That is quite legitimate; he may have that grievance and he may want to discuss it or have a press conference about it but it certainly does not form the basis for a question of privilege. Unless the hon. member has other points to make concerning this particular question, I will have to tell him that I cannot hear him further.

Mr. Murphy: Madam Speaker, I may accept the suggestion to have a press conference, if that is your wish. However, if I understand what the minister asked us to do as MPs and what he did in response to what he asked us, then I do have a bona fide question of privilege.

He had asked us as members of Parliament to make recommendations to him as to how that money should be used in the riding, but what happened in my particular case, and it may have happened to other MPs, is that on May 12 I sent my recommendations to him; on the same day, even before the minister's office had received my recommendations, I received his decisions. So why did he go through the facade of asking for MPs' input?

Madam Speaker: Order, please. I can see there is no change in the direction of the argument the hon. member is now presenting. I am quite certain that this is a good matter for debate and the hon. member may take some other opportunity, such as the adjournment proceedings, to debate this specific question.

ROUTINE PROCEEDINGS

[*Translation*]

THE ECONOMY

TABLING OF 1980 ANNUAL ECONOMIC REVIEW

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, pursuant to Standing Order 41(2), I am pleased to table, on behalf of the Minister of Finance (Mr. MacEachen) the Economic Review for 1980, a general review of recent economic developments.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, the following questions will be answered today: Nos. 1,058, 1,935, 2,071, 2,072, 2,073, 2,185, 2,267, 2,270, 2,297, 2,460 and 2,496.

I ask, Madam Speaker, that the remaining questions be allowed to stand.

[*Text*]

PROFESSOR PAUL LIN

Question No. 1,058—**Mr. Cossitt:**

1. Did the CBC at any time in the past use the services of Professor Paul Lin of McGill University for commentaries on Asian affairs?

2. To the knowledge of the CBC or the government, did Professor Lin work for approximately 17 years as an assistant to Chairman Mao and the then government of the People's Republic of China?

3. To the knowledge of the government, was Professor Lin on return from a subsequent trip to the Far East searched by the United States customs at San Francisco and was it discovered that he had on his person approximately $20,000 in small bills and, if so, for what purpose was this money to be used?

4. Is the RCMP security service aware of the incident in San Francisco and, if so (a) on what date did they become aware of it (b) have they a file on the matter (c) to their knowledge, what was done with the money?

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): I am informed by the Canadian Broadcasting Corporation and the Solicitor General as follows: 1. Yes. Paul Lin, professor of East Asian Studies at McGill University, has participated on occasion in such programs as "Sunday Morning" and "As It Happens."

2. The CBC is aware that Paul Lin worked in China for some time, but not of his specific position there.

3 and 4. It is not considered in the national interest to answer these questions as it would tend to confirm or deny the existence of national security investigations into the activities of particular individuals, groups or organizations.

SPACE RESEARCH PROGRAMS

Question No. 1,935—**Mr. Herbert:**

1. In the fiscal year 1979-80, were contributions made by the government to space research programs at Canadian universities and, if so (a) in what amounts (b) which departments made the contributions (c) to which universities were contributions made?

2. Are there any long-term commitments continuing through the current year into the next fiscal year and beyond?

Mr. Roger Simmons (Parliamentary Secretary to Minister of State for Science and Technology and Minister of the Environment):

1. (a) In 1979-80, the government contributed to Canadian university space research programs through: 27 research contracts administered by departments, which amounted to $469,700; logistic and material support (balloons, rockets, instruments, accommodation, etc.) provided by NRC, to eight universities and to the Canadian Corporation for University Space Science, amounting to $2,337,388; 30 grants to individual university researchers awarded by the Natural Sciences and Engineering Research Council (NSERC), amounting to $675,000;

(b) and (c) The list below is a breakdown of contracts and grants given to each university, as well as the corresponding amounts and sponsoring departments.

2. In most cases, the duration of research contracts and projects is more than one year, extending in many cases to two or three. There can thus be an implied multiyear commitment when support for a given project is given. However, there is no long-term commitment in the sense of having to maintain a given level of annual support by replacing expired contracts with new ones.

Contracts	Amount ($)		
University	1979/80	1980/81	Department
Carleton	19,700	9,983	EMR (CCRS)
	10,000	—	DOC
Ottawa	12,000	—	DOC
	—	18,000	"
	—	21,000	"
York	88,000	80,000	EC
	—	12,844	F&O
	12,000	13,000	EC
Toronto	17,000	16,000	DOC
	9,000	28,000	"
	14,000	18,000	"
	15,000	10,000	"
	5,000	5,500	EC
McMaster	13,000	39,000	DOC
	18,000	13,000	"
Queen's	20,000	30,000	DOC
Waterloo	27,000	30,000	DOC
	—	6,000	EC
Manitoba	23,000	—	DOC
Québec	15,000	34,000	DOC
	6,000	—	EC
Laval	20,000	21,000	DOC
Sherbrooke	20,000	20,000	DOC
	—	30,000	DOC
Polytechnique	49,000	50,000	DOC
Saskatchewan	15,000	20,000	DOC
	2,000	13,000	"
	5,000	17,500	EC
Montreal	—	25,000	DOC
New Brunswick	—	13,000	DOC
	8,000	5,400	EC
Calgary	—	4,654	F&O
	12,000	12,000	EC
Canadian Council of Universities	—	4,000	F&O
Western Ontario	5,000	—	EC
McGill	10,000	—	EC
Grants to individual university researchers (Universities of: British Columbia, Victoria, Calgary, Alberta, Saskatchewan, Toronto, Western Ontario, York and Prince Edward Island).	675,000	653,602	NSERC
Logistic and Material Support			

Order Paper Questions

	Amount ($) 1979/80	1980/81	Department
Universities: York, Saskatchewan, Calgary, Alberta, British Columbia, Western Ontario, Toronto, Manitoba and the Canadian Corporation for University Space Science (a non-profit organization representing seven Canadian universities).	2,337,388	—	NRC
Totals	$3,482,088	$1,273,483	

MR. YVON GARIÉPY

Question No. 2,071—**Mr. Cossitt:**

With reference to the answer to question No. 1,036 which states in part, that Mr. Yvon Gariépy, Master of the Royal Canadian Mint, travelled to Stratford, Ontario, on or about June 3, 1979, in a car rented by Madame Claudette Nadeau, President of Crown Assets Disposal Corporation, for the purpose of his meeting with a marketing consultant (a) what was the name of the marketing consultant (b) what are all the details of the consultation (c) where did the consultation take place and on what dates and during what hours?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by the Royal Canadian Mint as follows:

(a) Mr. K. H. J. Clarke, President of Kaysea Consultants Ltd., Toronto.

(b) Disclosing details of the consultations could be materially injurious to the financial interests of the corporation.

(c) Stratford, Ontario, during the morning and the afternoon of June 4, 1979.

Question No. 2,072—**Mr. Cossitt:**

With reference to the answer to question No. 1,267 which states in part, that Mr. Yvon Gariépy, Master of the Royal Canadian Mint, met in Athens, Greece with certain persons, what were the names of all such persons and their positions?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by the Royal Canadian Mint as follows: see question 2,071, part (b) answered this day.

Question No. 2,073—**Mr. Cossitt:**

With reference to the answer to Question No. 1,250 which states in part, that Yvon Gariépy, Master of the Royal Canadian Mint, met in the Netherlands with certain persons, what were the names of all such persons and their positions?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by the Royal Canadian Mint as follows: see question 2,071, part (b) answered this day.

QUESTIONS ON THE ORDER PAPER

Question No. 2,185—**Mr. Cossitt:**

1. With reference to the answer to question No. 2,025 which lists the names of those engaged in working on questions on the Order Paper, how many have (a) English (b) French, as their mother tongue?

2. Is each of the official languages balanced and, if not, for what reason?

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance):

1. (a) None.

(b) Nine.

2. The language requirements of each position vary by position but are equal in the competence required in each of the two official languages in the two instances. In five of the nine positions, including the most senior positions, the language requirement in both languages is of the highest degree. Three of these positions require a professional level in both languages which is attainable only through special training but which cannot be attained in 12 months' continuous language training. In two of the skills, listening and speaking, inasmuch as each of the employees meets if not, in fact, exceeds the language requirements of the position, the requirements of the official languages policies are being met. Based on the tested language competence of every employee in this office, the competence in both official languages is balanced even though the first official language of each employee is French. The representation of both linguistic groups is for the moment not balanced. In staffing the positions with the exception of three of the nine positions requiring professional levels in both languages, candidates of either official language extraction are equally considered. The unbalanced representation which now exists could eventually be altered through attrition and appointments of replacement staff.

AFRICAN TRIP BY MINISTER

Question No. 2,267—**Mr. Cossitt:**

1. Did the Minister of State for Science and Technology and Minister of the Environment authorize the rental of an aircraft on or about January 29, 1981, to fly from Serengeti National Park in Tanzania to Nairobi and, if so (a) what was the cost to the taxpayer and what are all the reasons justifying the cost (b) what were the names of all the persons on board?

2. Was the aircraft used to transport the minister and his associates to Nairobi to have a dinner with a friend, Mr. David Macuk, an American diplomat, and did the minister have dinner with Mr. Macuk?

3. Did the minister turn down the opportunity (a) for dinner with the Canadian high commissioner (b) of conferring with a second-ranking United Nations environmental program official while in Nairobi to have dinner with Mr. Macuk?

4. Did the Tanzanian government offer an aircraft free of charge to fly the minister and his group out of Serengeti National Park to connect with an Ethiopian Airways flight from Kilimanjaro Airport to take the minister to Nairobi and, if so, for what reason was this offer not accepted as an alternative to renting the aircraft at the taxpayer expense?

Hon. John Roberts (Minister of State for Science and Technology and Minister of the Environment): 1. No. The minister flew in a rented aircraft from Lake Manyara, Tanzania to Nairobi.

(a) The cost of renting the aircraft, allowing for differences in currencies at the time the invoice is paid, will be approximately $1,300. The rental of the aircraft was essential as the only possible means of connecting with commercial flights to enable the minister to return in time for important speaking engagements in Canada.

(b) Mr. A. Cooke, Mr. N. Lynch, the Hon. John Roberts, Mr. J. Watts.

2. See 1. Yes the minister did have dinner with Mr. Macuk.

3. (a) Yes. The minister however, did meet with the Canadian high commissioner and conferred with him on United Nations environmental programs.

(b) No invitation was offered.

4. No.

PAIT

Question No. 2,270—**Mr. Herbert:**

With reference to the Program for the Advancement of Industrial Technology (PAIT) (a) how many years has it been in operation (b) what was the budget for last year and what is the estimate of expenditures for next year (c) how many (i) companies (ii) persons were assisted in the last year?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned:

(a) The Program for the Advancement of Industrial Technology (PAIT) began in fiscal year 1965/66 and continued until March 31, 1977, a period of 12 years. On April 1, 1977, it was replaced by the Enterprise Development Program (EDP).

(b) EDP budget 1979/80, $47 million. Estimated expenditures 1980/81, $46 million.

(c) (i) In 1979/80 contributions were approved for 443 projects—all to companies. (ii) None.

PROGRAM "SELF-SERVICE"

Question No. 2,297—**Mr. Neil:**

1. (a) What department operates the program "Self-Service", a trailer detailing government programs and services (b) is the program carried out in all provinces (c) for how long has it been in existence and what is the cost to date?

2. (a) Are the units owned and operated by the government or are they leased and, if leased, what are the details (b) in each province (i) how many units are in operation (ii) how many persons are employed under the program?

3. Is the program a continuing one or is it limited to a certain period?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development):

1. (a) The "Self-Service" program is operated by the Canadian Unity Information Office.

(b) Yes.

(c) The program has been in operation since October, 1978. The cost to date is $1,242,126 with a visitor attendance of 1,154,650. Based on a per capita cost, this would amount to $1.07 per visitor. It should be noted that capital costs have been amortized over a six-year period.

2. (a) All units are owned and operated by the Government of Canada.

(b) (i) British Columbia, one unit, 3 exhibit attendants; Alberta, one unit, 3 exhibit attendants; Saskatchewan, one unit, 3 exhibit attendants; Manitoba, one unit, 3 exhibit attendants; Ontario, two units, 3 exhibit attendants; Quebec, one unit, 3 exhibit attendants; Atlantic Provinces, one unit, 3 exhibit attendants; and six attendants on a rotational basis throughout the entire program.

(ii) All 30 road personnel supporting the "Self-Service" program are hired regionally under contract for a period of one year.

3. This is part of a continuing program designed to bring information on the services and programs offered by the Government of Canada to Canadians.

ANNUAL REPORT OF COMMISSIONER OF OFFICIAL LANGUAGES

Question No. 2,460—**Mr. Wenman:**

What was the total cost, including printing, publication and distribution, of the 1980 Annual Report of the Commissioner of Official Languages and how many copies were printed?

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): The Commissioner of Official Languages reports directly to Parliament and not through a minister. Questions can be put directly to him.

HOUSE OF COMMONS APPOINTMENTS

Question No. 2,496—**Mr. Cossitt:**

Since the answer to question No. 1,491 was prepared, were any further House of Commons appointments made by order in council and, if so, in each case, what was the name, position and date of appointment?

Hon. Yvon Pinard (President of the Privy Council): No.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

BANKRUPTCY ACT, 1980

MEASURE RESPECTING BANKRUPTCY AND INSOLVENCY

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General) moved that Bill C-12, respecting bankruptcy and insolvency, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Madam Speaker, the bill on bankruptcy and insolvency whose second reading I have the honour to move today has indeed a long history behind it. It is the fifth such bill introduced before Parliament. Before explaining to the House

the philosophy and substance of the bill perhaps it might be useful to make a brief historic summary.

Back in February 1966, therefore over 14 years ago, the then justice minister who was responsible for the administration of the bankruptcy legislation ordered a full review of our statutes on bankruptcy. He requested a committee made up of public officials and experts to study the existing legislation and make recommendations about amendments which seemed advisable to them.

● (1510)

The current bankruptcy legislation dates back to 1949 and is in fact based on our 1919 legislation which in turn stemmed from the English statute of the last century. Of course the act of 1949 was amended to a certain extent in 1966. Those amendments were then made to fill an urgent and specific need, but an in-depth revamping of the bankruptcy legislation was postponed to a later date. That in-depth revamping is the object of this bill. Five years ago, in May 1975, when I was Minister of Consumer and Corporate Affairs I introduced the first version of this bill. Far was it from me to imagine that five years down the road I would again be called upon to introduce another version of the same bill.

It is obvious, and this has to be said, that protracted parliamentary procedures—the impossibility of a quick passage through the House of those bills deemed urgent but not necessarily priority items—did not help the implementation and adoption of this bill. Since the House of Commons had been unable to undertake consideration of the first bill in 1975, at my request the Senate banking, trade and commerce committee made an exhaustive study of the substance of the bill. After a number of study sessions during which many organizations made their views known, the Senate committee published in December 1975 a report recommending changes to many provisions of this bill. In light of that report, the first bill was substantially amended so as to include most of the amendments suggested by the Senate committee. Since then the bill has been reintroduced in the Senate, each time practically unchanged.

There was Bill S-11 in March 1978, Bill S-14 in February 1979, and Bill S-9 in November 1979, this time introduced by the minister of justice of the former government. The bill now before the House is identical to Bill S-9 of the last session that was brought in by the minister of justice in the Conservative government. It goes without saying that the act must meet the needs of the day, otherwise it is an inadequate tool that does not meet the objectives it was assigned or meets them inadequately. I need not insist on the fact that today's world of business and credit is not that of yesteryear and that, as a consequence, the Bankruptcy Act, as we now know it, was meant for days gone by, that it is not the instrument we need today to settle financial failures or regulate the rights and duties of the various parties involved. Let us remember merely that the credit traditionally limited to the world of business and used by the ordinary citizen almost exclusively for the purchase of his home has now become commonplace for almost every citizen and to meet all sorts of needs, I would even say all sorts of whims on the part of the consumer. Consumer credit alone has shot up from $835 million in 1947 to almost $40 billion today.

It is no surprise then that in the face of that real credit explosion, the Bankruptcy Act should be resorted to increasingly and that it should become that much more imperative and necessary to bring it up to date. Any legislation on bankruptcy attempts to reconcile interests that are divergent by definition. It endeavours, on the one hand, to help the insolvent debtor or the overindebted find a way out of his financial difficulties. On the other hand, it seeks to protect, as it must, the interests of the creditors as equitably as possible, whose interests are contrary not only to those of the debtor but also to each other. Essentially, then, it is a special legislation with regard to normal legal relations between borrowers and lenders that provides for readjustments in legal relations between debtors and creditors. Those legal relations then are the ones this bill attempts to redefine more fairly and equitably in a context that is extremely different from the one in which the original act was passed many years ago.

I certainly cannot deny that this is a voluminous bill. It contains 420 clauses. In fact, it is a separate code which will contain, after future regulations are incorporated into it, all the provisions dealing with bankruptcy and insolvency. The first of the bill which I would like to underline is the distinction it makes between the way to deal with the ordinary consumer who is crippled with debts and the way to deal with business situations. Until now, there was no such distinction under the legislation except that a summary proceeding was allowed for small bankruptcies where the assets involved did not exceed $500. Under the proposed legislation, there would be two separate systems, depending on whether or not we were dealing with the insolvency of a consumer, which would allow us to deal adequately with two entirely different situations, the protection required in a commercial bankruptcy being different from what is required in a personal insolvency. I believe this is quite important because a very clear distinction will be made based on whether a consumer is involved or whether it is a company in financial straits.

Another aspect of the bill which I would like to draw to your attention is that it gives preference to arrangements over ordinary bankruptcies. Especially in the case of consumer bankruptcies, we prefer that an arrangement be made, whenever it is possible, rather than resorting to bankruptcy which, no matter what, is simply a confirmation of failure with all its implications. The proposed legislation contains twelve parts of different length, of course, but of equal importance. I would like briefly to deal with each one of these parts. Part I contains a great many definitions which serve to clearly establish the

scope of the legislation and to standardize some legal concepts. It establishes the prevailing importance of the act over any other act in cases of insolvency. Part II of the proposed legislation, which deals with the administration of the bill, establishes the administrative structure required for the implementation of such an act. The office of Superintendent of Bankruptcy, which has existed since 1932, will continue to do so, and will issue the licences to act as trustees to those persons who have the required qualifications. I would also like to mention that this Part contains provisions on conflicts of interest which constitute a code of ethics for trustees and inspectors.

● (1520)

Part III deals with arrangements for consumers. By definition, a consumer debtor is an individual who is insolvent, who may or may not be a businessman and whose debts, excluding a mortgage on his residence, do not exceed $20,000 or any other amount that may be prescribed in the future by regulation. This part establishes a simple and accessible system which would allow an individual who is burdened with debts to reach an arrangement with his creditors stating which portion of his debts he will repay. The next part deals with commercial arrangements. It consolidates the various procedures which are now found in many acts. The present bill is flexible in the sense that it allows a corporation which is in financial trouble but which is viable and worthy of being saved to file a proposed arrangement as circumstances allow.

The most remarkable change and undoubtedly the most interesting clause of the bill is the one which makes it possible for a debtor to file a notice of intention. Debtors more often than not do not think about submitting a proposal to their creditors when they are about to go bankrupt. We suggest that the debtor who is in trouble has neither the time nor the peace of mind needed to carefully work out a proposal likely to prove viable and acceptable to his creditors. That is why we have developed this concept of a notice of intention to file an arrangement. Under this clause, upon submission of a notice of intention to file an arrangement, there will be a 10-day stay of proceedings against the debtor, who will then have the respite he needs to draw up an arrangement at leisure. Another aspect of the commercial arrangements I should like to deal with is the new right which the courts enjoy to file a proposed arrangement where the debts of a corporation exceed one million dollars and where the proposed arrangement filed in respect of a debtor has not been accepted. As far as I know, the purpose of this clause is to do the utmost to save a corporation the folding of which could prove fatal to a community, a given area, a village or a town, if it is humanly possible to save it.

I admit that it is sometimes impossible and often economically undesirable to try to rehabilitate a corporation which is in trouble. Part V, I should say, deals with bankruptcy proper. I must say that we have seriously reconsidered the concept of bankruptcy, that we have maintained several elements which have proved useful in the past, but that we have brought about many changes. We are trying to set up a system which will be consistent, self-contained and suited to the needs of today. All bankruptcy proceedings will begin with the filing of a petition either by the debtor himself if the bankruptcy is voluntary (which will replace the current voluntary assignment) or by one or more creditors if the bankruptcy is not voluntary (which will replace the current petition for receiving order). In the case of voluntary bankruptcy, the debtor's insolvency is the sole condition. Where it is not voluntary, the existence of admissible debts of at least $1,000 will have to be established.

When the petition is filed, all proceedings against the debtor by ordinary creditors are stayed and when the bankruptcy order has been made by the court, the exercise of the rights of secured creditors against the property of the debtor subject to the security interest is deferred for a period which may extend up to 40 days from the date of the bankruptcy order, depending on the date of the first meeting of creditors. However, the secured creditor can take the required remedies to protect his security. I have already noted that the bill aims at simplifying proceedings for the consumer. Part V of the bill includes section 163 that spells out special provisions for small consumer bankruptcies which exclude several proceedings required in a business context, but which are completely useless or at least unproductive in the case of a consumer, without, I repeat, depriving the creditors of their right to control the administration of the bankruptcy.

I would now like to say a few words about the effects of a bankruptcy on the directors and the officers of a corporation under this bill. The first effect is to declare the bankrupt unable to be a director or an officer of a corporation. The second is to make the directors and officers personally responsible for the debts of the corporation if its unsolvency was caused or aggravated by them or if they have mingled the property of the corporation with their own. The third effect is to make the directors jointly and severally responsible to employees of the corporation for unpaid wages at the time of the bankruptcy up to a maximum of $2,000 per employee, except if they establish their good faith. Finally, this part of the bill deals with the setting aside and review of certains transfers, whether they are entered into by persons who are or who are not at arm's length. In this area, the bill extends the application of the present legislation and promotes the fairest possible distribution of the debtor's property.

The next part, or Part VI of the bill, contains provisions applicable to arrangements and bankruptcy. The only provision in this part of the bill that I want to emphasize is the one which determines the order of priority held by each creditor in the distribution of the amounts produced when the bankrupt estates are realized. Except for funds collected on its behalf by a bankrupt, the Crown will become an ordinary creditor and will take its place among the other creditors and be paid at the same rate. This will increase the dividend of ordinary creditors, and we hope that it will prompt them to become more closely interested in the administration of bankruptcies.

I would like to revert to an aspect I mentioned briefly when I dealt with Part VI and which concerns the treatment given to unpaid workers. The first bill introduced in 1975 contained a

provision which granted absolute priority for unpaid wages on all the property of the bankrupt employer, including that subject to a security interest held by a secured creditor. This was an exceptional provision which went against the traditional rights of secured creditors, as of course several pointed out, and which, according to many, went too far and would not necessarily bring about the desired results. That is why it was suggested during the hearings of the Senate Committee on Banking, Trade and Commerce that the creation of a special fund to compensate wage earners for wage losses caused by the bankruptcy of their employer would provide a more effective, a more practical and even a fairer solution.

● (1530)

The provision creating the foremost priority of the wage earner was then removed from the second version of the bill introduced in March of 1978. The ministers who presented each successive version of this bill have all stated their intention to have the issue of the timeliness and the desirable provisions of such a special compensation fund considered. Unfortunately, up to very recently this has never been undertaken. Accordingly, in order to be able to choose the best way of protecting the worker at the lowest possible cost without interfering with the financing structures of private business, I have decided to set up an inquiry committee to consider all the aspects of the issue and to report to me as soon as possible. This committee is currently considering the matter. It is chaired by the Dean of the Faculty of Law of the University of Ottawa and its other members are Mr. George Hitchmen, Vice-President of the Bank of Nova-Scotia, Mr. Ronald Lang, Director of Research for the Canadian Labour Congress and Mr. Raymond Dufour, a former high official of the Ministry of Industry and Commerce of the province of Quebec.

This committee of four which is made up of supporters of practically all viewpoints will have to proceed with great dispatch and report to me on what should be the best procedure possible. They will be given the chance of thoroughly studying the advantages and disadvantages of creating a special fund as the Senate committee seemed to advocate. They will naturally have to study the impact of such a fund on the already existing policies and legislation in those provinces which are concerned by this issue. I therefore expect to get that report this summer, by the end of June or early July. Then I will naturally be in a position to deal with the issue of the protection to be given to salaried workers in bankruptcy cases, an issue which I know is of some concern to members on both sides of the House and which, I hope, will find a solution before this bill gets through the third reading stage.

I think that this bill ought to be referred to the committee very shortly so that consideration of its 420 clauses may be undertaken and some progress accomplished so that we may benefit from the findings of this committee before proceeding with its final stage. At any rate, I think that the committee members who will study the bill in detail, clause by clause, will want to call Dean Landry before the committee in order to hear his opinion, his suggestions, when we come to the clauses dealing specifically with wage earners who are not paid in the event of a bankruptcy.

I have just skimmed through the bill. In conclusion, I would like to say this: Parts VII and VIII of the bill specify the rules to be followed when securities firms or insurance companies go bankrupt. They were developed in close co-operation with experts in that field, and we have retained all the suggestions, all the recommendations they made in order to improve the present bill. Part IX deals with receiverships. The bill does not intend to restrain unduly the exercise of the rights of a secured creditor or of a trustee, but in cases of insolvency, it aims at subjecting them to a minimum of requirements to ensure that the rights of subordinate creditors are protected.

The three last parts of the bill deal with offences, the courts and evidence, and the transitional period from one act to the other. Mr. Speaker, I have given a brief overview of a bill that I will admit is very technical, but also very important. It is an attempt to reconcile interests that are not only different but conflicting. It does so as fairly as possible in my view. It is the result of endless hours of consultations and discussions with people associated with bankruptcies. Although not perfect, I am convinced it is as perfect as can be in the circumstances.

I commend this bill to the co-operation and support of honourable members from both sides of the House, so it may pass second reading and be referred as soon as possible to a standing committee, where honourable members can examine every aspect of the legislation and make a more detailed study of its various provisions. It is my hope the opposition will resist the temptation to score political points with the bill. This is a legal matter and it should be treated as such. It is not an economic matter at all and should not be related to the current economic conditions, I am aware that it would be easy to try to link consideration of the Bankruptcy Act with today's economic problems, but I suggest to hon. members opposite that the Canadian economic situation will not be solved by the Bankruptcy Act or any amendments to it. What we have before us is not an economic matter but a legal matter and it is my hope that those who speak after me will keep this in mind, and will postpone their criticism of the government's economic performance until some other time.

I believe that bankruptcies are one of this century's evils that in some respects may result from inflation. This bill however will not solve the problems of inflation. Indeed, it has nothing to do with today's inflation. The updating of the Bankruptcy Act is desired, it is called for by all parties concerned with bankruptcy, the administration of bankruptcies and legal matters pertaining to bankruptcy because amendments have long been overdue. And Canadian Parliament finally has an opportunity to study the act in the House of Commons; it has been amply studied in the Senate, in the other place, but finally it is considered here in Parliament and it is my hope that the discussion will indeed deal with legal matters rather than endlessly delving upon economic considerations. We must act expeditiously to send the bill to the committee of the House, where it will be scrutinized clause by

clause so that finally we may have a modern Bankruptcy Act in Canada as early as next summer, the summer of 1981.

[*English*]

Mr. Chris Speyer (Cambridge): Mr. Speaker, at the outset of my remarks, I cannot help but comment that the persistently impoverished economic performance of this government should compel us all to act promptly with respect to this prospective legislation, as a record number of Canadian businesses and individuals within the next few weeks or months will be seeking the relief contained in this bill.

The bill before us today is, in fact, a culmination of more than 15 years of hard work with respect to our insolvency laws. It is necessary that we modernize commercial practices in terms of bankruptcy legislation. We must balance the priority of creditors. It is important that we streamline the administration of insolvency and bankruptcy legislation. It is important, also, that we correct the defects that exist in the present legislation.

● (1540)

The bill before us today has many excellent features and they are welcomed. Unfortunately, there still exist important aspects of the legislation which are totally unsatisfactory, such as the priority given to wage earners in a bankrupt estate and which must be rectified. I will have further comments with respect to this later in my remarks.

Bankruptcy is but one aspect of business failure. In addition, many companies that cannot meet their liabilities as they come due are put into receivership by their creditors. Still other companies exist as living corpses, unable to survive and they have to close their doors. I believe that it is important to recognize that in a free market economy there will always be failure; the weak and the inefficient will be weeded out.

What is of concern to me and to other members on this side of the House are the unnecessary business failures caused by the inept and ruinous economic policies of this government which crush the spirit of small businessmen, farmers and others who have a sense of commercial enterprise. I am not talking about the failures caused by management shortcomings or by overexpansion of a business or by fraud within a company; I am talking about the failures caused by high interest rates. In terms of today's rates, we formerly thought of these as being extortionary or unconscionable. I am talking about the inability of this government to create an economic environment which is conducive to investment and to commercial risk.

On the one hand, we have a Minister of Finance (Mr. MacEachen) who tells the people of Canada that high interest rates are necessary in order to dampen consumer spending, while on the other hand his government has been the most profligate of all, consistently running up deficits, the accumulation of which has been the major source of inflationary difficulties in this country.

I think the Minister of Finance should make it clear to the people of Canada, while he tells them to curtail their consumer spending habits, that this government has borrowed money on their behalf. We now have a gross national debt of $122 billion, of which each taxpayer's share is $13,700. If countries were run like companies and if individuals managed their finances in this way, you could bet your bottom dollar that this government would have been petitioned into bankruptcy a long time ago.

In my view, one of the problems with the economy is that we have a Prime Minister (Mr. Trudeau) and a Minister of Finance neither of whom have any expertise in, or concept of, what it means to take a commercial risk. Neither has a tittle of personal knowledge of what it means to borrow in order to create and build a company or to take a mortgage in order to purchase a home. They have not chosen to build a business or had to mortgage a home, so it is small wonder that they are impervious to the anxieties of those who are on the edge of business failure caused by high interest rates, or to the frustration and concern of the man and wife who have to walk away from their home because they cannot afford to pay the interest on their mortgage, which has soared from 9 per cent or 10 per cent to 18 per cent in recent months.

Consumer and commercial bankruptcies are on the rise and, as and when this incredibly high interest rate is further absorbed into the economy within the next few months, we will see a toll of failures and tragedies such as we have not witnessed since the days of the depression.

Attitudes toward bankruptcies have changed dramatically in the last two decades, as is demonstrated by the record rate of increase in bankruptcies between 1960 and 1980. They have increased by a whopping 758 per cent. I wish to say more about the actual number of personal and commercial bankruptcies in a few moments, Mr. Speaker.

The point I want to make now is that the economic and social stigma formerly attached to bankruptcy has all but vanished. Formerly the disgrace of bankruptcy, more than the legal sanctions, kept many people from declaring bankruptcy. It is not only individual or consumer attitudes which have changed with respect to matters of insolvency; the credit system in particular, the explosive use of consumer credit in the past 20 years, has made possible the immediate purchase of goods through the instalment payment plan. By contrast, in 1960 the average consumer debt of every, man, woman and child was $224; in 1980 it stands at $1,532 per capita. The relaxation by government of laws insisting on minimum amounts of down payment and restricting the period of time over which the debt could be financed have contributed to this phenomenon.

It is also important to have a proper appreciation of how commercial lending habits have changed significantly during the past 15 years. Formerly, when a businessman went to a bank for the purpose of starting a business, as security for the debt the bank would take an assignment of the accounts receivable and a pledge with respect to the inventory of the business pursuant to Section 88 of the Bank Act. It was only when default occurred on the loan that the bank was permitted by law to require further security. In many instances the

debtor would be unwilling to pledge, for example, his machinery or his land.

As a result of the amendments to the Bank Act in the mid-sixties, banks are now permitted to take as security floating charge debentures which effectively form a charge on all the assets of a person's business. The commercial institutions own the debtor lock, stock and barrel. The real change is that when the banks call a loan and realize upon their security, they send in a receiver pursuant to the provisions of the debenture. Although the banks still take Section 88 security, common practice is that they realize under the terms of the debenture. That is an important point.

This has two practical effects. First, under the Section 88 security, banks are compelled by law to pay the wages of those who earned the wages. Under the floating charge debenture, there is no such obligation. Though it is the normal practice of banks to pay wages as a matter of policy, there are in some circumstances mutterings by persons who hold second or third charges behind the banks that the banks are spending their money.

The second consequence of the banks or other lenders realizing upon their security is that there is virtually no control over the duties and rights of the receiver. In a bankruptcy, a secured creditor is virtually untouched with respect to his legal rights. Although there is presently in the existing legislation the power of a trustee to request a stay of proceedings and the right to inspect goods, practice has demonstrated that the legislation is woefully inadequate in protecting the rights of both unsecured creditors and the debtor himself.

One of the most important aspects, in my view, of the bill is the provision delaying the ability of the secured creditor from realizing upon his security for a period of from ten to 40 days, depending upon the circumstances, so as to give the trustee an opportunity to inspect the goods, ascertain their value and decide whether or not he wishes to redeem the debt. What this prevents is receivers selling the security for bargain basement prices without some type of accounting to the unsecured creditor. The new bill further provides for the trustee to make a summary application as to the fees and disbursements of the receiver. This gives the trustee some practical control over the exorbitant charges that can be and are made in some circumstances. These provisions are important and are welcomed.

On the other hand, the treatment of wage earners in circumstances of a bankruptcy remains, under this bill, virtually unchanged. The wage earner is still a preferred creditor and ranks behind secured creditors and the cost involved in paying a trustee to administer a bankrupt estate. I am aware that under the proposed legislation a wage earner is now eligible to collect, if he can, a maximum of $2,000 instead of $500, and I am also cognizant of his ability potentially to collect up to $500 in pension contributions. Furthermore, there exists the right to sue directors for back wages. However, in my view, his position is inadequately protected. The history of the Bankruptcy Act has always been weighted in favour of the secured creditor. I believe that a much higher priority must be given to the man or woman who has earned wages at the time that insolvency occurs.

The minister will argue that the right to sue a director for wages is an important new right, but I point out to the minister that similar and even more onerous provisions already exist both in the Canada Business Corporations Act and most provincial business corporations acts. The point is that they are very rarely used. When the doors of a business are shut as a result of either receivership or bankruptcy, an employee wants and needs his wages then. He does not want to engage in costly litigation over a protracted period of time and where the chance of success is problematical, to put it at its highest standard.

● (1550)

Another method which is presently being considered and which has been under active consideration is the notion of establishing a wage earners protection act whereby both the employer and employee might contribute to the bankruptcy fund held by the government. I must say that I reject this method on a number of grounds. First, I am frightened by the prospect of the cost and the administration which would be necessary to make such a scheme viable. Second, it is foreign to me to imagine an employee contributing from his weekly or bi-weekly pay cheque to insure himself against the potential bankruptcy of his employer. I do not want to see any further creation of another layer of bureaucracy to administer such an insurance scheme.

Finally, what we could do is to give a real priority to the wage earner over the rights of the secured creditor. I know it will be argued that by doing so the banks will increase the cost of borrowing to the small businessman, and there is a fear, in some circumstances, that banks may not ever advance the money at all. However, I remind members that in every province west of the Ontario border there exists today a super priority legislation to protect the wage earner over the secured creditor. I do not believe that the cost of loans has been significantly affected in the western provinces. I believe the appropriate method is to take the suggestion of the Canadian Institute of Chartered Accountants that such wages be paid out of current assets of an insolvent estate not out of the machinery or land. Banks and commercial lenders have had the law weighted in their favour too long. Now is the time, in my view, to provide increased fairness to the wage earner specifically, and to unsecured creditors generally.

I want to direct some remarks to the new area called consumer arrangement. The bill contains provisions for the establishment of a government administrator whereby an individual whose liabilities are not in excess of $20,000 can make a proposal to creditors. This is a method designed to permit a debtor to pay a portion of his liabilities without going bankrupt, at the same time ensuring that his creditors receive more than they would under a bankruptcy.

There are some attractive features to this concept. There is no need to hire a private trustee. There are streamlining provisions to do away with mandatory meetings with creditors and there are further provisions for bankruptcy in the event of a three-month default in the payment of moneys called for

under the arrangement. The intention is good because the cost of bankruptcy has long been a serious concern to all of us in the House.

However, I suspect that when these provisions become well known and are publicized there will be an enormous flood of applications seeking this type of relief. The question which I pose to the minister today is whether or not there have been effective consultations with the provinces to administer such a scheme. My information, certainly as it relates to my province, is that there has been no agreement between this government and the province. More importantly, if my suspicion is correct, what is the cost going to be to administer such a scheme?

All of us in the House hope that this bill will reduce the cost of legal fees and administration fees in commercial bankruptcies. As it exists, trustees will not move in areas which are legally unknown; they seek the opinion of a solicitor or the advice of a court. But this need for their own protection, for legal opinions or the views of the court eats into the moneys that might be available to the unsecured creditor. One of the problems of the present act under which we now operate is that it is silent in so many areas. This new bill, with all of its 424 clauses, at least simplifies and gives direction to both trustees and claimants alike.

I am pleased to see the streamlining of administration which again avoids costs. For example, the provision that a discharge is automatic after six months, save where a caveat might be filed by an administrator, is an excellent feature of this bill. The legal costs of making a formal application for discharge, which is almost automatically granted except in circumstances of fraud, are thereby avoided.

I must say that since 1967 most of the major insolvencies are not by way of bankruptcy, they are by way of receivership. Therefore, I am glad to see that under the new bill some statistics will be kept with respect to the number of business failures. It is important to understand that in all cases the superintendent of bankruptcy does not have the power to compile statistics with respect to receiverships. In view of the fact that most major insolvencies, such as Atlantic Acceptance and the Come-by-Chance insolvency in Newfoundland, are by way of receivership, it is important that we know how many business failures exist. I welcome the feature that statistics in this regard will be kept by the minister's office.

Mr. Ray Skelly (Comox-Powell River): Mr. Speaker, the bankruptcy bill before us, as the minister has outlined, has had a very long history in this House. His presentation today indicated that this legislation was largely a housekeeping measure of putting a bill in place which had been under consideration for some long period of time and that it is really an amalgamation of old legislation and hopefully new procedures. The minister was very careful in his admonition to the opposition not to make this bill political or relate politics to this legislation. However, I submit that the situation with bankruptcy is political. There are other ways to examine this bill and maybe the issue of politics or making a decision by a group of people in public is the proper way to examine it.

There are two sides to this bill. The first side is housekeeping. My colleague who preceded me did an excellent job of pointing out certain strengths and weaknesses in this technical piece of legislation. The second side is important because it concerns the victims of bankruptcy.

I listened to the minister answer a question in the House today concerning the long-term causes of bankruptcy. He said that food in Canada, although extremely expensive and people are having difficulty coping, is much cheaper than in other places in the world where such things as starvation and infant mortality reign free. But the question is, how do the policies which this government is putting forward impinge on this legislation? I suggest that in bringing this bill forward at this point in time the minister and the government have their priorities crossed. For a long time this House has been asking for something that will deal with the causes of bankruptcy. We should not be doing an autopsy after the fact. The hon. member who preceded me and the other opposition party have pointed that out already.

This bill should probably be withdrawn immediately and the government should be dealing with the causes of bankruptcy. What we have before us is a piece of legislation which will deal with a situation which is largely being created by the Minister of Finance (Mr. MacEachen) and the government, as the hon. member who preceded me has already pointed out. The Minister of Finance put forward to us an economic scenario showing the number of people who are suffering as a result of the economic situation. I want to delve into this for just a moment. It is a Catch-22 situation. The minister said the government recognized that interest rates are causing hardship and great difficulty but that the long-term benefit of high interest rates would be to bring down prices. However, they certainly are not doing that. Prices in this country are not coming down. The cost of goods and credit is being driven up higher and higher. The Catch-22 which the Minister of Finance set up was essentially put up for the Minister of Consumer and Corporate Affairs (Mr. Ouellet) in this bill. The high interest rate policy and the economic policies of this government will not bring down prices; they will increase prices and will continue to increase bankruptcies. It is amazing what this kind of logic creates. You can go back to the Irish potato famine which was a product of this kind of logic. I suggest to the minister we are not playing politics in this situation; we are asking for some basic common sense.

● (1600)

The government perceives this bill as a priority. It is not a priority; it is the conditions which create bankruptcies which are a priority of this House and the Canadian people. I suggest it is the government that is creating the bankruptcies. They should be looking at an economic policy which will prevent them, rather than put this legislation before the House at this time in an attempt to deal with the victims of bankruptcy.

There is one other aspect. Before we begin to look at a piece of bankruptcy legislation and resolve the problems for those involved, this government should be developing an interest rate

policy more in keeping with the needs of the people of this country. If the minister had any sense of priority about what is important in our economy—and Lord knows who made the decision to throw him into the breach and spend time on this bill—he would be bringing forward the competition legislation which has been promised since time immemorial. When the first competition bill came out in 1971, there was a commitment that we would deal with it in the spring. Now we are waiting for the fall and we will wait on and on.

One of the key problems in bankruptcies is the amount of corporate concentration in Canada. How does a small businessman compete against corporate supply control, market control and various other controls? We know the names of the individuals involved.

The hon. member who preceded me spoke about the increasing number of bankruptcies. This is because we have lost the environment for small business, with individuals being able to function in a free economy. This government has created a situation where there is a lack of competition. More and more businesses are being forced into receivership and bankruptcy. They are closing their doors and saying they cannot compete against the Thomsons and Southams and the kinds of corporate control we have in this economy. If the minister had any real sense of priority, instead of the Bankruptcy Act we would be dealing with competition legislation today.

The Bankruptcy Act is an important piece of legislation. It cleans up a lot of problems and expedites bankruptcy procedure. I wonder whether we are trying to deal with a principle or a priority?

With regard to the question of rising interest rates, it was mentioned in the House today that last year 14,000 people gave up their homes. Will there be another 14,000 giving up their homes this year because they have run into great difficulty? The minister should be dealing with the exorbitant credit charges which are causing bankruptcies. People are literally shutting down because this economy has put them under.

It is strange that the minister would today ask us not to play politics with this legislation considering the delays and sheer incompetence of this government in dealing with the real problems facing Canadians today. Those are the problems we should be dealing with. I would like the minister to explain to us why we have this bankruptcy legislation before us today. In our opinion, this bill is not a priority. Great relief would be expressed if the minister would withdraw this bill and submit legislation or policies to deal effectively with the problems facing Canadians today.

I next want to deal with the prevention of bankruptcies. Nowhere in the bill is the question of prevention of bankruptcies dealt with. In 1960 there were 1,000 personal bankruptcies. In 1980 there were 21,025. That does not include all the people teetering on the edge, those people who will go down when the interest rate goes up on Thursday as a result of following the American plan.

The number of bankruptcies is increasing dramatically. In 1980, 6,600 Canadian businesses folded up because of bankruptcy. That figure does not include receiverships and all the rest. They left behind debts totalling roughly $1.2 billion. Price Waterhouse estimated that the loss to Canadians last year was between $5 billion and $10 billion. Neither the policies developed by the Canadian government nor the provisions in this bill deal with the whole question of prevention. There is a serious lack of logic in that approach.

It may be worth while to move on to another question and deal with some of the main problems. One of our most serious concerns is the matter of workers' wages. Possibly this legislation was put before us to fill an embarrassing gap in time rather than deal with something more productive. The Prime Minister (Mr. Trudeau) has left, the Minister of Finance has left, and the Minister of Consumer and Corporate Affairs is left holding the bag, so he threw in this piece of bankruptcy legislation.

I wonder why the minister brought this bill forward before it was rounded out and developed. The committee studying workers' wages has not even prepared an interim report. It is an ongoing committee. How can the minister place this legislation before the House when it does not even address the wages, benefits and pensions of workers? How can he bring the bill forward for second reading without dealing with that question? The government assumes they will have an interim report by this summer. The summer is virtually upon us. I suspect we will be looking at a recommendation in the fall.

Why are we dealing with this bill before that important point has been resolved? With the nature of the economy and the continuing high number of bankruptcies, Canadian workers will be put in a tremendously difficult situation. Before bringing forward this bill, the minister should have had something to offer the people of Canada in the form of protection. The responsibility for the increase in bankruptcies will be laid directly at the doorstep of the government. Increased bankruptcies will come about as a direct result of the government's high interest rate policies and the fact that the government has failed to bring forward competition legislation. This country does not have an industrial strategy which emphasizes support for Canadians. Because of that, Canadian workers and businesses will end up holding the bag.

I suggest to the minister that, rather than finish this exercise on Wednesday, he hold off to see what further developments there will be. Possibly the minister could bring forward meaningful suggestions to the House of Commons about how we could deal with the question of bankruptcy, or he could urge his cabinet colleagues to do that. He could await the report of the committee which is studying the whole question of the priority of workers' wages.

● (1610)

Last week in the House we had a substantial debate on economic affairs in which the policies of the government were soundly criticized. The Minister of Finance, the Minister of Consumer and Corporate Affairs and all hon. members opposite support programs leading to bankruptcies and weaknesses in the Canadian economy, yet on Friday the Prime Minister of Canada said at his press conference that in reality he did not

think the high interest rate program is working. As a matter of fact, it appears that the government is not really committed to dealing with the problem of people going bankrupt or the problems of the workers affected. How did we get into this position in the first place? Is the Prime Minister putting us on again as he did in 1975 with respect to the AIB? For three years the country was in absolute chaos, and then the Prime Minister finally came forward and said, "Sorry, friends, it was a good try, but it is not really working," and everyone said, "We told you so."

The economic policies of the government today are creating a large number of bankruptcies. If this bill ever goes through, it will be relied on to a very large extent. Even the Prime Minister thinks his high interest rate policy is not working. When will we give up and change the situation? When we will begin to adopt proper priorities in this House? When will we look to the prevention of bankruptcy and the protection of people who suffer most from it? I refer to families and working people whose wages, pensions and benefits accumulated over time and from long service are lost. Those services to companies and also to this country are rewarded by this government's leaving those people out to dry.

Another thing about which people have written is the ease of bankruptcy. Let us consider the plight of small credit unions when several people in a small community go bankrupt. Let us use the example of the community of Alert Bay. The big banks left there in a hurry because they could see what was happening during the fishing season, largely because of bad government management. Fishing activity was down and people's incomes were down. When several people go bankrupt, the only ones willing to serve communities financially are small credit unions. When people go bankrupt and leave debts and when there is no hope of returning the money to the community, credit unions suffer tremendously. They are not in the position of many of the larger institutions. On one day a fishing boat can be taken for collateral, but because of the market, the fishing industry and the way the government handles matters, the value of that boat can drop to virtually nothing the next day. Small credit unions are very seriously concerned about the ease with which people can go bankrupt. They are concerned about the loss of the funds they lend in good faith.

There is one other matter which concerns me. I have asked the minister about what he is doing to control credit. When people go into the Sears store, they are not asked to pay cash; people are encouraged to use credit. Gas companies and retail stores encourage people to use credit rather than pay cash or restrain purchases. Tremendous pressure is placed on people. People are being overburdened with charge cards, yet interest rates are jacked up from 18 per cent to 21 per cent and then to 24 per cent. This encouragement to use credit still goes on. It almost becomes a way of life.

The minister is not interested in controlling credit and exorbitant gouging which persistently goes along with it, to the point where people go under. They go bankrupt. The minister and the government appear to want to control credit by means of bankruptcy. If people can declare personal bankruptcy easily and speedily, that will affect the economy and will not restrain the desire for credit. I submit that that is probably the wrong way to proceed. What we should really be doing is finding means of prevention, getting our priorities straight and looking seriously at controlling the tremendous blossoming of credit. According to the figures used by my colleague previously, over the last decade and a half the amount of debt has grown from roughly $200 to $1,500 per family. The amount of debt carried is enormous, and as high interest rates continue and as more people renew mortgages at these high rates, this will put many people under.

I know speakers from the prairies will deal with the small business proposals, but we nevertheless must protect small businesses from bankruptcy. We must deal with prevention. Not too long ago a group of farmers in Saskatchewan purchased some equipment in good faith from a dealer. When the dealer went broke, it was discovered that the farmers did not make their payments to the appropriate party. The farmers either had to pay twice for their equipment, turn the equipment back or, in some cases, close their doors and quit farming. That was a very serious situation. Small businesses will have to be protected from a government which seems determined that the easiest way to control inflation is by placing an enormous burden on Canadians and Canadian businesses.

There are three main areas of concern with respect to this legislation. One is the protection of employees' wages. If the minister had waited for that provision, the anxiety of many of us with respect to this bill might have been eased. This bill might have had a chance of going to the committee fairly soon. If the minister had dealt with the question of the ease of bankruptcy and its effect on small communities and if he had dealt with other subsidiary problems communities have, then perhaps the bill could have gone to the committee sooner. If some attention had been given to the question of protecting small businesses from government policies, perhaps the bill could have gone to the committee much more rapidly.

I suggest, in summary, that putting this bill before us today was a political decision of the government. It was a callous, calculated decision of the government. Hon. members opposite did not want to talk about the matters which were raised last week in this House. Those matters are of serious concern to Canadians who live out there in the real world. This government has talked about the Constitution and anything but the real, gut issues affecting the people. The government has avoided dealing with the prospect that more bankruptcies will occur this year. I suggest that the bringing forward of this bill was a calculated, political manoeuvre in order to avoid dealing with the issues that are important to us. This bill is premature and ill-conceived.

The second priority should be the prevention of bankruptcies. An enormous number of people will have to renew their mortgages this year. Instead of renewing at 10¼ per cent, they will be renewing at 18 per cent, or perhaps 19 per cent or 20 per cent, who knows? Certainly the government does not know.

What will that do with respect to personal bankruptcy? Small businessmen are now trying to operate at interest rates of 19 per cent and 20 per cent on their revolving credit. What will that do with respect to summer employment? We have a very serious problem. The priority should be prevention of bankruptcies, and we should be dealing with the key problems.

Other people will be speaking about this in the House today, tomorrow and the following days while this bill is before us for discussion and about other bills we may be considering while the government fills the gap before talking about the real issues.

I see that my time has almost expired, Mr. Speaker, so I will allow someone else to speak at this point.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I thought the Parliamentary Secretary to the Minister of Finance (Mr. Evans) was going to give us his words of wisdom at this point.

Mr. Evans: You could certainly use them.

Mr. Andre: I share the feelings of the hon. member of the New Democratic Party who expressed surprise and anger at the bringing forward of Bill C-12 at this particular time, given the state of the economy in Canada. I differ with the hon. member, however, when he suggests that the government should withdraw it. Goodness knows, if they are not going to do anything about the deplorable economic situation these incredible interest rates are going to cause, then perhaps doing something to cushion the fall for those victims of the system is marginally better than doing nothing. In fact, Mr. Speaker, the timing of this particular bill is almost a cruel joke.

● (1620)

Last Thursday many of us here were visited by about 125 businessmen from the energy service industries of Alberta and Saskatchewan who came to Ottawa to try and explain to the government and members of Parliament the difficulties they were having maintaining and sustaining their companies in view of the impact of the National Energy Program. The feeling among the 125 different companies represented in this delegation was that if this program is not amended drastically within six months, 50 per cent of them would be out of business. Within a year, 75 per cent would be out of business and perhaps bankrupt as a result of this government's energy policy.

So what we have, Mr. Speaker, is some very concerned Canadian businessmen, in most cases proprietors of their own firms, small and medium-size firms in the energy service industry, coming to Ottawa and saying: "Look, stop what you are doing, you are driving me into bankruptcy; I have to lay off employees now". On average, those firms had already laid off 25 per cent of their employees. They said: "Unless you do something, unless you straighten out your act in regard to energy policy, we will be out of business and bankrupt in six months". The response of the government is to bring in amendments to the Bankruptcy Act to make it easier for them to go bankrupt, rather than looking at the root of the problem. Indeed, in today's question period the Parliamentary Secretary to the Minister of Energy, Mines and Resources (Mr. MacLaren) still denied the problem exists, which is the most insane form of myopia that we have seen from this government for some time.

According to a document issued by the Department of Consumer and Corporate Affairs, the background paper on the bankruptcy and insolvency bill, during the 1970s the number of bankruptcies in Canada, essentially static, commercial bankruptcies, was around 5,000 a year. This represented the number of companies which, perhaps for reasons of poor management or too fast growth, or perhaps due to circumstances beyond their control, went out of business.

In the last three years that situation has changed dramatically. In 1980, for example, there were 6,595 commercial bankruptcies, up 17 per cent over the 5,600 in 1979. In the first quarter of 1981 bankruptcies are up 20 per cent over the comparable period in 1980. This is tremendous growth. Indeed, the only thing growing in the economy today seems to be the jobs of accountants and lawyers specializing in bankruptcies; they experienced a 17 per cent growth last year and 20 per cent so far this year, and we have seen nothing yet compared to what is coming unless something dramatic is done, and done very soon, about interest rates.

Clearly the number of commercial bankruptcies this year will be well in excess of 8,000, more likely 10,000, and yet as the spokesman for the New Democratic Party pointed out the reaction of the government is to say to the people, as the Prime Minister (Mr. Trudeau) said the other day: "But you are way better off; you are 50 per cent better off than you were ten years ago." Now, I am sure that is a lot of comfort to the 8,000 or 10,000 businesses that will be going bankrupt this year, not to mention the employees who will lose their jobs as a result and the creditors who will not receive the money owed them. In fact, the only ones who will be cheering are lawyers and accountants specializing in bankruptcy.

As an aside, Mr. Speaker, I would like to see some political scientist do an estimate of the impact of our activities in this House, because I figured out that I spend about 50 per cent of my time here making work for lawyers and accountants. I sure wish we could change that a little bit and perhaps spend some part of our time creating opportunities for Canadians, making life better for them rather than making work for lawyers and accountants.

Some hon. Members: Hear, hear!

Mr. Andre: Mr. Speaker, the human costs of bankruptcy are incalculable. As my colleague the hon. member for Cambridge (Mr. Speyer) pointed out, there is no question there has been attitudinal changes occurring in our society over the last few years whereby the stigma attached to bankruptcy perhaps is not what it used to be. We no longer have debtors prisons. Nonetheless, the stigma is still there and it affects those who should least be affected.

Granted, because of changes in our society there are people who in the normal course of conducting their personal affairs are not perhaps as prudent as we might like, or as may have been the case in days gone by; but the thought of going bankrupt is not greatly feared, and many people do indeed declare bankruptcy on a personal basis without losing a great deal of sleep over it and seem to start up again. However, to the prudent and responsible kind of person we would probably describe as the backbone of our country, bankruptcy represents a horrendous personal defeat. In many cases it represents loss of self-confidence and self-esteem, the costs of which are incalculable. It leads to family break up, in some cases to suicide and to all kinds of tragic human loss. As a nation we certainly cannot afford the loss of jobs and potential growth that will result from these commercial bankruptcies.

In addition, in the first quarter of this year there have been 75 farm bankruptcies. The cost of that to the country is inestimable. It is certainly tragic to have a government come forward and say: "Well, what we really have to do, people, is take a look at this Bankruptcy Act; we have to streamline it after 15 years. Do not worry, the question of the economy, of interest rates and business activity is not something we should discuss right now; we can do it another time." Well, we wonder when that other time will be, Mr. Speaker. We wonder when we will get some action out of the government with regard to the economy, and we wonder when the question of the causes of bankruptcy will be addressed in the way it should be.

I should emphasize, Mr. Speaker, that when I talk about bankruptcies I mean formal bankruptcies, not the insolvency that comes as a result of receivership which ends up leaving a financial corpse at the end. As the hon. member for Cambridge pointed out, the vast majority of business insolvencies is through receiverships, not bankruptcies, as a result primarily of the banks and other financial institutions imposing receiverships upon commercial enterprises through floating charge debentures which are now a standard part of the banking business. I will have a little more to say about that later, but in looking back I think the Parliament of Canada made a tragic mistake in its amendment of the Bank Act which allowed the banks to employ floating charge debentures as a method of financing business enterprises. The abuse in that area has been tremendous. While there are some steps in the proposed legislation to prevent perhaps some of the abuses which have occurred, I do not think they go far enough. In any case, we will want to examine that matter very closely at committee stage.

● (1630)

I read with interest the background paper on the bankruptcy and insolvency bill prepared by the Department of Consumer and Corporate Affairs. I noticed that the process started in 1966 with an internal study committee which perhaps put forward most of the proposals which are now incorporated in this bill, although they have been augmented and amended as a result of various studies of its earlier manifestations as Senate bills.

The study committee made one recommendation which was not accepted by the government, that is, the recommendation that the private sector trustees be replaced with public sector ones. I find myself in a bit of a quandary, not being a great fan or believer in the efficiency or effectiveness of government as opposed to that of the private sector in conducting business. I am concerned about the use of private sector trustees because there is very little incentive for efficient, effective and speedy performance by public trustees, whether in bankruptcy or in receivership. Private sector trustees are in the business of providing a service. They get paid when they provide the service. In most commercial cases the trustee is, in fact, a corporation which employs professionals such as lawyers and accountants for whom a per diem or a fee of anywhere from $75 to $200 an hour is necessary.

An hon. Member: To make it last.

Mr. Andre: Consequently, when they are assigned as trustees of an enterprise or an estate with significant resources, there is all the incentive in the world to make it last, as my colleague points out. There is an incentive to keep it going and to justify the $200 per hour fee for lawyers and accountants; it is a very lucrative business. I do not see any incentive in the proposed legislation for the trustees to do anything else but to sit there and collect fees. Ultimately the estate or enterprise is bled dry and runs out of resources, in which case there is no longer anyone to pay the fees and it is wound up very quickly. It is regrettable that we do not have firm data on this, but from the talk one hears from people on the street and those visiting constituency offices who have been victims of such situations, one gets the impression that many trusteeship situations are wound up precisely at the time the last dollar has gone.

In many situations, a speedy and efficient transaction of business at the initial stages of the insolvency could have resulted in there being left a viable entity, albeit diminished, to carry on business. It almost never happens, once a trustee becomes involved, that after a few weeks or months there is an ending of the trusteeship or receivership in a manner which leaves in place a viable, ongoing enterprise.

In the case of formal bankruptcy trusteeships, there is the provision of the supervisor of bankruptcy of the bankruptcy branch of the Department of Consumer and Corporate Affairs. Also there is a licensing provision in regard to trustees. Presumably the supervisor can weed out incompetent trustees or keep an eye on their behaviour. At least he could listen to complaints and perhaps do something about them. As I pointed out, from the things I hear on the street it does not happen very often.

In the case of a receivership where a bank moves in by virtue of its floating charge debentures to seize the operations of a commercial enterprise, the incentive to ensure there is not a nickel left is overwhelming. The only recourse of the estate or a debtor for inefficient, ineffective or for that matter illegal or immoral behaviour, is through the civil courts by launching an action. Therefore, once a receiver gets his hands on an

estate on behalf of a bank, it is in the interests of the bank and the receiver to ensure that nothing is left in order to provide the resources for launching a civil suit against the bank or the receiver by the proprietors, directors, owners or whoever had an interest in the estate.

I am not suggesting that this is the way it always happens or that every bank or receiver has that motive in mind, but I am suggesting that this is the incentive which is provided in the current situation. I think it is bad law to have a situation which provides such an incentive. Instead, we should be looking at law which provides an incentive for a receiver or trustee to be as efficient and effective as possible, to recover for the creditor the moneys owed as quickly and painlessly as possible, and to leave in place as much of the assets as possible for other creditors or perhaps to maintain an ongoing entity.

It is unfortunate that we do not have hard evidence in this regard, but I can relate at least one anecdote of a fellow who came into my constituency office to complain. The man was in the seismic business. He had a very substantial seismic operation, including offshore seismic equipment and a ship. He employed 30 or 40 people. He owed the bank a certain amount of money, as does anyone who is in business or in current operation. The bank had the loan secured under a floating charge debenture. In this case, again as a result of government policy changes, he had some contracts cancelled very quickly which left him in a liquidity crunch. The assets of his company exceeded his liabilities by a substantial amount, but the assets were tied up in a ship and in high-priced seismic equipment. He told me the banks demanded payment on a Friday. Obviously, on a Friday afternoon he could not raise any funds and later that afternoon he was in receivership. Within the month his equipment had been sold at fire sale prices. The bank recovered the funds owed to it and he was out of business. He saw his life's work and several million dollars blown out from beneath him. The purchaser of the equipment and the boat did very well, but that was of small comfort to my constituent.

● (1640)

I do not know whether this story typifies what happens to others, but according to the Canadian Federation of Independent Business this kind of situation happens more often than they would like to see. Apparently the federation's membership has experienced similar circumstances to the ones outlined by my constituent. I understand the federation is conducting a study of bankruptcies, and perhaps representatives of that organization will be appearing before the committee to offer their advice.

In any case, this legislation is welcome. As a result of it data will be collected on the different kinds of insolvencies so that we will know what costs are involved. We need to examine ways in which we can provide an incentive to trustees or receivers to act with some dispatch. Public declarations of the fees collected and declarations of the transactions involved in terms of the disposal of assets are two incentives which come to mind. Perhaps more cases should be allowed to go to arbitration. As matters stand now, the receiver really becomes God when he walks into a commercial establishment. Perhaps there should be a check on the receiver's behaviour by the creditors, the proprietors or the management with the possibility of some sort of arbitration to resolve matters, rather than the trustee or receiver having the last word at every stage. I do not know the answers, Mr. Speaker, but I do think there is a problem here which should be addressed. Complaints have been too widespread to dismiss them as lacking any substance.

I commend the proposed legislation in regard to its emphasis on the ability of a debtor to make arrangements, whether it is a consumer debtor or a commercial debtor. Without having any hard facts before me, it strikes me that the Americans, through their chapter 11, as they call it—which is basically a reorganization similar to the arrangement proposed in this legislation—seem to avoid major commercial bankruptcies in a way that heretofore we have not done. It seems to me that if the banks and financial intermediaries would agree to arrangements, as opposed to receivership, we would see fewer devastating ends to commercial enterprises, something which is becoming all too common.

We have been treated to several news programs on television of late showing that banks send trucks on to farms early in the morning to haul off the livestock to slaughtering plants. They have sold breeding stock for bacon at prices from ten to 50 times lower than its real value. Hopefully this kind of behaviour, which is permitted under the current legislation, will be curtailed through the use of the measure before us. The arrangements under the legislation before us will ensure that the banks get their money back, but it will also ensure that the debtor is not punished unduly.

The provisions in the proposed legislation vis-à-vis wages of employees is welcomed, although, as my hon. friend pointed out, we might well wish to strengthen this provision in committee. We believe that people who have earned salaries should not be placed in secondary positions to banks and financial institutions or, for that matter, other creditors.

In conclusion, I must say again that I am constantly amazed by the crust, if you will, of this government in choosing to bring in an amendment to the Bankruptcy Act, at a time when we have record high interest rates which are almost unfathomable in terms of size, at a time when businessmen are wondering how in blazes they will be able to pay the interest on their debts at 20 to 24 per cent—these MacEachen rates are astronomical—at a time when bankruptcies in the first quarter of this year have increased 20 per cent over last year, when farming bankruptcies have increased by 73 per cent in the first quarter of this year as compared to the same period last year, at a time when Canadians fear for their economic future.

I must admit that the gall of this government is something to behold. There seems to be no limit to its arrogance or its crust. The feeling seems to be that it is the natural governing party, that it knows what is best and that the rest of us should keep our peace. We are being told that we are better off than we were ten years ago and that farmers are doing better now

than they were before. According to the Prime Minister, everything is hunky-dory and the government will set its own priorities. Never mind that you cannot afford to renew the mortgage on your house, never mind that the bank has just seized your farm, never mind that the company you work for may go bankrupt; never mind all these things, we are just to follow the government's agenda because it knows best. I do not think it does.

As long as the government House leader sets the agenda in this House we have no choice but to debate what he puts before us, and we will continue to debate the government's priorities. We hope that this legislation will not be unduly held up. It is an improvement to the existing legislation, and it can be further improved. The government can be sure that it will receive co-operation from this party in order to make it a better measure for all Canadians.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Saskatoon West (Mr. Hnatyshyn)—Canada Development Corporation—(a) Plans for future role. (b) Chairmanship of Board of Directors; the hon. member for Peterborough (Mr. Domm)—Metric Conversion—(a) Minister's responsibilities to small business. (b) Request for repeal of enforcement order; the hon. member for Kamloops-Shuswap (Mr. Riis)—Energy Conservation—(a) Abuse of Canadian home insulation program. (b) Involvement of local organizations in certification process.

GOVERNMENT ORDERS

[*Translation*]

BANKRUPTCY ACT, 1980

MEASURE RESPECTING BANKRUPTCY AND INSOLVENCY

The House resumed consideration of the motion of Mr. Ouellet that Bill C-12, respecting bankruptcy and insolvency, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, we are finally getting a new bill respecting bankruptcy. I know that this has been a subject of discussion for several years. I have been sitting in this House for 25 years and I remember that the representatives of the provinces have been negotiating with the federal government in order to come to some arrangements such as those provided in this bill.

● (1650)

[*English*]

At one time bankruptcy did have a very serious stigma; but events have taken place over the past 60 years which have changed the public's conception of bankruptcy. Prior to and during the 1920s the man who went bankrupt was a total failure. It was a disgrace. In fact, I can recall that at that time a farmer could not be made bankrupt. This provision that a farmer could fall under the Bankruptcy Act only came about in 1949. During the 1930s we saw introduced the Farmers' Creditors Arrangement Act which had great application during the 1940s and 1950s. As a young lawyer, I inherited a whole portfolio of files dealing with foreclosure. That is where I cut my teeth, on foreclosure practice, when I was dealing with old FCAA files.

There was a great deal of tragedy involved in many of those files. I recall what was told to me by my then senior partner who had a great deal of experience and was a very kindly man, and some judges and trustees who had dealt with farmers and, as well, not only small businessmen but business as a whole during the 1930s. They said bankruptcy was the best thing that these people could go through because it took a mountain off their shoulders, one which they would never have been able to shed, and gave them an opportunity for a new start. So far as farmers were concerned, many a time was an arbitrator, usually a judge, named to supervise adjustments of debts, whereby land debts, overdue grocery accounts, twine accounts, oil accounts and what have you were all written down. It was a proposal much as we see in section 3, the consumers' section of this present bill. Many a farmer had an insurmountable load taken off his shoulders. Prior to the arrangement, the wall he faced had seemed sky-high, but now he could begin to see over it. With changing economic conditions, these people were able to continue and get out from under, but something had had to be done. I think, to that extent, the old FCA Act was a good piece of legislation, certainly so far as farmers in western Canada were concerned. That is where my experience came from, even though I came on the scene late. It was the only answer.

How about businesses in the 1930s? I know that in the province of Alberta some of our leading corporations went through the wringer of bankruptcy in 1933, 1934 and 1935. They got rid of their debts caused, in many instances, because they had done work but had not been paid. There were many construction firms which had done the work but they could not get paid. Why could the owners of the buildings not get paid? Because they could not rent them. There was no revenue coming in. The whole economy as we knew it had almost come

to a grinding stop and something had to be done. It is no pleasure for bank managers to contemplate ledgers where notes are piling up interest which will not be collected. There is no way a wholesaler can continue giving credit to a merchant who can sell but cannot get paid; and it goes on, all the way down the line. So I think the 1930s taught a lot of people about bankruptcy and compilation of debts and arrangements.

We are talking about consumers in section 3, those whose debts outside of a family residence mortgage do not exceed $20,000. Many of those people cannot be put through a bankruptcy proceeding. They do not have the money or the assets to pay trustees or lawyers. However, do not think for one moment that this is a new-found gem or that the people in consumer and corporate affairs have come up with a brilliant idea within the last while. A section of this kind was in place and operating in the province of Alberta in the early fifties.

I forget the precise name of the legislation, but strangely enough a good friend of mine is a director of that section of the attorney general's department which administers this legislation. He was then also in that position. He had a great deal of experience. In my early years in Ottawa, I do not know how many times he came down to discuss with the federal authorities the incorporation into federal legislation of some of the principles and regulations of the legislation with regard to consumers. Thank goodness it has come!

We will see, when we are in committee and able to discuss the precise regulations, just how it is proposed that we deal with what I consider to be a vast horde of people. Incidentally, I think their numbers would increase if they knew they could go to experienced counselling officers under a debtors' assistance board so that their affairs could be examined, they could be advised, and they could be kept to arrangements made with their creditors. In the main, creditors are honourable people who have not necessarily lent any money but who may have advanced credit for the sale of goods and services. They are unpaid vendors. True enough, there may be some finance companies, banks or other retail credit organizations that have assisted in furnishing credit.

● (1700)

Today we have massive international credit cards which become almost a temptation for people to go out and spend. We are in an economy that depends upon buying and selling for the production of goods and services so that salaries may be paid and people may then purchase other goods and services. This is part of the economy. If you have ever heard a big truck come to a grinding halt or slow down as the result of shifting into a much lower gear, that would be nothing compared to the noise of the North American and western European economy if credit cards and credit buying were eliminated. When looking at the money supply today, one should not only look at the cash that is in circulation, at demand deposits and at cash on hand in the banks, but also at the total amount of goods bought and outstanding credit purchases.

If hon. members have money in a bank account, it matters little whether that money is there as a result of deposit or whether they borrowed money and put it in the account. Master Charge, American Express, Visa and the credit cards of the major oil companies and department stores are all the same; one card is as good as $300 in the pocket at any time.

Mr. Peterson: Never!

Mr. Lambert: The cards can buy goods at quickly as cash can. As a matter of fact, it is easier to buy with a credit card than with a personal cheque. They should be part of the money supply. When we look for reasons for inflation, the total amount of the wherewithal on which our economic machine turns should be considered. Credit cards are a relatively latter day phenomenon. People are indebted to the credit card companies as a result. This is not the fault of these companies nor of the banks which issue the credit cards, however; the purchase is made by the individual. John Citizen has to accept the blame for a lot of his own problems with overextended credit.

There are all sorts of reasons why consumers overextend their credit. They may have made a mistake; perhaps the payments were too high; perhaps there were two breadwinners in the family and for one reason or another one lost a job or had to resign. In any event, the income is not sufficient to meet the monthly payments. Then there are those who want to live higher than their income would permit. That is also a mistake in judgment. They are the people who play around with credit accounts, paying two months out of three, or three months out of four, and never asking the same creditor to absorb two delays in a row. You cannot call that kiting; they are playing a game of roulette with their creditors. That is all right if they do not become involved in more debt, but that type of individual can rarely resist the temptation to get into debt. They buy today in anticipation of paying with tomorrow's inflated dollars.

It is a very simple psychosis that a man who buys merchandise on credit today that is too expensive for him anticipates having it paid for in two years when he expects to be earning 25 per cent or 30 per cent more than he is earning today. He does not content himself with buying on credit, however; next year he goes on a holiday. That is the type of individual who ends up as a consumer debtor under this particular legislation. I am not going to cry crocodile tears for that individual.

Having said that, we must ask how we can deal with the situation. We cannot ignore those individuals because there are tens of thousands of them in the country. Their situation is almost like that of a doctor who would say that he is going to neglect all cases of measles or the common cold. It cannot be done. Instead, he must try to eliminate measles and the common cold. In this particular case, the solution is not up to John Citizen who owes $20,000. Actually, I do not think that is enough and I hope there is provision for increasing that amount by way of regulation, because with inflation as it is at present, $20,000 will be out of date by the time this legislation is passed. Let us be satisfied that we can convince this individual that he should go to see the equivalent of a debtor's assistance board run by the federal government, not the prov-

ince. I see that there is provision for this in the act. The thrust seems to be that this board will be under provincial administration. That is the way it should be. It should be done with as little formality as possible.

• (1710)

My colleague the hon. member for Calgary Centre (Mr. Andre) spoke about trustees and receivers. We know about those. I am reminded of when I was a young lawyer. Someone presented me with an old British cartoon showing two lawyers on the chancery side of an estate. Both of them were talking over a particular estate saying that it would be a pity if any of the beneficiaries got anything. Outside of perhaps priority creditors, such as the Government of Canada with its claim for unremitted income tax, unremitted unemployment insurance and unremitted Canada Pension Plan deductions, we have seen commercial and industrial bankruptcies where the creditors have received very little. But if you looked at the trustee's fee and the fees for solicitors who were acting on behalf of the trustee, you would see that was where the money was wrung out. But those men are entitled to do the work and to get paid for it.

I do not share all of the views put forward by my colleague from Calgary, because it seems to me we have been able to protect some very complicated bankruptcies. As a lawyer I used to do a certain amount of that work on behalf of creditors. If there were a sensible judge who knew something about a business, one who could be reached in a minimum of time who could give decisions and understand proposals, perhaps a proposal for the bankrupt concerned to continue operations but with supervision, this might be beneficial. I think that should be the case in many so-called bankruptcies today.

I see there is provision in the act for commercial arrangements and the possibility of a trustee being appointed by the court to work along with management on behalf of management's interest and on behalf of the creditors. After all, a going business is the only one that has a chance of making any money and of keeping people employed. On the other hand, a padlock on the door means the end of the road to a great many people. I think far too many padlocks get used. Perhaps there should be an opportunity for continued operation of businesses. They do it in the United States. If my memory serves me correctly, under what they call Section 11 multimillion-dollar concerns are able to make proposals, along with trustees appointed by a court, for operations to continue. There have been many cases where, in the end, creditors come to some sensible arrangement. Perhaps they are prepared to accept 75 cents, 80 cents or even 50 cents on the dollar knowing that is as good as they will ever get from their previous commitments. If a company gets rid of a heavy debt load it may yet be in a business whereby new owners with new ideas and more capital would be interested in taking over. There are many possibilities.

If anyone wants to take a good look at this act, it represents over an inch of paper in thickness. This act is complicated. What is more, the back sections, which include the schedules and the annexes, create some of the difficulties and confusion because they amend other legislation. We see that the Bank Act is going to be amended. I do not think it affects Section 88 but it may affect the banks' secured position. I am not aware that there is a great deal of change in the priorities of creditors except perhaps in so far as employees having claims for unpaid wages are concerned. They do not rank ahead of secured creditors. Their ranking is among preferred creditors, but behind Crown Canada.

In situations where there were unremitted income tax deductions, the Crown has said that money was held in trust by you, the firm, on behalf of the Crown with respect to tax owed by Mr. X or Miss Y. The same may be said about unemployment insurance, Canada Pension Plan contributions and federal sales tax. These are all preferred claims ahead of unsecured creditors.

Now comes the question of wages not paid to employees. There is mention of a sum of $2,000 with a further sum of $500 in certain circumstances. If my memory serves me correctly, in priority $2,000 was the maximum in wages an employee could claim for something like four to six weeks, I forget which. That provision was in the 1949 act and wages were much less then than they are now. Wages were not defined in a maximum amount. I would think it would be advantageous if in the committee hearings we changed this provision from $2,000 to a weekly salary. Within three or four years, $2,000 may be totally inadequate. It would be better to say simply that an unpaid employee shall be entitled to four or six weeks' full salary, whatever the decision is, after the appropriate deductions have been made from that salary for unemployment insurance and so on. Incidentally, they would have to recover enough money to pay income tax, CPP and other statutory deductions from those salaries so that the employee can get full credit.

• (1720)

There is another area in which there has been a lot of criticism of trustees and receivers, as though they work behind curtains, away from the creditors and debtors and as though there was something mysterious about their operation. I am not satisfied with the way trustees were named previously. There always seemed to be an element of political patronage which I did not like. Over the years, it was often easy for a Liberal to come here and be named a trustee in bankruptcy but very difficult for anyone else. I suggest that lends some credence to the suggestion that the trustees and lawyers would divide the estate and the creditors and owners would get what little was left over, if anything.

I would prefer that every bankruptcy be supervised by a properly educated judge, someone who knows something about business, to whom the trustees would have to report fully. In some jurisdictions, through an arrangement with the provinces we could have a bankruptcy court or division, if the volume merited. At least there would be supervision. Anything that is supervised and out in the open has much less chance of being unfair.

One example is the construction business. If an apartment building goes blouey part way up and no more money is available, the mortgagee may refuse to extend further credit. All too often the major creditor is in a position to arrange new financing for the continuation of the project, having squeezed out the others. There is a sale by the trustee to a nominee of the major creditor or to an affiliated company. The small creditors get squeezed out. This may mean an awful lot to them. All too often it is the mid-range creditor, those involved to the tune to $50,000, $75,000 or $100,000, who take the brunt of these failures. These people must be protected as well.

I admit there is no way that everyone can come out of a bankruptcy with no loss. If the employees have been careful and have insisted upon being paid up to date, they will be covered by the statutory protection. A secured creditor will undoubtedly be protected, unless there is some great misfortune. However, that secured creditor should not be able to sell the property at a distressed price; it should be at a reasonable market price so there is some residue. What I am saying is that there should be justice as far as these people are concerned. To that extent, I hope this act will improve matters; it has been a long time coming. I also hope to be able to participate in the committee hearings on this bill.

Bankruptcies involve far too much dirty laundry. We hear about thousands of people going bankrupt. Nonsense, they are not going bankrupt; there are some who have overextended themselves. They make conscious decisions. If they modify their spending policies and tighten up in certain areas, they may be able to ride out the storm. These people were not guaranteed a safe and smooth passage. They have to stand up to the realities of the decisions they took.

There is no doubt in my mind that there has been a lot of foolish spending and investment. People get carried away with the inflation psychology which is so prevalent today. The government is up to its neck in it. All the way along we have seen government proposals in legislation which accepts 10 and 12 per cent inflation as though it was going to happen. The proposal in the Judges Act was for an increase in salary in excess of 7 per cent, and this to be checked every three years. What is that but an acceptance of inflation?

One of the side benefits of the exceptionally high interest rates today will be to draw people away from this inflation psychosis so that they accept the idea that tomorrow is not necessarily the day when Santa Claus will come around with higher salaries. At the present time, they are hooked all the way through. In more than one government proposal we have seen indexing all the way along. That is an acceptance of the fact that inflation is as inevitable as the sun rising tomorrow somewhere in the world, and that is wrong.

However, having said that, it is no relief to those people who have made mistakes to say to them, "Tough luck, old boy, but you made the mistake, you have to get along with it and lump it." I hope that through this act ordinary debtors, the so-called consumer debtors, commercial debtors and industrial concerns, will have flexible enough legislation for honesty and good will to be allowed to—

• (1730)

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but his allotted time has expired. Nevertheless, he may continue if there is unanimous consent.

Some hon. Members: Agreed.

Mr. Lambert: I was just on my last sentence.

Mr. Peterson: Carry on. Keep going.

Mr. Lambert: I invite the hon. member to make a contribution. He has enough to say in the Standing Committee on Finance, Trade and Economic Affairs at times about matters of this kind, but we do not receive the benefit of his knowledge and his experience here in the House. Let him come forward instead of speaking from his seat—

Mr. McCauley: He is not speaking from his seat.

Mr. Peterson: It is not my seat, Mr. Speaker. I will be happy to return to it.

Mr. Lambert: He has been heckling in an underground, half-heated way all afternoon, but not enough to be understood, and that is nothing new, but I would like to hear him make a speech on this particular subject.

Mr. Peterson: Mr. Speaker—

Mr. Lambert: I have the floor, if the hon. gentleman will please resume his seat.

The Acting Speaker (Mr. Ethier): Is the hon. member seeking the floor on a point of order?

Mr. Peterson: Mr. Speaker, I rise on a point of order. I just ask the hon. member if he wishes me to carry on his speech for him or if he wishes me to make a contribution to this debate. I would be very happy to accede to his wishes because I have always respected his advice.

Mr. Lambert: Mr. Speaker, I will terminate on that. I expect tomorrow I will read *Hansard* and see the speech of the hon. gentleman and a contribution to the resolution of the problem with which we are faced in handling this legislation.

I hope we have a vehicle here and that appropriate arrangements can be made with provincial authorities so that as much flexibility can be introduced into the administration of the act as possible so that we can deal with this problem of excessive indebtedness.

Excessive indebtedness is not necessarily bankruptcy, but I hope we can eliminate formal bankrupty in as many cases as possible. True enough, the public does not attach the same stigma to the word "bankrupt" today as it did 50 years ago, but I think it is still something we should understand, even

though some hon. members opposite who sit and just mumble and grumble may be bankrupt of ideas on the subject.

Hon. Bud Cullen (Sarnia-Lambton): Mr. Speaker, I was moved to speak earlier when I listened to the hon. member for Calgary Centre (Mr. Andre), and I am moved even more so now as a result of listening to the hon. member for Edmonton West (Mr. Lambert).

When the latter hon. member was dealing with the priorities which are set in the bankruptcy legislation, I was reminded that income tax funds stand in a preferred position. As a matter of perhaps some little interest, when I was first elected to the House of Commons, the very first motion I put on the order paper was to the effect that the government, in collecting income taxes, should rank on an equal basis with other creditors. Believe it or not, I was successful in getting that particular motion through private members' hour and to the committee. At the committee I ran into a bit of opposition from, of all people, the financial critic of the New Democratic Party, who indicated that where other individuals had extended credit, they had made the conscious decision to extend that credit, and the government was really in no position to do so. On that basis, that member argued in favour of the proposition that the government should maintain its preference. I was not able to dissuade the committee, and by the time I got back to the committee again, the decision had pretty well been made.

Mr. Peterson: Putting business ahead of the public good.

Mr. Cullen: I want to commend the minister for being able to convince his cabinet colleagues that this particular piece of legislation should be brought forward. We have heard much rhetoric and there has been much wringing of hands about the suggestion that many other subjects should be discussed, given present interest rates, as well as the energy policy which is now being discussed and bills such as Bill C-48 and Bill C-57, but this particular bill is not brought forward in isolation. I understand there are some six different committees meeting this afternoon to discuss a whole series of subjects. Part of those discussions will involve the estimates of particular departments. If parliamentarians have an obligation, it is to go over those estimates with a fine-toothed comb and in that way act in the better interests of the constituents they serve. So I think the minister should be commended for being able to convince his cabinet colleagues that this was the time to bring this particular piece of important legislation forward, rather than be the butt of the wrath of some hon. members.

I was somewhat appalled—that is the only word I can think of—when I listened to the hon. member for Calgary Centre condemning in a broad way trustees in bankruptcy. I do not know the trustees in bankruptcy with whom he has dealt, but I can say that it has been my experience that trustees are very dedicated individuals. In many instances they are members of the chartered accounting profession or the legal profession, and they perform a yeoman's service on behalf not only of the estates for which they are trustees in bankruptcy but also on behalf of a myriad of creditors, many of whom would not understand their rights if it were not for the trustees in bankruptcy who quite often go the second mile to explain those rights to ordinary creditors. In many, many instances trustees have seen fit to keep operations going so that creditors or debtors would not be left without any money at all. As the hon. member for Edmonton West pointed out, quite often they have been able to arrange settlements whereby creditors get 70 cents, 80 cents or a certain amount on the dollar so that everyone has an opportunity to share in whatever assets are available.

To suggest that trustees milk estates until the last cent is gone so that they can discourage anybody from taking civil action I think does a disservice to trustees in bankruptcy who have served this country in a very admirable and conscientious fashion.

There will be bad ones, of course, in every profession, but I think the vast majority of trustees do a yeoman's service on behalf of the people who run into difficulty, who are endeavouring to secure at least some of their money back and who look to the trustee in bankruptcy as their last hope of collecting at least some cents on the dollar.

The hon. member for Calgary Centre indicated that the service people who came to Ottawa to speak to us last week put all the blame for their problems on the national energy policy. I must say that they were much more honest in their presentation than was the hon. member for Calgary Centre this afternoon. They indicated that they had seen not just our government but also the government of the Province of Alberta and the government of the province of Ontario. They were endeavouring not to be political, as the hon. member for Calgary Centre was in this instance. They were endeavouring to point out their difficulties. Some pointed out that in six months they would have to close up. They pointed out that many of them will have to go bankrupt unless an agreement is reached between the producing provinces and the federal government.

Mr. Lewis: Mr. Speaker, I rise on a point of order. I believe the hon. member said that the members of the contracting industry were much more honest than was the hon. member for Calgary Centre. If the hon. member were to look at those words, I think he would want to retract them and be a little more accurate.

Mr. Cullen: Mr. Speaker, I was indicating that those people had been more honest in their presentation. The hon. member for Calgary Centre indicated that these people were blaming everything on the national energy policy. They were not blaming everything on the national energy policy. They said there was fault on the part of the Alberta government, which is participating in this. They felt there was a role for the province of Ontario to play. They were concerned that we were not, in their view, working as effectively as we might in bringing about a settlement with the producing provinces. I am not saying the hon. member is dishonest. I am saying that his presentation was not as honest as the presentation we received from those individuals.

They did express concern about what their plight would be down the road. In some cases they were talking about the short term and in others about as long a time as six or seven months, but they wanted to see a settlement effected, or they would be facing bankruptcy and have to rely on the provisions of either the old act or the new one. They were honest enough to indicate that drilling rigs were leaving before the national energy policy was ever introduced. They were honest enough to concede that there was an oversupply of oil drilling rigs in Canada and that on that basis there was not the market in Canada they would like to see. Many of them were going south for that reason. Others were moving because they had other obligations. They had taken up leases. They were moving because they had to do some work on those particular leases if they were to maintain their right to drill in those particular areas. So in the presentation they made these individuals did not blame the national energy policy for everything that took place.

● (1740)

An hon. Member: Just 90 per cent.

Mr. Cullen: The hon. member opposite says 90 per cent. They did not say anything about 90 per cent at all, they indicated there was an obligation, and I agreed with them, on all parties to sit down and endeavour to arrive at a settlement that was acceptable right across the country so that those who were producing would get adequate compensation for their work, that the province would receive adequate revenue and that, as every one of them who spoke to me indicated, the federal government was entitled to more of the revenue from a barrel of oil than it is receiving at the present time. The other point they made is that the price of oil really is the determining factor. Once that decision is reached, many of the other problems, they felt, could be overcome.

The hon. member from Edmonton West quoted a former principal of his who indicated that a bankruptcy was a natural and necessary tool or weapon, or perhaps opportunity is the best word, for people in business in the private sector in a capitalistic system. In this way people have extended credit to them, have taken that particular risk, sometimes securing the risk by floating debentures or mortgages or some other means, and in some instances they simply lent that money or performed the work, knowing they can protect themselves through the filing of mechanic's liens or things of that nature.

However, in every instance of a bankruptcy the individual or corporation has overextended itself, possibly by expanding too much, possibly by not rationalizing the machinery it has in its enterprise. There are many reasons for bankruptcy and I think Canadian society today does not look down upon bankruptcy in the same way it did many years ago. I think it is now accepted, and people who extend credit recognize that they are taking a risk and that it is their obligation, as the hon. member for Edmonton West said, to determine to what extent they should be prepared to advance goods or money or to allow someone to use a particular enterprise when the individual who needs it cannot pay cash for it on the spot.

So business decisions are made by people who extend credit, and people build up reputations for receiving credit, using that credit, making a profit and paying back the loan. In that way they set a pattern so that in the future when they enter other enterprises or develop their own, they will have built up a credit rating so that people will have some confidence in them and advance them credit.

It is always a tragic time when an individual or a corporation faces bankruptcy, and what we have to do at that particular time is at least to have legislation in place that will make it as easy as possible for people to overcome the trauma, to see if they can get some money out of the particular operation or to see if they can keep the operation going. Good trustees in bankruptcy will do that, if they can arrange a settlement that will be equitable for all concerned, and that is not only the trustee's responsibility but certainly is that of the individual or the corporation to the people who have extended credit.

All of us in this House are concerned about the ordinary wage earner, the individual who has no choice. He works for a particular corporation and is supposed to be receiving a salary, but he is put off so that at some point down the line he has to make a decision as to how long he is going to continue to work there in the knowledge that he may never receive the money. He has no particular priority. And I think the method the minister has endeavoured to put into this particular act is one that faces up to that particular problem. Maybe there is a better way and maybe someone will come forward at the committee stage with something that is better than what is provided for in the act, but I commend the minister for the fact that special attention has been given to the ordinary worker employed by a particular corporation who has not insisted upon payment of his wages in the interest of helping that corporation to continue.

There is one other area that I find particularly invidious, and that is the individual corporation that knows it is going bankrupt, continues to seek out credit and secures it, in some instances, from gullible people, and maybe we should not feel too sorry about them. Those companies convince people in construction, for example, not to file mechanic's liens because in doing so they will stop the flow of capital. Quite often a bank or a trust company will move in, advance more money than should be advanced and thus obtain a large advantage over all the ordinary creditors because these individuals have not filed mechanic's liens. When a construction subcontractor reaches a stage where he feels it is necessary, in order to protect his interests, to file a mechanic's lien, it is my view that unless he has something very solid from the contractor or the owner, he would be well advised to pull the plug, as it were, and call the bluff of the contractor to see if he can in fact proceed.

Now you cannot generalize on a subject like that, Mr. Speaker, because there are instances where an individual knows that if mechanic's liens are filed, the bank will not advance the money he needs to pay salaries and things of that nature. However, somehow we have to find a way to aid those who have been stuck as a result of companies and individuals

going bankrupt. I hope that in the passage of this particular piece of legislation, as long as it is—and at 430 sections it reminds me to some extent of the Bank Act—we will have the same kind of co-operation. I hope we will have witnesses appearing before us who will have an idea about how we might protect the ordinary worker and if this is not the best system, whether there is a better system that could be implemented.

I thank the House for its attention. I know that others want to speak, but I hope the bill will be referred to committee soon so we can have witnesses before us and give the bill a very close scrutiny in clause by clause reading. Thank you, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Doug Lewis (Simcoe North): Mr. Speaker, I welcome the opportunity to address a few remarks to the House during this debate. Before doing so, I cannot help but remember the time when I asked my father, a chartered accountant, why he did not do any trustee work. His answer was: "Well, Doug, I have never seen a happy bankruptcy". After several years in business I have to echo his remarks because I know that when we are dealing with bankruptcy legislation, we are dealing with something which touches people in very difficult circumstances.

Before dealing with the provisions of the legislation itself, I cannot help but comment on the irony of the Liberal government bringing in the legislation at this time. The House knows that Canadians are facing record high interest rates and record high mortgage rates as a result of the Liberal government's failure to address the economy since it took office in 1980. The deficit continues to rise, the economic prospects of Canada continue to plummet, and the government does nothing as far as an industrial strategy or long-range planning is concerned. We are left with a government which says that it will come to the rescue of the Canadian people with improved bankruptcy legislation.

An hon. Member: Broken record.

Mr. Lewis: Yes, you have broken many records. As a result of this inaction by the government, more and more Canadians are making use of the Bankruptcy Act and this is the only reason that any concerned Canadian can see at the present time for the introduction of this legislation.

The House will know in 1980 there were 224 farm bankruptcies compared to 125 in 1979. In the first quarter of 1981, there were 75 farm bankruptcies compared to 44 in the first quarter of 1980. The number of business bankruptcies was 6,595 in 1980 compared to 5,648 in 1979, and 5,646 in 1978. Business bankruptcies in the first quarter of 1981 were 2,044 as compared to 1,706 in the first quarter of 1980. The number of personal bankruptcies in 1980 was 21,025 compared to 17,892 in 1979 and 15,938 in 1978. Personal bankruptcies in the first quarter of 1981 were 6,152 compared to 5,238 in the first quarter of 1980. The Liberal government continues to set records.

● (1750)

It is also interesting to realize that this basic legislation has been in the works in finalized form since 1975. I understand it has been introduced in the House by three different ministers at three different times over the past six years. In fact, it has taken the Minister of Consumer and Corporate Affairs (Mr. Ouellet) since last year to present a bill which is basically the same as the one presented by the Progressive Conservative party when we governed in the fall of 1979.

The lack of ingenuity on the part of the government is superseded only by its lack of speed. Rather than dwell on the intricacies of the legislation and the procedures for handling bankruptcies, I turn my attention to the provisions of the act which govern secured and unsecured creditors, especially with respect to the position of commission sales people and wage earners.

I am sure the government, in consultation with receivers and trustees, has done its best to streamline the procedures under the Bankruptcy Act. In any event, we can deal with those refinements in committee; we should not occupy the time of the House. Later I will comment upon the suggestion that the bankruptcies superintendent surveys trustees and receivers to determine the feasibility of establishing a funded plan to insure wage earners against loss of wages and other benefits caused by the bankruptcy of their employers.

I should like to deal with the question of preference. Traditionally preference has been given to wage earners vis-à-vis other unsecured creditors. The act proposes to continue that preference. I would suggest that we look very hard at the suggestion that wage earners should be granted priority over secured creditors for wages and commissions owed, as well as any deduction the employer has made for employee benefits, group insurance, income tax, etc.

Wage earners and commissioned salesmen are always hardest hit by a commercial bankruptcy. The loss of wages strikes at the pocketbook of the wage earner and his or her ability to feed and clothe a family and put a roof over their heads. These are not usually the sophisticated players in the business world. The sophisticated players are the banks, trust companies, finance companies, insurance companies and large businesses. They can sustain a loss; they know how to protect themselves. These are the people to whom salary cheques at the end of the week or every two weeks are all important. For that reason we should consider giving wage earners and commission sales people a priority over secured creditors. The hon. member for Dollard (Mr. Desmarais) was in the House a moment ago; he is also a chartered accountant.

At this point I would like to refer to the minutes of the Senate Standing Committee on Banking, Trade and Commerce of Tuesday, June 3, 1980 in which Mr. Biddell, a well-respected trustee in bankruptcy, made some remarks with respect to the possible preference or security which could be given to wage earners. He spoke on behalf of the Institute of Chartered Accountants which presented a brief to the committee. He said:

—we think it is the secured lenders who should be required to contribute out of their security the amount required to pay the outstanding wages, because the employee's work has gone into enhancing the value of their security, for the most part, and the secured lender is the person best qualified to determine, not only his position but whether or not the company can continue to survive, what its chances are, and when, if it must, be terminated. This is the way commercial practice is going in Canada, and I think that this legislation should follow it.

The Institute of Chartered Accountants suggested that this security should be attached to current assets such as inventory and accounts receivable, not so much long-term fixed assets such as land and equipment. They suggested the money in cash which the trustee would have coming in from which to pay out secured claims of wage earners. This makes good sense; I hope the House and the committee consider it.

My next question concerns whether there should be any limit on the amount of salary and wages an employee may claim as either a secure or preferred creditor. I want to review this matter briefly and then make a special reference to real estate sales people on commission. The limit of $2,000 was presumably set with some principle in mind. I do not understand why there should be any limit on the wages and commissions payable which rank as either secured or preferred claims. It is the people who are working, whether they are commissioned sales persons or wage earners, who make the economic world go around. The very least we can do as members of Parliament is to protect their salaries, wages and commissions.

There may be any number of reasons why the amount owed to an employee at the time of bankruptcy may exceed $2,000. The employee may be a highly paid employee. The employee's pay dates may be monthly or at even longer intervals. If the employee is employed in the far north and only draws down his full pay at the end of a contract date, the amount owing could exceed $2,000. The employee may be on a bonus or incentive which normally results in large accruals of salaries or wages. In any event, I see no reason why there should be any limit on what is paid in a bankruptcy to an employee who is either a preferred or secured creditor.

Real estate sales persons are at a very distinct disadvantage under the Bankruptcy Act. First, the amount of commission on any one real estate transaction can very often exceed $2,000. Second, real estate sales persons do not receive their payment or commission until the transaction closes. This can mean a real estate sales person can work very hard in the month of May and sign up, for example, in five transactions which close in June, July and August. The work of the commission sales person has been done, the transaction is finished as far as they are concerned, but if anything happens to the financial stability of the broker during the period from the time the agent completes the offer to purchase to the time the commission is paid to the broker and thence to the sales person, the real estate sales person can find himself in difficulty. He can find that commissions receivable have been assigned to the bank or to other creditors and they are scooped before the real estate sales person is paid his commission.

If it is argued that the rationale for a $2,000 limit on wages and salaries is that an employee is expected to protect himself or herself, this does not ring true when we are talking about commission sales people. They cannot do anything about the commissions owed to them. If one is working on the line, is paid every week, and does not get paid on one Friday or the following Friday, perhaps there is some responsibility on his part to say, "Hey, wait a minute, I will not work until they pay me." But real estate sales people and other commission sales people do not have that protection. They may not even be on the premises where the business takes place. Their part of the business may be to go out and make sales; they are not there to see day to day the financial stability of the company. I would suggest that we look at that, and if we maintain a preference system, we should consider whether $2,000 is high enough.

May I call it six o'clock, or do you wish me to continue?

The Acting Speaker (Mr. Ethier): It being six o'clock I do now leave the chair until eight o'clock this evening.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Lewis: Mr. Speaker, when my time ran out at six o'clock I had just finished dealing with what I felt were inequities in placing a limit on the amount an employee could recover as a preferred claim on a bankruptcy. I would like to extend my comments one step further and talk about the provision in the legislation relating to a $500 limit on pension and health and welfare contributions. It seems to me that when an employer makes deductions from an employee's pay for group insurance benefits, health and welfare deductions and pension plans, the employer takes on a position of trust. The funds which are held by the employer for payment to the benefit of the employee are trust funds. The employee has no method of ascertaining that the funds have or have not been paid out on his or her behalf by the employer under the terms of the trust. No employee, no matter how diligent, can protect himself against an employer who, when faced with financial difficulties, decides to borrow from his employees in effect, and pay other creditors to the detriment of pension funds and health and welfare plans.

It is for that reason I wonder why there should be any limit on the trust moneys deducted by employers which are held, in effect, to be paid out under these plans for the benefit of the employees. It seems to me that the federal government has a responsibility under the terms of the Bankruptcy Act to enforce the terms of that trust.

The last thing I wish to deal with is the suggestion that the bankruptcy superintendent be empowered under the act to survey trustees and receivers to determine the feasibility of establishing a funded plan to insure wage earners against the loss of wages and other benefits caused by the bankruptcy of their employer. My first thought was, that in setting up such an investigative board, the Liberal party had run out of positions to which it could appoint Liberal politicians and

party faithful. I thought perhaps Maurice Strong had another idea. Then I went on to imagine the management consultants and economists who would be needed to produce such a study. I imagined the endless forms, the questionnaires and the paperwork which we would be loading on the Canadian business person who is trying to make a living. Then I started to contemplate who would be included in this favoured group of wage earners who will pay into a fund which will pay salaries when the employer goes bankrupt.

The first group of employees I thought about was federal government employees because, at the rate this government is running up deficits, they are prime candidates for bankruptcy. It can be seen that very soon civil servants should be paying into such a fund. I then went on to think about Crown corporations which would probably also be absolved from the payment of such premiums, despite the fact that organizations such as the CBC would never produce a profit, nor could they ever be expected to. I then wondered how an employer would explain to his employee a further deduction from his rapidly diminishing pay cheque. There would be a box on the pay slip which would read "bankruptcy deduction". I thought about my son who recently landed his first job. I could see him going to his employer and asking him what this bankruptcy deduction was all about. The employer would say that it was a fund from which my son would receive his wages when the employer went bankrupt. I do not see how this engenders any confidence in the system, to be deducting money from people's pay cheques right off the bat and telling them how they will be paid when their employer goes broke.

As I suggested earlier, it seems to me eminently more sensible to adopt the suggestion of the Canadian Institute of Chartered Accountants and give wage earners and commission sales people a priority over secured creditors from the remuneration or recovery on current assets.

• (2010)

I am also concerned as to how we would administer such a plan, the number of people that would be needed, and simply whether it makes sense; because although we are dealing with bankruptcies and we are definitely having more than we have had in the past, based on my 25 years of experience in business, I do not see that a fund and all the problems that go with such a fund are necessary to solve this problem. I think that if the Canadian government wants a survey, surely that questionnaire could have gone out to trustees and receivers without our asking for the approval of the House of Commons. With all of the things that the government does without our approval, one would think that surely a simple questionnaire such as this could be set up.

So, those are the remarks that I wanted to make on the Bankruptcy Act. We on this side of the House dearly hope that the government will get on with the legislation, that we can get it into committee, that we can solve this matter, and we will not have the hon. Minister of Consumer and Corporate Affairs bringing in this legislation once again.

Some hon. Members: Hear, hear!

Mr. Doug Anguish (The Battlefords-Meadow Lake): I would like to participate in the debate this evening. There are a number of things I would like to point out. I have some concerns for my own constituency, which is affected by this bankruptcy legislation or certainly should be affected by it. I would like to start off with a quote that goes back to 1923. It is from a statement by J. S. Woodsworth, who was one of the founders of the CCF, the forerunner to the New Democratic Party of which I am a member today in this House. In speaking on the amendments to the Bank Act at that time, he said:

> Let me say, as has been said elsewhere, that either we, as a people, must own and control these great financial institutions or they will absolutely own and control us.

Woodsworth was talking about the banks and the legislation put forward by the government. It seems the prophecy that he made at that time has been proven to be right. I wonder quite often why this is so, after so many people have made representations to the government of the day and the former government, the consecutive Liberals and Conservatives who have ruled this country, that wage earners and consumers, small business people and farmers should have first right to any money that is owed to them when a bankruptcy actually does occur. It puzzled me why that takes place. But when one looks at who really owns the Liberals and who owns the Conservatives, it is no wonder. I look at the contributions that are made to the political parties from, say, the five major banks in Canada.

An hon. Member: How about the unions?

Mr. Anguish: For example, the Toronto-Dominion Bank donated $90,000 to the Liberal party between 1977 and 1979. Also, the Tories were given not $90,000, but $90,095 from the Toronto-Dominion Bank.

An hon. Member: What did you do with the $95?

Mr. Anguish: We have the Royal Bank which wants to treat both of the old line parties equally so that each was donated $100,000 in the years from 1977 to 1979.

An hon. Member: What did the teamsters give you?

Mr. Anguish: The bank of Nova Scotia donated $94,000 to the Liberals and $90,098 to the Conservatives. The Bank of Commerce donated to the Liberals during that period, $100,-194, and to the Tories, $100,747. The Bank of Montreal gave $101,500 to the Liberals and an even $100,000 to the Conservatives.

Those totals to the Liberals during that period of time from the five major banks came to almost $.5 million. The Liberals received $485,694. To the Progressive Conservatives, they gave $480,940. The Tories on my right ask, "How much did they give to the NDP?" They never gave one cent to the NDP.

Some hon. Members: Oh, oh!

Mr. Anguish: It is the people of this country who control the New Democratic Party, and not the major financial institutions of this country.

The Bankruptcy Act has some changes in it to clear up some of the problems with which we are faced, but not nearly enough. I really do believe that the small business people, the farmers, and especially the wage earners of this country, should be the ones to get the first crack at any money that is left over when a company becomes insolvent or has to declare bankruptcy.

The banks are the first ones to shout, though. They have everything secured. They keep in touch through political contributions and strong lobbying techniques that the average consumer does not have at his disposal. For example, early last year there were 50 employees from Lewis Motors (Ottawa) Ltd. right here in Ottawa. Did they all receive their money, or did Clarkson Gordon get its money first, or did the Canadian Imperial Bank of Commerce get its money first? And what was left over for the employees? I suspect there was very little left once the banks got through with them, because the banks, especially during high inflationary periods like this, get consumers, small businesses, especially farmers, into a situation of indebtedness with which they cannot cope. They have them secured and they end up with everything after the company or the farm has become insolvent or declared bankrupt. I do not think this is right.

The government actually introduced legislation in 1975 to clear up this situation but did not really pursue it. It was dropped at that time. Then the Senate pursued the matter. It felt that the banks should receive priority. I will quote Senator Hayden who summed it up by saying: "The committee took a strong view in relation to that proposal," talking about wage earner priority, "fearing that it would upset the whole business of commercial lending and commerical financing if secured creditors were deprived of their position." Deprived of what position? I wonder, when we are talking about the banks, these financial institutions.

About a month ago I saw an article in the *Winnipeg Free Press* headed, "Bank profits zoom". In the first quarter of 1980-81, the profits of the eight top chartered banks were up by $459.8 million. For that quarter, that means they were up 60.8 per cent over the previous year. Certainly they do not need that money as do some of the small individuals who are caught in the squeeze of high inflation and high interest rates which have been created by the Liberals in co-operation with the Conservatives before them, and who set the legislation to give priorities to the banking institutions to grease their political wheels. I think it is a disgrace.

I wonder how the interest rates affect Senator Hayden. I wonder how the interest rates affect some of the members of Parliament here. Certainly not as much as they affect the small consumers out in the constituencies which we are supposed to represent. It seems strange that it is the people who elect us, who put us here to run the country and set the rules of the country to govern in fairness and in good order, and yet we come down on the side of the banks and not the common, everyday individuals out there who need our help, who do not have the resources at their fingertips to be able to manipulate the systems as well as the banks and larger corporations do. I think it is much more important to have the money put towards feeding a family than to put it into running a banking institution or financial institution which already has, as I have said, zooming profits, increased profits, year after year in this country.

The banks should be equally happy, I think, with the Tories as they are with the Liberals who are giving them this. I think that a good way of summing it up is that the Conservatives chopped the hole in the boat; but now that the captain is a Liberal, they are screaming because the water is getting in. It seems a very strange situation to me.

● (2020)

There are not many rich bankers in the constituency which I represent in northwestern Saskatchewan. The people there work very hard to make a living, as do people anywhere else in this country. They do not have the resources available to them that might be found in some of the larger centres, nor do they have some of the job opportunities that might be available there. A number of other members represent constituencies similar to mine where the people depend on small businesses which employ the vast number of people in this country. They depend on agriculture, and bankruptcies among small farms are increasing at an alarming rate. I understand that business bankruptcies have increased by close to 30 per cent. Some 697 businesses went bankrupt in March alone. That does not just refer to those small businesses where people have lost the work of a number of years or in some cases of their entire lifetime; it does not mean hardship only to them but to their employees, people who depend on those small businesses for the income with which they feed their families. This has a spin-off effect in the community.

The situation of the farmers is worsening, Mr. Speaker. In the first three months of 1981, farm bankruptcies increased 70 per cent over the same period last year. This does not take into consideration those farms where there was foreclosure or those farmers who had to sell out because they may have been too proud to declare bankruptcy and had to get out with some of their personal effects. These people lost everything. When we are passing legislation which relates to bankruptcy, I think it should help those people and not the banking institution.

I agree that the banks should have the ability to secure credit, but they should not have first call on it, Mr. Speaker. The people I have mentioned should have first call. When those people are paid off, there is usually something left but when banks and financial institutions have the first secured line of credit, there is very seldom anything left for the consumer or wage earner in the company involved.

I am quite concerned about what is happening in the area of agriculture. Bankruptcies may drive us into an agricultural or food crisis in this country within a few years, if they continue at the present rate. People are being driven out of cow-calf operations and out of grain farming because of the bad

economic conditions that face them. Perhaps the Minister of Agriculture (Mr. Whelan) should turn his green cowboy hat in for a green poker visor because this government is playing poker, which is a high risk game, with the farmers, business people and wage earners of this country whose lives are adversely affected during these times.

We have a very serious problem in this country today. Rather than dealing with who should have priority when a company goes bankrupt, perhaps we should be dealing with legislation to keep businesses and farmers from falling into such a bad situation. In times of spiralling inflation, it is very difficult for them to carry on.

I should like to turn for a few moments to a matter which took place in the constituency of Battlefords-Meadow Lake. A short time ago, 27 farmers in northwestern Saskatchewan purchased some very expensive farm equipment from an implement dealer in North Battleford. The implement dealer agreed that the farmers would put down a small amount and pay the rest after a set period of time. Unfortunately, he ran into some financial problems and did not pass on all the money paid to him for the machinery purchased by the farmers. Instead, he saw it as a cheap source of interim financing that he could use to get his business back on a good footing, at which time he would pay the money back. He never passed the money along to the trust company which held the notes for the cost of the equipment, however, and his business got into a worse situation. His indebtedness spiralled and he found himself unable to honour his commitments to business. Rather than declare bankruptcy, he sold the business to another implement dealer. This was not really a case of bankruptcy, but if he had declared bankruptcy the outcome would have been the same.

When he sold the business, the trust company became interested in his financial situation. It wanted its money for the equipment that had been sold to the 27 farmers in the Battlefords area. The man who owned the company said, "I am sorry, I cannot pay you." He signed a promissory note to the trust company saying, "Yes, I owe you this sum of money", which actually amounted to $246,694.88. He said, "Yes, I owe this, but I cannot pay it." He sold a car he owned and gave that money to the trust company. He sold a house he owned and gave that money to the trust company. The courts were not even able to find out what had happened to the money that had come in when he sold his business. So he was unable to pay this almost quarter of a million dollars to the trust company which said, "We want our money." The implement dealer said, "I cannot pay it." The trust company said, "Well, we want the equipment." The implement dealer said, "I cannot give it to you. The farmers have it." The trust company went to the farmers and tried to seize the equipment, which they needed to carry on their farming operations. As far as the farmers were concerned, they had already paid for their equipment, but the trust company still wanted it.

One of the farmers said, "Lookit, you can't have my equipment. I need it to carry on farming and I need to farm in order to feed my family and pay my taxes to this great family." He took the trust company to court. The final court decision was that the farmer had to pay for the equipment again. The farmer had to pay the trust company twice! Twice for the same equipment! That is wrong, Mr. Speaker.

There are several things wrong with this situation, some of which relate to federal legislation and some to provincial legislation. Part of the problem with the provincial legislation concerns the bonding of implement dealers. The provincial government of Saskatchewan has been very responsive and is introducing legislation this session to ensure that such a situation will not occur in that province again. The federal government should be doing something about it as well. No one should have to pay twice for the same material. The farmers paid in good faith to an implement dealer who unscrupulously used the money for his own benefit to try to put his company back on a sound footing. He thought of it as low interest money and did not pass it along to the trust company. That should not be allowed to happen.

The same situation would have held true if he had declared bankruptcy. The courts would still have ruled in favour of the trust company which wanted its money—which seized the collateral or asked for double payment.

It is situations such as the one I have outlined which point out that wage earners and the people of this country who are least able to afford the loss when a bankruptcy occurs should have first recourse against the assets, not the trust company.

Can you imagine what it does to 27 farming families in one area who in some cases have to pay as much as $30,000 or more for the same piece of equipment, and to pay for it twice? In times of inflation, just as now when equipment is already overpriced, when interest rates are out of sight, when fuel prices are creating hardship and adding to the inflationary spiral, I say it is wrong to give these companies first priority over those funds and to turn private individuals out into the cold. That is not being a very responsive government. I do not think the government appreciates what some of the people have to put up with in constituencies outside of Ottawa.

• (2030)

Ottawa is not the real world, Mr. Speaker. I am sure you are aware of that, even though your constituency is in Ottawa. Ottawa is removed from the real world. I think some members of Parliament, especially Liberal members of Parliament, should be keeping in closer touch with their constituents and listening to what they say when it comes to who should have priority in cases of bankruptcy. Almost every lobby and organized group, outside of Ottawa and the banking and financial institutions, recommend that it is the individual, the wage earner and the small business person who should have first chance at recovery of assets in cases of bankruptcy.

We should examine what other countries do, instead of just listening to what the banks have to say. For example, the Swedish government has a wage guarantee law. In this respect employers pay into a fund. I do not know that anyone from the Liberal government has looked into that aspect to see if it is feasible in Canada. It sounds good to me. But as a member of

Parliament I certainly do not have the resources or the research staff to look into something like this. The government should do such research when it is introducing a bill like this.

In France the government helps employees of a bankrupt firm to find work. The government guarantees pay for a year if those employees cannot find work. Why does Canada not think about doing that? Does the federal government not have control of the economy? Have we lost total control? Do we not care any more? It seems that we are in a firefighting situation most of the time. We react to a crisis situation, instead of planning ahead. We should plan an industrial strategy. More important, we should plan an economic policy to ensure that hardships, which certainly do and will occur over time, are spread over as large a base of the population as possible. This hardship should be spread around, especially on those with the economic resources, such as financial institutions. They should absorb some of that hardship, instead of forcing some farmers into a bankruptcy or into having to pay twice for equipment that they could hardly afford in the first place.

Many members of Parliament, especially Liberal members, because they are the ones who are introducing this bill, have to hide their heads in the sand and choke back the injustice which is being created by legislation like this being put into place. They have to hold their noses to put it through because it reeks of paying the piper and calling the tune. I am referring to the money given to the old line political parties by the financial institutions of this country. It is almost unbelievable that something like that could happen in Canada at a time when we are trying to draw up a Constitution to govern the country in fairness and equality for all people. Much of the legislation we bring in is firefighting legislation. It is reactive legislation. It is reactive to the heaviest pressure groups, which include the banks. The banks pressure individual members of Parliament to introduce legislation which will be advantageous to the banks. The banks grease the wheel by giving contributions to the old line political parties. That is a terrible way to set laws in this country. If the same thing is happening with respect to our Constitution, then I think this country is in real trouble. We should be looking at the very base by which we govern ourselves. We should be listening to the people from firms such as Lewis Motors. We should be listening to the farmers who bought implements from dealers who handle their funds unscrupulously. We should listen to the way some of these people have been treated by the unjust laws that we have created in this chamber.

I can be even more critical of the Senate which has spearheaded this bill. Senator Hayden has argued that it will upset the financial balance of this country if the first line of retrieval of assets is given to employees or to individuals and not to the financial institutions. The Senate is even more removed from the real world than some members of Parliament. I wonder how long it has been since any senator has had to deal on credit? I am sure some of them deal with credit because many of them are in business. Business evolves around credit. Senators, however, have financial reserves so they do not have to depend for their very living on credit, as many of the people out in the work place do, out on the small farms and in small business. Some of these rights should be taken away from the Senate and maybe some of the senators would declare bankruptcy from time to time. They would know what it feels like to be down and out bankrupt. They are not bankrupt in terms of financial assets, but they are certainly bankrupt in terms of the ideas and the morals they have to bring forward and recommend legislation such as this which gives the first crack at bankrupty assets to the financial institutions of this country.

If this bill cannot be changed to protect those people who need to be protected most, I feel somewhat ashamed. I would never be able to give my support to a piece of legislation such as this which does not protect the people we are here to represent.

Mr. Geoff Scott (Hamilton-Wentworth): Mr. Speaker, in rising to participate briefly in this important debate, I gave quite a bit of thought to the word bankruptcy. Most of us in this chamber have run across people who are morally bankrupt. I am not pointing my finger particularly at any hon. members on the government side of the House at this time. We politicians may even accuse each other of being intellectually bankrupt from time to time.

Originally, the word bankrupt was only applied to fraudulent persons. The first bankruptcy act in Great Britain was directed against such "persons as do make bankrupt." These people were defined as those:

—who craftily obtaining unto their hands great substance of other men's goods do suddenly flee to parts unknown or keep to their houses not minding to pay or restore to any of their creditors their debts and duties.

Miss MacDonald: That is Allan MacEachen.

Mr. Scott (Hamilton-Wentworth): Clearly and thankfully the interpretation of the word "bankrupt" has become somewhat more lenient since the days of Henry VIII, although those responsible for the economic situation that we are in, and which is leading to so many bankruptcies, have been known to flee to parts unknown. Again, no names will be mentioned.

● (2040)

It is when you examine the word "bankruptcy" as an individual, as a small businessman, that its definition makes it the most fearsome word imaginable when it comes to a person's economic well-being, not to mention self-esteem. Bankruptcy is indeed a hurtful, demoralizing thing. This is how Funk and Wagnall's Standard Encyclopedic Dictionary defines bankruptcy:

1. Law—One who is judicially declared insolvent, his property being administered for and distributed among his creditors, under a bankruptcy law.
2. Any person unable to pay his debts, or without resources.
3. One ruined and unproductive in some way.

The adjective "bankruptcy" is:

1. Subject to the conditions of a bankruptcy law; insolvent.
2. Destitute; lacking.

Some of the previous speakers in this debate dealt with the technical and the political aspects of this bankruptcy legisla-

tion. Let me take a more personal people view of this issue. As a small businessman, and especially the small business I was operating before I entered politics, the spectre of bankruptcy was always there. Mine was an innovation in the electronic communications business and certainly in the parliamentary Press Gallery. It was to provide coverage of Parliament to some 20 individual television stations across Canada, feeding them news film clips of their local MPs on an almost daily basis.

While the idea was a sound journalistic principle and filled a real gap before broadcasting entered this House of Commons, such a venture require many thousands of dollars of capital investment in terms of camera equipment, film stock and, above all, people. During my ten years of operating the company, I employed or contracted 12 to 15 men and women, reporters and cameramen alike, with a total staff of seven people at one time during peak periods.

That may not sound like a very big operation when compared to other businesses such as farms and smaller industrial operations, but I can tell you about the vagaries of the broadcasting industry, about the unpredictability of the news business and, most certainly, about the uncertainties of the economy. Interest rates then were 9 to 10 per cent, one half of what they are now, but they were high. I can you tell especially about the exceptionally fine talents of the upwardly mobile young men and women who gained experience in my small company to move on, inevitably and justifiably, to larger and more lucrative employment in regional and national networks. All of these factors made life in my small business at best uncertain. I am proud of those former employees who used my company as a training ground. Several are major names today in the field of electronic journalism.

The turnover of reporters and technical personnel, and the ever-present fuse that was to lead to the explosion in technology in the news business—especially the conversion from film to videotape tranmission—along with increasing competition from the network giants, made it imperative that my accountant and I keep looking over our left shoulders to the very real probability of being forced out of business. For me, such a prospect of increasing corporate control could have meant that awesome possibility of bankruptcy.

Fortunately, thanks to the diligence of my company secretary-treasurer, who, by staggering coincidence, happens to be my wife, and thanks also to the good people of Hamilton-Wentworth, my little company survived. That is as close as I ever want to come to being, as the definition says, "without resources" or "one ruined and unproductive in some way".

It is also a reason that I can understand, and sympathize with, the agony that so many small businesses, some a lot bigger, some considerably smaller than mine, must endure under the present economy. I understand the helplessness these good, entrepreneurial Canadians must feel as they are forced to declare bankruptcy, largely because, as was pointed out many times today, of unconscionably high interest rates and an increasing lack of sensitivity to free enterprise initiatives in this country.

Let me point out as an aside, but not entirely unrelated to the question of bankruptcy, that it is an insidious thing that is creeping into our society where government is permitting its own government operations to take over small business. There have been more and more takeovers. I think it can be safely said that the only businesses that are sure to survive in this country are owned by the government and supported by tax dollars.

Earlier today the Minister of Consumer and Corporate Affairs (Mr. Ouellet) asked that members participating in this debate restrict their discussion to legal matters and not get into economics. That is like saying that if you go to Florida these days, you should ignore the sinkholes and just count the number of houses and trees which tumble into them. It is little wonder that the Minister of Consumer and Corporate Affairs does not want to discuss the economy. I must point out to the minister that the number of business bankruptcies were up in the first quarter of 1981 to 2,044, compared to 1,706 in the first quarter of 1980.

Mr. Munro (Esquimalt-Saanich): That is increased productivity.

Mr. Scott (Hamilton-Wentworth): The total number of bankruptcies in 1980 was 6,595. Surely we can expect this number to increase in 1981 in light of this government's economic policies, or lack of them.

I want to address a very important issue which several of my colleagues signalled should be discussed when dealing with this legislation. The proposed legislation before us, Bill C-12, grants the first claim on the assets of a bankrupt firm to the secured creditors. These secured creditors take precedence over the wage earners who have lost their jobs through the bankruptcy. This bill maintains the same priority on the claims of wage earners as does the present act.

This aspect of the bill is one which greatly affects many of my people and indeed, many of all our constituents. In these days of more and more bankruptcies, it is a problem we will undoubtedly be hearing more about.

When a company, whether it be large or small, goes bankrupt, the claims of the secured creditor to the firm's assets are to be fulfilled first. If there are any assets left after these claims, then Bill C-12 makes provisions for the wages and commissions of the employees, but only after the secured claims have been dealt with.

Members of this House know that there will be very little, if anything, left to pay the wage earners of the company. The preferred credit status as outlined in section 265(4)(d) of the act almost ensures this inequity. This section sets a maximum of $2,000 in unpaid wages, and an additional $500 for pension plan and other employee benefits. As other speakers have pointed out, there is no question that these provisions must be given careful review by the committee which studies this bill.

I would like to comment on two aspects of this section. It would appear that the average wage earner, should he not be receiving his salary, or choosing not to draw it in the hopes

that the firm will find a way out of its financial crisis, will be severely penalized for not collecting or demanding his or her wages immediately. There is no incentive for the wage earner to attempt to help the firm through a difficult period.

I would also point out that the maximum amount of wages as outlined in section 265(4)(e) will be quickly outdated in these days of increasing inflation.

The Senate Committee on Banking, Trade and Commerce, studying Bill C-12, received a great number of representations concerning the protection of employees whose employer has gone bankrupt. This committee reported that under Bill C-12, if there are sufficient assets of the bankrupt firm, then the wage earners will not be paid. I quote:

Your committee is of the opinion that this result is unsatisfactory.

They go on to list the three alternative solutions to remedy this problem. This can be found at pages 16:16 and 16:17 of the Senate banking, trade and commerce committee minutes:

1. The granting to the wage earner of a statutory priority for arrears of wages that would rank in priority to the claims of all secured creditors.

That is called super priority.

2. The granting to the wage earner of a statutory priority for arrears of wages that would rank in priority to the claims of the secured creditors holding security on the current assets of the bankrupt.

That is modified priority.

Such current assets would consist of cash, temporary investments, inventory and receivables provided that such priority would only extend over receivables which have been created by the supply of goods or services.

3. The creation of a Wage Earners Protection Fund out of which the claims of employees for unpaid wages would be paid immediately after a bankruptcy has occurred.

Each of these alternatives must be considered in order to determine whether the following objectives are achieved:

A. Certainty of payment to the wage earner.

B. Promptness of payment to the wage earner.

C. Ease and simplicity of administration.

D. Maintenance of the ability of a borrower to obtain financing for his business operations.

The committee felt that only the establishment of a wage earners' protection fund would fully protect wage earners in a bankruptcy. The committee suggested that this wage earners' protection fund be financed, as recommended by the Senate committee, by monthly contributions from all employers in the nation. This would mean a nominal amount paid per employee. It would only be required from employers with more than six employees. Technically, at one point during my company's operations that would have applied to me if this provision had been in effect. If an employer went bankrupt, the employee would be entitled to his claim for wages paid out of the fund, whether or not the employer was required to make contributions to the fund. The committee recommended that this type of fund be established in Canada to protect the interests of the wage earner.

● (2050)

I find a great number of problems with a wage earners' protection fund, but I do believe it deserves serious study. Mind you, any fund would have to be controlled more tightly than anything we have seen so far. We do not need another Unemployment Insurance Commission. Indeed, if the wild abuses of the UIC were even remotely approached, I would be the first to be scared off this idea of a wage earners' protection fund.

However, I would like to commend the Minister of Consumer and Corporate Affairs for establishing a committee to study wage protection of some kind under the guidance of Mr. Raymond Landry. It is both an admission of the shortcomings of the bill as well as a concern that wage earners should be taken care of. I will be particularly interested in hearing representations and reading the testimony of those appearing before the committee as to why a wage earners' protection fund should be put in place as opposed to the position put forward by the Canadian Institute of Chartered Accountants, which zeroed right in on the fact that the administrative problem in collecting wage funds would be a very great one indeed. Representatives of the Canadian Institute of Chartered Accountants, appearing before the same Senate Standing Committee on Banking, Trade and Commerce, said the following:

—we think it is the secured lenders who should be required to contribute out of their security the amount required to pay the outstanding wages, because the employee's work has gone into enhancing the value of their security, for the most part, and the secured lender is the person best qualified to determine, not only his position but whether or not the company can continue to survive, what its chances are, and when, if it must, be terminated.

There are two distinct and differing points of view, but the important point I want to leave with the House tonight is that the protection of the wage earner should be considered and studied by the kind of committee the minister has recommended.

Let me underline two points which previous speakers touched on this afternoon. The first one is somewhat political. This indeed may be housekeeping legislation, but in the context of today's economy it does seem like band-aid stuff. The government takes advantage of the absence of its two architects of Canada's economic illnesses, the Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. MacEachen), neither of whom have ever had to meet a mortgage payment or face a bankruptcy in their lives, and brings on this debate on bankruptcy legislation after the fact, after the damage has been done to businesses and to individuals because of the economic policies of this government.

That being said, as has also been pointed out, there are many technical provisions in this proposed legislation which are well drafted, well merited and deserve the support of all sides of the House. I do hope that when all 420 clauses of this bankruptcy and insolvency legislation are examined in committee, hon. members once again will safeguard the rights of employees more than they are safeguarded now. Speaking personally, I want to see some action taken to protect those who are abused by sharp operators who intentionally set up or take over a company and then bleed it to death and escape scot-free, if hon. members will pardon the expression. My colleagues and I will be watching the progress of this bill through the committee with interest on behalf of many thou-

sands of Canadians who face the spectre of that awful word "bankruptcy".

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, in rising to speak about Bill C-12, respecting bankruptcy and insolvency, I am aware, of course, that there has been a great deal of consultation already in relation to its 420 clauses since its predecessor was first introduced way back in 1975. It is a pretty hefty document and one which indeed merits much consultation and study. However, in looking at the minister's press release which came out when the bankruptcy bill was first tabled in the House of Commons back on April 16, 1980, I note that in the press release it is stated, and I quote:

Mr. Ouellet added that once the bill is enacted, it will establish a comprehensive, workable and, above all, a fair bankruptcy system.

The bankruptcy system this bill seeks to establish may be fair, but there is nothing fair about the way that hundreds of small businessmen and farmers and individuals are being forced into bankruptcy by high interest rates and the high interest rate policy of this government. I look again at the figures, which came to my attention just recently, with regard to bankruptcies in the first quarter of this year. In the first quarter of 1981, there were 75 farm bankruptcies compared with 44 in the first quarter of 1980. There were some 2,044 business bankruptcies in the first quarter of 1981, compared with 1,706 in the first quarter of 1980.

With regard to personal bankruptcies, there were 6,152 in the first quarter of 1981 compared with 5,238 in the first quarter of 1980. In every case—farm bankruptcies, business bankruptcies and personal bankruptcies—the number is up very considerably.

● (2100)

These bankruptcies are not confined to any one sector or any one region of the country. By looking through recent press headlines, we can tell that bankruptcies are spread out across the country and that people are suffering because of bankruptcy everywhere. The headline in the Halifax *Chronicle-Herald* of April 17 says "Bankruptcy . . . and the consumer". The headline in the Charlottetown *Guardian* of March 9 was "Bankruptcies increase". The headline in the Winnipeg *Free Press* of March 20 was "Bankruptcy liabilities highest in ten years". The headline in *The Globe and Mail* of March 7 is this: "Alarming rise in bankruptcies viewed as only tip of iceberg". Finally, in the London *Free Press* of April 23 of this year the headline was: "Farm bankruptcies rise, interest rates blamed". And from today's edition of the Kingston *Whig Standard,* a newspaper in my own constituency, this is the reaction of small businessmen who are having to face the increasing fear of bankruptcy. It reads as follows:

If there's one thing all business people agree on it's that the high interest situation can't go on indefinitely. They can survive in the shorter term; it's the longer term they fear.

Many businesses are running on such narrow margins that they're only paying the interest on their loans.

This bodes ill for the future. A business with nothing left over to plough back into the operation will, in a few years, find it has no capital when the need comes to refurbish or to expand.

And one of the businessmen in my constituency says this:

I've never in my life in 30 years in this business seen anything so ridiculous as what we're going through right now.

That is the way that Mac Amey, an American Motors dealer, sums it up. He claims that unless the federal government puts a ceiling on interest rates for small businesses and farmers, he can see 50 per cent of the people out of business within a few years. He also says:

High interest rates and low returns are deterring people from putting their personal money into business.

Nobody, as he puts it, "is going to put his money into a dead horse." Eric Bolton, who runs Boyd and Corkey Furniture and Appliances expresses the same view. He says:

Eventually this (high interest rates) will put us out of business . . . You can only find so many corners to cut and then eventually you're at the end of the road.

Now, that is an article which appeared in tonight's edition of the Kingston *Whig Standard,* and in all of these newspapers all across the country we are reminded over and over again of the interrelationship between bankruptcy and high interest rates. I was interested, Mr. Speaker, in a quotation from *The Financial Post* of last week in a front page article which reads as follows:

The breathtaking switchabouts in interest rates over recent months, have left so many forecasters beached with wildly wrong predictions, and created so much confusion, that the public is increasingly wary of assertions from economic soothsayers . . .

There is indeed wariness, Mr. Speaker, indeed suspicion on the part of the public about the soothsayers who sit on the government benches. The government has been all wrong in its projection in the last budget and ever since, and Canadians are not only wary of what they are doing, they are getting very weary of it as well.

The economic situation in the country, Sir, is chaotic. Interest rates are at an all time high, just under 19 per cent as of today. Rates being charged by the chartered banks are about 20 per cent, and bankruptcies are at an all time high. The government's own Federal Business Development Bank is charging 22 per cent on its loans; inflation is running at just under 13 per cent. Almost one million people are unemployed, no matter how the government boasts of its back-to-work record. We now have to deal with the worst economic situation that Canada has faced in 50 years. But is that, Sir, what the present cabinet ministers said while they sat in opposition? Oh, no, it was then that they boasted that they could cure all the ills of the country. In the *Toronto Star* of February 10, 1980, the then leader of the opposition, the present Prime Minister (Mr. Trudeau), was quoted as follows:

I would want to manage the economy in such a way that interest rates would in fact come down . . . because the economy would be administered in a sounder way.

Well, whatever he may have wanted, Sir, he certainly has not been able to manage it. And then there was the hon. member for Windsor West (Mr. Gray) quoted in *The Toronto*

Sun of February 4, 1980, and I see him standing just outside the curtains and he may remember this, as having said:

> It is my belief we can manage the economy in a way that would allow us to have lower interest rates than we have now and I think we can have greater independence in interest rate policy.
>
> I don't think that allowing the dollar to have some downward adjustment—

I hope the minister is listening.

> —would do as much harm to our economy, as our present high level of interest rates.

I wonder if the minister remembers that. I wish he had carried that message to his Minister of Finance (Mr. MacEachen). And again the same minister speaking in the Standing Committee on Finance, Trade and Economic Affairs on October 30, 1979 said this to the then minister of finance:

> Mr. Minister—your high interest rate policy—

It was a lot lower than the interest rate is at the present time, but he said:

> —will put housing beyond the reach of most middle and lower-income Canadians. It will hurt small business, which depends on bank borrowing to operate. It will hurt farmers, who have the same dependency on bank borrowing and will add, therefore, to the cost of food.

I am sure we can all say amen to that, and I wish the minister were saying those words today. But what he was saying and what others were saying at that time when they were in opposition, Sir, was that a high interest rate policy will lead to bankruptcies all across the country, personal, small business and farm bankruptcies.

Yes, the Liberal opposition was then concerned about high interest rates which were running at about 12 per cent, 13 per cent, 14 per cent and how those rates would lead to an increasing number of bankruptcies. However, once back in office their concern vanished. They could not care less about the root causes of bankruptcies, all they are concerned about is the way in which they were handled. In opposition the Liberal spokesmen promised goods that they could not deliver and they knew they could not deliver, and now they are beginning to be caught out and people are beginning to vent their anger against what the government has done, because you see, Sir, people really do not like being cheated and outsmarted and duped, and eventually made to pay the price.

The government, and particularly the Minister of Finance who some would say has led a charmed political life, is now under attack and he does not like it, and so the government stutters and stumbles and staggers its way through a barrage of criticism of its own making. Yes, they weave and they bob and they duck and they blame the situation on everybody but themselves. We have the minister saying that he cannot control our high interest rates because the American rates are too high. He says he cannot make a dent in inflation because people's expectations are too high. It is the Minister of Finance who is bankrupt as far as any ideas of improving this situation are concerned, and so he turns to hon. members on the other side of the House and pleads with them: Tell me what to do. He forgets that he is the Minister of Finance and that the present Liberal cabinet while in opposition made the fatuous promise that if the Liberal party were re-elected they would know exactly what do do.

Well, these days, Sir, safely out of sight in the inner sanctum of their departmental buildings, remote from real life, they move from consideration of higher interest rates to consideration of wage and price controls or to a tax based incomes policy. You can do that sort of thing if you are safely secluded in the penthouse of Place Bell Canada, but it shows that the government is bankrupt of ideas, of dollars and of any sense of responsibility.

However, in their distress they cry out for ideas. I offered one to the Minister of Finance the other day, that he set up a human misery index, something like the consumer price index but one which he can read daily so he will be aware of the hardship that he and the Liberal government are causing people. He will not be able to read that index on a beach in Hawaii, in Kuwait or even in Gabon where he is at the present time, but surely he can read it if he goes across the country and talks to small businessmen, farmers, individuals and people on fixed incomes. He will find out then what the human misery index is all about.

• (2110)

The other day we on this side were accused of pretending to be sympathetic to the plight of these people. In the situation which now confronts us, there is certainly no need to pretend. The suffering is there, the hardship is there, the uncertainty and the insecurity are there. With them there is a growing feeling that somehow the economic situation is running completely out of control. Many, many Canadians are beginning to consider their own situations as hopeless.

If that is lurid language, as the Minister of Finance said the other day, let me give him and the government an example. I started to elaborate on this the other night when the clock reached 10 p.m. Last weekend I received a call to visit and talk with two of my friends. They are a husband and wife team who are in the hotel business. I have known them for 15 years. I know how hard-working they are. I know how committed they are to providing their customers with the very best service they can possibly offer. Because of the way they have run their business, it has always been well patronized. Some two years ago they decided to restore their building to its original lines and decor, to go back to the time when it was first built in Kingston 150 years ago. It is a big undertaking, but it is one which will enhance the historical reputation of Kingston.

The decision to restore their building certainly was not taken lightly. They did so after much thought and consultation with their banker, architects and friends. When I went over to see them that afternoon, I found them deep in despondency. I knew the situation was very serious for them. They told me that two years ago they borrowed some $650,000 in order to carry out this restoration. At that time they were paying 12 per cent interest on it. After the latest increase in the government's bank rate, they are now paying 21 per cent; an interest payment of some $3,000 per week.

What is so heart-breaking about their case is that they are working harder than ever and they are taking in more money than ever before, but when they put their weekly deposit into the bank, $3,000 is immediately grabbed off to pay interest rates. They have only enough left over to meet the salaries of their staff. Their cheques for supplies are being turned back. Their payment of $5,000 to Revenue Canada was returned the other day marked "NSF". To add insult to injury, government officials had slapped a $300 penalty charge on that cheque for non-payment. The reason they could not pay it in the first place was because of that same government's high interest rates.

This couple has always done everything on their own, as have so many other small businessmen across the country who make up the very backbone of our economy, and they end up being forced into bankruptcy. They applied for a small business development bond some five months ago, and it still has not been processed. So, they have to continue paying high interest rates week after week after week. Now they find themselves on the verge of despair, not knowing when they will be forced out of business, not knowing how to break the news to their 40 employees that they may no longer have jobs. That couple is but one facing a very bleak future.

I can cite another example of a small businessman who combines running a small business with a farm operation. His small business is in the farm industry sector which means he must stock up in inventory of farm machinery. As everyone knows, he must borrow against that inventory. That is normal, that is usual. But also, as most people know, the farm machinery business is slow. Its pace has become very slow. Anyone who has been following the trials and tribulations of Massey-Ferguson is aware of that, but the difference between Massey-Ferguson and the farmers and small businessmen in this country is that the government steps in to help out Massey-Ferguson massively. But, there is no help for the farmer or small businessman caught in the same situation. This man of whom I am speaking is now liable to have all or part of his farm seized to pay for the farm machinery loan. This farm has been in his family for generations. He too is feeling an overwhelming sense of despair and hopelessness. He would have a high rating on the human misery index.

What am I supposed to tell these people when they come to me for advice. Am I supposed to tell them to hold on for a few more weeks or months, absorb the increase? With what? Am I supposed to tell them what the Parliamentary Secretary to the Deputy Prime Minister and Minister of Finance (Mr. Evans) told the House last week? He said:

> The fundamental factor involved in this high interest rate condition is the transition through which we are going toward a more appropriate monetary policy for a lower inflation rate in the future.

In that barrage of words which add up to nothing what am I to tell my constituents who are losing their businesses and family farms? That kind of thing just does not register on the human misery index; that kind of gobbledygook just does not wash with Canadians who are suffering. I challenge the Parliamentary Secretary to the Minister of Finance to use that line on any one of his constituents to see if it calms their fears about the future.

Fear for the future is very real among Canadians, especially those who are the hardest hit by the interest rate-inflation spiral in which we are now. As high interest rates fuel inflation instead of bringing it down, as the minister projected, it becomes more and more difficult for those on fixed and low incomes to keep food on the table.

The problem will get worse before it gets better. Even the governor of the Bank of Canada has acknowledged things will only get worse, when he said last week that the disease the country has contracted is not just a high inflation but escalating inflation. Does the government not realize what escalating inflation really means, apart from adding decimal points to our cost of living figures? Does the minister not realize what it means when prices for essential goods and essential foods have skyrocketed since interest rates started spiralling? I have mentioned before how basic food staples have gone up and up and up in the last year. All of these items, as they go up, add to a grocery bill which more and more people cannot afford. Many of them are being forced into personal bankruptcy because of the high interest rates. So we are caught in a vicious circle with inflation fueling high interest rates and, in turn, high interest rates fueling inflation. As the circle tightens, the small businessman and the consumer are strangled in the middle. The number of bankruptcies might be high now but I can assure you, Mr. Speaker, that the number will grow before it diminishes if the government's present policies continue.

• (2120)

We need good bankruptcy laws; but more than that we need to stop the cause of bankruptcy. More than anything else we need preventive medicine, which means an interest rate policy that does not crush the small businessman before he has a chance to carry out his business. If we do not do something to attack the root of the problem, then this bill which we are considering will end up being the same kind of after-the-fact band-aid measure which the Liberal government has had to use over and over again to try to patch up a mess of its own creation. Bankruptcies are there because they have a cause. In Canada, many of these bankruptcies are being, and will continue to be, caused by the irresponsible monetary and fiscal policies of the government.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I intend to carry along on the basis of the principle and philosophy behind bankruptcy legislation, following the closing remarks of the hon. member for Kingston and the Islands (Miss MacDonald). I think all members of this House recognize that legislation covering bankruptcy is a federal measure which has been in need of reform for at least 15 years or longer. Great efforts have been made in the House, as well as in the other place, to come to a practical way of handling this necessary business adjustment, both in the personal profits of people as well as commercial operations. But we should also keep in mind, with regard to the question of debt, that the

provinces have a long experience in this type of matter. I would like to mention a couple of items which need no explanation. They are well understood.

I am talking about the mechanic's lien act, in which the working man always receives first right in the case of any kind of debt not paid. This applies in all the western provinces. I am talking about threshermen's liens, which in the east are called subcontractors' liens, where the worker has preference over federal legislation and everyone else, including banks. Naturally, as I look at this bill, I search for this same kind of protection. There has been some forward motion in this regard, but the man who produces the wealth, the labouring man and the subcontractor, is still not placed in the highest priority position, where he should be.

I hope that in committee there will be some amendments which give equality of right to the working man who produces the wealth, as well as to the subcontractor who organizes the various streams of operations which go into the production of goods. I will not spend a great deal of time on this aspect, since it is indicative of the fact that this legislation is necessary. It can be improved. This is where the common sense and experience of members of Parliament close to their constituents can be very helpful.

I would like to go on to the history of one incident which struck me many years ago. We have had great collapses in parts of Canada on previous occasions. There is no one in this House who remembers the collapse of 1919 when farmers simply went bankrupt holus-bolus, banks closed down and refused to give credit to farmers because of the disastrous drop in prices after the Kaiser war. The second major experience which we have had in our history on this matter of credit delinquency occurred in the 1930s. Once again Parliament came through with fairly sensible legislation, the 1933 Farmers' Creditors Arrangement Act. This was a hallmark in social philosophy applied to a financial situation. It is no wonder that this was legislation drafted by westerners, but it was accepted by Parliament. Under the legislation, creditors and debtors would sit down with a government representative working under the Farmers' Creditors Arrangement Act and look at the potential and real value of a farm. The first step was to scale down the debts to that potential, making it possible, with the expected hypothetical earnings, for that farmer to continue farming without going into bankruptcy. That legislation, which was extremely acceptable and well received by everyone, including the banks, enabled them to collect the money owed by the farmer and allowed the farmer to hang on to his farm. As far as the banks were concerned, it saved them cutting of their noses to spite their faces.

The second measure taken by Parliament was in 1934 when amendments were passed to the farm loans legislation which accompanied the Farmers' Creditors Arrangement Act. In some cases the farmer could borrow money at low rates of interest, which were then the economic rates, to pay off certain types of debtors who could not, for their human and social interests, take their money over long extended periods. I mention these two items to remind the House that this situation, which was so vividly described by the hon. member for Kingston and the Islands is not a new phenomenon. Past parliaments have coped with these problems in a practical and sensible way. Not everything was solved, but at least the tremendously dangerous effects that we all foresee with this high interest rate policy were cushioned.

I will not make my remarks purely partisan. I will try to be constructive in putting forward some proposals which I think are within the structure of the government to meet and which, at the same time, will not entail any subsidy by the government from the people it is trying to help. Let us learn from the experience of previous parliaments which had to grapple with a similar situation. As we know today from quantitative analysis, in heavily capitalized industries—and many of our industries fall within that category—the biggest single cost over an extended period of time is the amount of money which goes to interest. These are called capital intensive industries. For the very large industries with long pay-outs, 75 per cent of the total costs are due to capital repayments and interest charges. The average figure for the oil industry in Alberta from 1922 until 1957 was 75 per cent. Oil prices were low at that time, as were costs, and the industries were still able to make out because even at $1.50 at the wellhead, the costs of actual out-of-pocket money were only about 25 cents per barrel. The interest costs were around a dollar. The industry survived. It had to pay a little more money in royalties to the provincial governments and money in taxes to the federal government.

As a statistic, 75 per cent is frightening. But if you thought it was frightening from 1922 to 1957, just take a look at the costs today. When you add on the interest rates of today, suddenly there is disaster. What can we do in the long term loan pay-off situations with a high proportion going to interest rates? Let us take a very modest situation today. A home mortgage of $50,000 at an interest rate of 10 per cent—which you will never get—over a 30-year period, which was common ten years ago, would result in the home costing $202,000 if it were paid off over the 30-year period. So, $152,000 of that $202,000 was interest and only $50,000 was capital repayment.

● (2130)

My point is very clear. One can visualize it by buying one's home. Then apply it to a farmer. When a farmer goes out to expand his production, he finds that the latest rig in many of the farms in the east and west are these new modern harvest systems where the feed is handled in one monstrous system. These things cost about $250,000 to $400,000. The farmer no longer borrows $3,000 or $5,000, or sums like that. He knows that if he puts that $250,000 into that type of investment, it will increase his income by about $50,000 to $60,000 a year, that is, 20 per cent to 22 per cent. With that type of potential return, he can afford to borrow money at 6 per cent, 8 per cent or 10 per cent. I am going to use the figure of 8 per cent in this explanation to keep it constant. Eight per cent would mean that he would be paying $20,000 a year; but because he would have enough left over, he could pay off that $250,000 in eight

to ten years. Then he would have interest and capital payments together. He would then have the use of that equipment for 15 to 20 years, with a return of $50,000 or $60,000 a year, which would be very useful to him, and he could go ahead.

However, if the interest rates were to rise to 20 per cent, which they have, 20 per cent of $250,000 is $50,000 a year. The interest rates alone then match his increased income. He will never pay off his capital costs and he will have nothing left over for depreciation, repairs and maintenance. So obviously it is a "no go" situation. Any farmer who is foolish enough to take out a loan at 20 per cent on a productive type of enterprise like that with the hypothetical cash flow that I have described, is going into clear bankruptcy, I would say, in three or four years, before all his creditors close in on him.

Here there is a situation where the cause, as the hon. member for Kingston and the Islands said, is the key issue. Bankruptcy is a legal technique of trying to make adjustments in credit indebtedness. However, here we have a government policy in the interests of a theory that has been proved, quantitatively, over 10, 20 years, to be wrong. Interest techniques are still being used as an interest of monetary policy when we can show, quantitatively that it does not work. That does not mean that all monetary theory is flying away. It simply has a little bit of interest, and we do not know how much, but it has some. We are willing to listen to thoughtful proposals from the bank governor about how far we should go in using this. But we should not use the interest rate component as a technique of using the monetary policy.

When the committee of finance met with the bank governor, I asked him three questions on this subject. In each case he said that he did not have any evidence that the three reasons he gave for having this high interest rate policy were working. He knew that I was sitting there with the figures I obtained from his own shop showing just the opposite to be true. He could do nothing else but agree with me. He agreed to sit and listen to practical proposals from ordinary members of Parliament at how he could get around this.

Tonight is not the night, under this act or bill, to talk about monetary theory. I want to talk about those matters which deal with government policy, the fiscal side, that do have some chance of drastically reducing the number of bankruptcies.

These suggestions I am putting forward are not new. The philosophy is based on things that I have learned from watching events in the last 20 or 30 years and seeing those things work and from looking at other countries where they have worked. I have four proposals which are really proposals for lower interest rates on the fiscal side, and would not in any form take away ownership or attempt to subsidize. I would like to put forward a rational proposal under which one divides the costs at a fixed interest rate, the interest either going to the lender or the equity going to the company.

These four proposals are based on this principle. Massey-Ferguson let itself borrow to such a degree that the interest on its borrowings was greater than its income. This proud private company had to struggle mightily this last year or so, even to bending its knees and asking the government for help. It begged the banks for help. It made a tremendous shift from a small equity portfolio of 18 million to 20 million shares up to about 220 million shares. It required a tremendous dilution of equity to get enough money to pay off part of that debt and to reduce its interest payment to a point where it could begin to have more income than the interest payments so it could pay off more of the capital or principal.

This thinking could be applied to all companies that use inventory based on loans. General Motors, Chrysler, and Ford are all going to go down the skids unless they adapt and do what Massey-Ferguson has done. The handwriting on the wall is clear for these large companies which followed the custom in the last 20 or 30 years of using the interest rate approach to give them leverage, to make money, using someone else's money at a lower cost than the income they will get. When interest rates rise beyond a certain point, that leverage is gone and instead it becomes the ruination of the whole financial structure.

I am going to make these four proposals one at a time in the hope that government members particularly will carry back to their committees—whether they be on agriculture, small business, trade, export—how this can be done, with the assurance that other people are succeeding in this technique and are actively going on to expand and carry out business. They can get away from this high interest rate threat which is imposed on us by theoretical approaches to the monetary system of keeping inflation down.

The first proposal, obviously coming from me, deals with farm credit. During the Diefenbaker administration, we tried to modernize farm credit by setting up the Farm Credit Corporation with great flexibility in the form of lending and repayment. To my sadness and regret, these techniques were not used too much because both the lenders, who were used to the old farm loan act, and the borrowers, who were used to the same type of lending on assets rather than on financial income, followed the old system. Because of that, they do not realize that in the legislation which allows us this flexibility one does not have to change the act to do what I am proposing. It is sufficient simply for the minister in charge of the Farm Credit Corporation, who is supposed to be the Minister of Agriculture (Mr. Whelan), but I really do not know who is in charge, to use his initiative. He could go out and say that the type of interest rate we are now charging under the Farm Credit Corporation will destroy every farmer who uses it and destroy the act, and that is not the purpose of that act. He could say there is a proposal which will work, there is lots of evidence one can get that it does work, and that is it. One could simply tell a man on farm credit to come to the farm credit supervisor—and there are many scattered over the whole of Canada, well skilled in the costs of input going into farm production, well skilled in knowing the prices and returns—and put a hypothetical cash flow chart in front of him. With this type of investment we can demonstrate how much income he needs each year and how much he can afford to pay in interest and capital and still have something left.

• (2140)

An 8 per cent interest on a $250,000 loan will come to about $20,000 per year. The farmer will have enough left over to pay that interest and a big chunk of the capital each year. He can see the debt being paid off in eight or ten years. To get that kind of money without a subsidy requires a sweetener, and "sweetener" is the right word. We must hold this out to the lender, in this case the Farm Credit Corporation which has looked at the hypothetical cash flow and the corporation then agrees on a percentage that is paid off after the debt, a percentage of that new profit, not the old profit, on this new investment yielding a new return of $50,000 to $60,000 per year. The Farm Credit Corporation might put down the figure of 5 per cent; 5 per cent of $50,000 is $2,500 per year and 10 per cent would be $5,000 per year. If the farmer is getting, with all his debt and interest paid off, say, 10 per cent and is turning this over to the Farm Credit Corporation, even though he has paid them back the capital, he thinks, "I can easily afford $5,000 or $6,000 per year for the next ten or 15 years." He finds that for five or ten years, with the total amount of money received and the total amount invested—remember the money has been returned and the Farm Credit Corporation has already reinvested it—that could be a point where there is no subsidy, and at the same time you have not put that burden of front-end loading on the farmer, the burden of paying from the very beginning. You take the earnings half out of fixed cost or 8 per cent, and the balance after he has finished paying his debt for the period of the useful life expectancy of the equipment, that is 15 or 20 years at, say, 10 per cent. If you work out the mathematics and try them out at various rates, you will get a rate and a time period within which both sides are treated fairly. The Farm Credit Corporation will show no loss after a few years and the farmer will be way ahead of the game.

When you have a deal that is mutually beneficial to both parties, it is a good deal. When you have a deal where one side is always the winner, you can guess who the loser will always be in debt-credit relationships.

I put this forward in this House again in all seriousness, hoping it will get through to the farmers that an idea has been proposed that will remove the tremendous fear of the future that weighs on them like a ten-ton load. Instead of seeing all that they have fought for and built up over two or three generations being taken away because of high interest rates, they can see a way through where there is no subsidy from the public treasury over the long period but where there is an increase of wealth and productivity, which means more people are working and more taxes are coming in for the government.

The second proposal is roughly the same, and it is for small business development. Just like the Farm Credit Corporation, we have a business institution in the Bank of Canada which deals with small business loans. The idea of the Small Business Development Bond was put forward in the Crosbie budget. It was turned down in the MacEachen budget but was restored, as we all know. We are very grateful that members on the other side listened and restored it, even if it is only to the end of this year. But we hope that it can be extended for another few years.

The same principle would apply as I suggested should be applied to the farmers. A small businessman can bring before the authorities a hypothetical cash flow which shows that if he borrows $500,000 and puts it to work, he can produce $60,000, $80,000, or $90,000 of revenue per year. If he is building on to something that he has already, this is quite possible. The same mathematics apply to determine what interest rate can be charged to make sure that he pays it back quickly.

I know of five or six instances in my riding where businessmen are choosing this route over the route followed by the small business development bond. The bond was not a bad idea, but this one is even better as we consider its implications. There is no loss of ownership. I am thinking of the areas of expansion in Manitoba and Saskatchewan around the potash mines and the uranium mines and the development of the cities of Saskatoon and Regina. In those cities the small businessmen who supply the mines employ the larger work force than do the mines. We need this type of thing to keep our development going; to get something going that we can sell and make money on; to employ more people and to provide more taxes. The Minister of Finance (Mr. MacEachen) should be very happy. No subsidy would be called for but new money would be coming in. It would reduce costs, bring in more revenue to the government and help balance the budget for these various proposals.

The third proposal is for export companies. This Parliament has been busy trying to figure out some way to build machinery to help the export industry. We have been thinking about legislating an international trading company run by the government. Quite frankly, I am very dubious that this is the best way to go. I think the better way would be to make it a sort of financial operation. Money for that long lead time that export companies need before they get a cash flow could be provided at a low interest rate and a big share could be taken as the sweetner. In other words, defer the take until the money comes back because there is no industry in the world at the present time that yields higher returns than the export business. A return of 25 per cent or 30 per cent is quite usual, but there is a delay factor involved. It is during this delay, which is necessary for building up the business and before the money comes in, that they have to be financed. Canadians are very good at this. We have the technical know-how; we take it with us; we teach and practise, but we make money out of it at the same time. I think that if export companies had access to a low interest rate or even a large proportion of shares for the government, then using the share approach of equity or by the sweetener approach plus a loan, by using the same hypothetical cash flow approach that I used in the case of small business and farmers, a great deal could be done to increase the wealth, not only of Canada but of all the nations we work with. Trade is beneficial to both sides. This should have the highest priority in terms of a worldwide sense of responsibility. I have watched what is being done in France, Germany, the United Kingdom, the United States and Japan using these principles.

I would think that we are smart enough to do this too. These enterprising businessmen who take an awful beating over the two or three-year loss period in order to get their business going, would be glad to share 25 per cent or 30 per cent of their business profits when they come, if they knew they were getting this money at a low rate of interest. The federal government has the machinery in the export legislation to do this.

The next proposal affects more people, and that is the matter of homes. I think the social revolution of the last 50 years has definitely included homes as a social need and a social necessity—not only health care, but homes. I believe all parties have accepted that homes are a part of the quality of life, of mental security, raising a family and all the rest of it. I think we should apply this same reasoning to a home. However, a home is slightly different. This proposal I want to put forward now is not new or original, it was made by leading businessmen. It lacks one thing, as hon. members will soon realize.

● (2150)

If you want to encourage young people to marry and live in a single dwelling so as to get away from the mental health problem associated with high rises and crowded ghettos, I would think money should be put out at about 6 per cent. You say to people that the government is part owner with you. In other words, the individuals own the home but the government has an interest because the government is lending the money at 6 per cent. However, if the individual sells the house in ten years, making a big capital gain in return for having that money at 6 per cent, the capital gain is shared 50-50 with the government.

Let me cite some statistics. Over the last 20 years, how long have people stayed in the same homes in the new industrial urban centres? It is not very long, there are even people making a living out of buying and selling homes, and living on their capital gains. There are ordinary individuals who buy homes, sell them and repeat the process. People have found out that this is one way to keep ahead of inflation. I am saying that in trying to help all the people a 6 per cent charge could be put on loans by the Canada Mortgage and Housing Corporation. This corporation is a very efficient agency. We would say to them that by living in their homes for longer than ten years, they could make these homes their own. The stipulation could be that the money has to be paid back very quickly, as quickly as possible, in order to reduce the subsidy. But if this money was repaid within ten years, then half of the capital gain must accrue to the government. If that situation were put onto a hypothetical cash flow chart for the whole industry, you would find that the government—Canada Mortgage and Housing in this case—would make much more money from a 6 per cent charge plus the capital gains than it would ever make charging 15 per cent interest. A person making a big capital gain can afford to pay that a lot easier than he can afford to pay a 15 per cent or an 18 per cent mortgage. Paying these high interest rates is killing. It is front-end loading for 20 years of a person's life. The insecurity and the fear which comes from that heavy mortgage and its high interest rate is not good for the mental health of Canadians.

To the persons who have not heard those four proposals before they may sound a little unique. But every one of them is based on old-fashioned principles of borrowing and lending. The principle of sharing in the profit from a common investment goes back long before the time of Christ. There is a human side to this which is very important to our modern industrial society.

In these proposals, export companies, small business and farm credit, big sectors of our economy, could be getting money at 8 per cent or whatever rate is decided, and money could be lent for housing at 6 per cent. There is no subsidy, and when you think of the things that are happening with expansion, you will see that the big winner in the whole thing is not the individual from whom you have taken away fear, having added tremendously to his income, it is the government because the individual is now paying more taxes with his big income. This would make the Minister of Finance and all the civil servants who think of nothing else but getting more money happy. I would think acceptance of this proposal would be found among the civil servants who must be concerned about what is happening to the country, and among the politicians who have some desire to come back here again.

If this interest rate question is not settled, it will not be just western Canada that will move, but the whole country. Not only will the farmers of Quebec and Ontario be rallying behind us, but the small businessmen from Newfoundland to British Columbia to the Yukon. The Liberal government is facing political disaster of the kind that will take the Liberal party, if it does not listen, out of existence for 50 years. It is not that I would not mind that happening, but in the interests of the country the government must start to think about the needs of the people.

Mr. Huntington: Think, not study.

Mr. Hamilton (Qu'Appelle-Moose Mountain): You do not sit in the House and applaud when hon. members make statements that people are better off today. The first thing taught in politics is that you never tell anyone he is better off. A politician has only one function, and that is to remind everyone that the poor guy is not making out so well. That is the first political rule. But to go out and say that the farmers are making so much money that they do not mind paying these interest rates or that people are so well off that, as we heard the Prime Minister (Mr. Trudeau) say, their income is up 52 per cent, is political immaturity of the highest order. It is not the sign of a competent national politician who should be sitting in this House.

I say to the government, for heavens sake, if you can get either a proposal or a series of proposals on which there is no subsidy but, by an analysis of these hypothetical cash flows, you head off all these bankruptcies, create more productivity, more money for the tax collector, a balanced budget, more employment, and reduce social costs, then I would think that all these tweedledum and tweedledee arguments that we have

been hearing in this House the past week should be forgotten. As a Canadian I certainly do not want to see or hear people who are professional politicians applauding when someone says that people are so well off they can afford these interest rates. First, it is naiveté of the highest order and second, it is not true.

I would think that without saying any more, I have done what I could under the principles of this bill to head off the cause of these bankruptcies by putting these proposals forward. They can be acted on with existing legislation, and as long as you have the will to make sure ministers pass on these proposals to the civil servants, there would not be any opposition from them because they know what the people of Canada are thinking. We do not want to see a repeat of early history. After World War I, in 1919, people from the rural areas of Canada rose up with might and main and threw every Liberal and Conservative out of every seat they could and brought the progressive movement here. They settled the situation. They simply saw to it that the Bank Act had limited interest rate to 6 per cent. We have now got rid of that limit in the Bank Act on the promise that the banks would reduce interest rates. Now, by Jove, we had better get busy and save our own skins by coming up with some positive ideas and putting them into effect.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, it is a privilege for me to have the opportunity to rise tonight to comment on Bill C-12, an act respecting bankruptcy and insolvency. I suspect, by looking at the clock and seeing what time it is, that it would be appropriate to call it ten o'clock.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

CANADA DEVELOPMENT CORPORATION—(A) PLANS FOR FUTURE ROLE. (B) CHAIRMANSHIP OF BOARD OF DIRECTORS

Hon. Ray Hnatyshyn (Saskatoon West): Mr. Speaker, I rise this evening in connection with questions I have been raising on the floor of the House of Commons in concert with my colleagues, relating to the attempt on the part of the government to interfere in a political way with the operation of the Canada Development Corporation. We raised this question on a number of occasions. We were met with evasiveness and an attempt to circumvent the question on the part of the Minister of Finance (Mr. MacEachen) who professed ignorance of the point we were making. At the same time that he was professing ignorance in this House, at which he is so adept in terms of parliamentary debate, he was being undercut by the Prime Minister (Mr. Trudeau) in Calgary who at the same time admitted quite candidly that a direct attempt was made to influence the selection of a new chairman of the board of directors. The Prime Minister admitted that the government did want their very good friend, Mr. Maurice Strong, to be the chairman of the board of directors of the Canada Development Corporation.

• (2200)

It subsequently developed and was learned that the government was not only satisfied with trying to promote Mr. Strong, a friend of the Liberal party and confidant of this government, the Prime Minister and his staff, for the top position in the Canada Development Corporation, but they were more ambitious than to simply want Mr. Strong as the chairman. They wanted to intrude into the board of directors a number of prominent Liberals, including Mr. William Mingo, from Atlantic Canada, who is active in Liberal party circles, and Mr. Paul Martin Jr., son of a former Liberal cabinet minister and leader of the government in the Senate, former high commissioner to the United Kingdom and a well known Liberal.

It is important to understand the consequences of exactly what is happening as a result of the government's heavy-handed, ham-handed attempt to harass each of the existing directors with regard to the government's wish to garner control of the board of directors of CDC. It is no secret that they have contacted each of the directors, putting pressure on them in a number of ways to convince them that they would be well advised to have certain people in certain positions on the board of directors, indeed to have certain members added to the board of directors.

This is quite contrary to the spirit and, in fact, the letter of the law passed by this Parliament creating the Canada Development Corporation. I went back into the record. I thought it would be appropriate at this time to review exactly what was said at the time the bill setting up the Canada Development Corporation was before the House of Commons. The then minister of finance who introduced and brought the bill before the House made a number of germane and pertinent statements with regard to the role of the CDC and the provisions of the bill. I quote from page 3639 of *Hansard* for February 22, 1971 where Mr. Benson stated:

> But the CDC will also pursue profits, a word that apparently dismays the New Democrats, and the CDC will operate free of pressure by departments of the federal government . . .
>
> The high quality of the board and the chief executive officer will ensure the corporation of the degree of independence in its operations which it will require to carry out its objectives effectively.

I underline the word "independence" which apparently now is not part of the government's thinking in terms of this corporation. I am glad to see the parliamentary secretary to the present minister here because his predecessor in that position, Pat Mahoney, whom he will recall, also spoke in that debate. On June 4, 1971, as reported at page 6391 of *Hansard*, speaking with respect to governmnent policy and government intentions regarding this legislation, he said:

Some critics of the CDC concept believe that any government participation in the corporation will be synonymous with interference in its operation. The best protection against such interference is a strong and independent board of directors chosen from the private sector. The bill explicitly contemplates their independence. I am confident that as soon as the CDC is incorporated a strong board will be readily formed and will assert its independence.

● (2205)

The word "independence" keeps coming up over and over again in the course of the debate. He went on to make reference to the fact that there had been some suggestion that the Canada Development Corporation could have some of the similar down sides and pitfalls experienced by the General Investment Corporation of Quebec. He pointed out that in the case of the General Investment Corporation of Quebec there was a situation in which investments were made by that corporation for what were regarded as national or social priorities in the province of Quebec. He said that the experience of that institution was one of the reasons why the Canada Development Corporation would be placed in the hands of a very independent board of directors and that when social or political objectives intervene in business decisions, business judgment suffers. I do not think anything could be clearer in terms of the government's position when the Canada Development Corporation was established. There was to be no room at all for any political interference with respect to the operation of that body, but now, without the benefit of a change in the legislation, without any attempt to change the act itself and by virtue of attempting to control the board of directors, the government is attempting to change the direction in which that corporation is going.

The Minister of Industry, Trade and Commerce (Mr. Gray) has been critical of the corporation. The Prime Minister has been critical. I could quote statements made over the course of the last few months in which they have indicated that they want to change the Canada Development Corporation to make it the same kind of corporation as Petro-Canada. There has been a very substantial loss in the value of those shares. Canadian citizens, having invested money in good faith, are now finding that their investment is being prejudiced by the action of the government. I would like to hear the parliamentary secretary respond to this question.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, questions have been raised in the House concerning the role and responsibilities of the Canada Development Corporation and its relationship to the Government of Canada. The Minister of Finance (Mr. MacEachen) indicated rather clearly to the House in response to questions the principal factors which govern this relationship and which derive from the legislative mandate of the corporation.

Hon. members will recall that the CDC was established by a special act of Parliament in 1971 with a mandate expressed in the purpose and objectives of the corporation.

As stated in section 2 of the CDC Act:

The purpose of this act is to establish a corporation that will help develop and maintain strong Canadian-controlled and managed corporations in the private sector of the economy and will give Canadians greater opportunities to invest and participate in the economic development of Canada.

The corporate form established pursuant to the act provides for an investment company with responsibility for investment decision-making and managerial functions assigned to the corporation.

Hon. members will be aware that the successful investment activities of the CDC during the 1970s have led to a situation where the corporation is now a relatively large-scale holding company with a significant presence and developmental role in a variety of sectors of the Canadian economy. While the Government of Canada continues to be the largest single shareholder, the level of non-government ownership has substantially increased. The fact remains that the CDC continues to operate under the federal statute, and, as the Minister of Finance noted in the House, "The investment decisions of the corporation are still the responsibility of the corporation".

The corporate form adopted pursuant to the CDC Act provides for the affairs of the corporation to be entrusted to the board of directors and officers of the corporation who are accountable to the shareholders as a whole, both the public shareholder and the private shareholders. The act requires that the objects of the company shall be carried out in anticipation of profit and in the best interests of the shareholders as a whole. I should add that the act explicitly places responsibility for the election of a chairman of the board with the directors of the corporation.

In short, the nature of the relationship between the government and the CDC has been established by, and is subject to, legislation of the Parliament of Canada. The success of the initiative taken by the government in establishing the CDC is a matter of record. It has given Canadians greater opportunities to invest and participate in the economic development of Canada, and the government's confidence in the corporation has been shared by the large number of individual Canadians who have acquired shares in the CDC.

METRIC CONVERSION—(A) MINISTER'S RESPONSIBILITIES TO SMALL BUSINESS. (B) REQUEST FOR REPEAL OF ENFORCEMENT ORDER

Mr. Bill Domm (Peterborough): Mr. Speaker, I rise as a result of an answer received in the House of Commons on April 13 of this year, as reported at pages 9198 and 9199 of *Hansard*. The question asked of the Minister of State for Small Businesses and Tourism (Mr. Lapointe) was this:

Would the minister responsible for small business advise this House whether he will or will not speak for small business, and address the concern of small business about forced metric conversion in Canada?

The minister responded in part:

As for me, I am convinced that I speak also for Canadian small businesses, and my contacts in the small business sector do not lead me to the same conclusions as the hon. member.

Obviously, Mr. Speaker, the Minister of State for Small Businesses and Tourism is not aware of what is going on in the small business sector. As reported in the Peterborough *Examiner* of May 11, 1981:

If the government goes ahead with the legislation, it will be against the will of the public.

That is the statement of the president of the Canadian Federation of Retail Grocers who surveyed 4,000 independent grocers in Canada and found that 85 per cent were opposed to forced metric conversion at this time in the retail food sector. The reason for this is the fact that the United States has now decided not to proceed with metric conversion in their retail food sector for at least ten years and perhaps never, and in Britain they have abolished the metric commission and have gone back to pints and quarts and miles per hour and Fahrenheit and pounds of meat when you purchase it at the store.

• (2210)

The minister is not speaking for either consumers or the independent grocers. Further, as reported in the Ottawa *Citizen* of Saturday, May 9, 1981:

Retailers on the Metric Commission's own working group on retail scales are upset about a government plan to introduce metric weights in food stores starting next January.

That is January 28, Mr. Speaker. The article goes on:

The group represents the views of retailers responsible for about 85 per cent of food sales in Canada . . .

At a meeting of the group in Vancouver April 28, a "consensus" was reached that food retailers in the group strongly recommend a delay in metric conversion.

They recommended that the conversion should take place closer to the time the United States makes the switch. At present, the U.S. has no plans to go metric in the sale of food by weight.

To date the following organizations have condemned the costly and unjustified program to convert the food stores to metric in Canada: the Canadian Federation of Retailer Grocers, the Canadian Organization of Small Business; the Retail Council of Canada; Loblaws Companies Ltd; the Oshawa Group; Cooper Market Incorporated; the Independent Grocers' Association and Loeb Limited of Ottawa, to name but a few.

Thousands of letters of protest from concerned citizens, responding to the opportunity afforded them in *The Canada Gazette* where they had 60 days to make representations with regard to the order in council, have inundated the desks of the Minister of State for Small Businesses and Tourism, the Minister of Industry, Trade and Commerce (Mr. Gray) and the Minister of Consumer and Corporate Affairs (Mr. Ouellet), all stating very definitely that they do not wish to go metric at this time in the retail food sector.

The cost of conversion in the food stores will be astronomical and far in excess of any benefits that might result if in fact there are any benefits. According to the government's own 1974 study on the question, there are over 116,000 separate food scales that must be converted in Canada. The average conversion cost is $5,000, therefore the total cost for Canada will be in the region of $564 million to purchase metric weigh scales manufactured in foreign countries by multinational companies, and not one of those imported weigh scales is creating jobs here in Canada.

The metric advisory board in the United States made its recommendations ten years before the implementation of metric in the retail food sector. The United States Congress listened and decided to defer metric in the retail food sector for at least ten years and maybe never. In 1980, Canadians imported $1.78-million worth of imperial weighed food from the United States, our major trading partner in fruit, vegetables, fish and meat. Not one pound or one ounce of that product was imported from the United States in metric.

• (2215)

Our next largest trading partner is Britain, with 16 per cent of our food products. Britain has abandoned its metric program as counterproductive, confusing and a waste of tax dollars. According to the 1970 Canadian government white paper on metric conversion prepared by the present Minister of Transport (Mr. Pepin), the whole spirit of conversion in Canada was to be voluntary. Why then is the retail food sector being victimized by the threat of fines of up to $5,000 and jail terms of up to two years for non-compliance, for simply publishing the price in imperial or carrying on trade in a measurement system which is perfectly familiar to our citizens?

In light of the foregoing which clearly indicates where the minister's duty should lie in responding accurately to the wishes of both the business sectors and the citizens of Canada, will the minister report to the House as soon as possible, because a six-month lead time is required for conversion by the food sector in order to implement metric in the retail food sector, on the results of his having looked into the possibility of this ill-advised program as he promised in the House of Commons? Will he finally admit that metric conversion is still ill-advised, counterproductive, hopelessly expensive, totally inconvenient and utterly against the wishes of the people of Canada?

Mr. Ralph Ferguson (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): Mr. Speaker, the minister said in the House on April 13 that the Canadian small business sector benefits from metric conversion in Canada. This statement was based not only on statistical data but on direct accounts from small business people and organizations such as the Canadian Chamber of Commerce which represents all kinds of businesses, large and small.

First of all, I would like to point out that shopping habits will not change drastically when retail scales are converted to weighing in grams and kilograms. When consumers buy by sight, as they often do when they select a store wrapped roast, that fish or four pork chops, they will continue to shop exactly as they shopped before. The only change is when they actually order a specific quantity in grams or kilograms. A great deal of information is already available to help us adjust to ordering by kilogram. There are posters illustrating normal buying quantities in metric units, such as "a 500-gram steak for two".

Mr. Kempling: Have you ever gone into a restaurant and ordered a 500-gram steak for two?

Mr. Ferguson: These posters are displayed in stores. There will also be posters and pamphlets comparing price per pound

with price per kilogram. During the transition period, prices per pound, as well as per kilogram or per 100-gram, will be shown both on in-store signs and in newspaper ads. This will permit shoppers to assure themselves that they are getting the same value for their money, whether priced by the pound or by the kilogram. Retailers can continue this practice until the end of the conversion period.

In a 1979-1980 review, the Canadian Chamber of Commerce explicitly stated that any move to halt or curtail the change to metric measurement in Canada will be "retrograde and excessively wasteful of the many resources from both the public and private sectors that have been devoted to the conversion process". Many companies have provided Metric Commission Canada with details of their increased productivity and market penetration as a direct result of metric conversion.

Some hon. Members: Name one.

Mr. Ferguson: A small company in Manitoba which contracts, processes and markets dry peas and other speciality crops is an example of a company which has gone metric. Albert Roy, owner of the company, said that conversion to metric has helped maintain good relations with important customers and to keep large accounts in foreign markets that deal only in metric. As well he said that it is administratively more efficient to use metric throughout the operation.

Going metric for another company, namely La Cidrerie du Québec Ltée, which exports its ciders to the United States, has meant not only increased exports but a reduction in the number of sizes and the standardization of its containers, resulting in reduced production and inventory costs.

A large percentage of the approximate 500,000 small businesses in Canada is made up of farmers and fishermen. Thus, it is important to know that total Canadian agricultural exports have surpassed $8 billion per year, which represents approximately 50 per cent of the cash receipts of farmers. Over 80 per cent of these export products are shipped to metric countries. This means that more than one third of the cash income of the farmer is dependent upon exports to metric countries.

One particular company that I checked on a week ago today which manufactures copper tubing and other specialty products converted to metric over two years ago. The company advised me that it is not able to keep abreast of its export orders.

The Acting Speaker (Mr. Ethier): Order, please.

● (2220)

ENERGY CONSERVATION—(A) ABUSE OF CANADIAN HOME INSULATION PROGRAM. (B) INVOLVEMENT OF LOCAL ORGANIZATIONS IN CERTIFICATION PROCESS

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, on April 1 I asked a question of the Minister of Energy, Mines and Resources (Mr. Lalonde) regarding the Canadian Home Insulation Program. While recognizing that the program is essentially a step in the right direction in terms of energy conservation, and also recognizing that most of the contractors, firms and individuals involved are doing a first rate job, one must recognize that the program is being seriously abused by some unscrupulous entrepreneurs.

I have personally witnessed what can only be described as misleading advertising on a number of occasions, which gives the impression to the householder that the opportunity is free of charge, essentially with the exception of a nominal sum. What is often missing from the ads is a note that the grant received from the federal government will be considered taxable on next year's return. What must be said of the unscrupulous entrepreneurs is that they are defrauding citizens by asking them to sign blank application forms, giving the story that it is an application form which will be used in the next household. In a variety of fashions it is implied that these unscrupulous entrepreneurs are really an extension of the federal government, an arm of a particular government department.

Perhaps most serious of all is the incorrect information which is filed with the government department concerned. For example, entrepreneurs are possibly using six bags of insulation material in the home while charging the federal government for 30 bags. In some instances, where a very small house is being insulated, more insulation than is actually used is being charged for. The insulators may be charging for three hours of labour at the rate of $37.50 per hour, which is supposedly a very reasonable rate, while actually they are spending only 20 minutes on the job. As one would expect, some of the major offences are occurring in the major metropolitan areas of Montreal, Toronto and Vancouver. While the entrepreneur indicates to the home owner that he will be sending out a copy of the invoice eventually, seldom are these invoices ever received.

As I indicated, I have personally witnessed a number of examples of this fraudulent activity. The police and the government department have been notified, yet very little is being done. What is being done? The government department indicates that where a situation is reported by a home owner and fraudulent activity is suspected, an investigation takes place. In many cases the unsuspecting home owner is not certain whether 6 or 30 bags of insulation were used. In many cases he is not sure whether 20 minutes or 3 hours of work was done. What is being charged is never made known to the individual home owner because of misrepresented information and the invoice not being returned to the home owner. The minister indicated that certification would take place some time this fall. In the meantime, these fraudulent activities have occurred and, presumably, they will continue throughout the summer and into the autumn.

The minister also indicated that in terms of providing some inspection, the Royal Canadian Legion would be involved across the country. I am not suggesting that the Royal Canadian Legion is inefficient. I am certainly not saying anything against the legion. However, one would have to ask what is their expertise when it comes to inspecting home insulation and things of that nature.

● (2225)

It seems to me that a much more reasonable approach would be to take advantage of the local inspection infrastructure which presently exists in Canadian communities across the country, and at least ask them to conduct spot checks to identify where certain firms are carrying out these fraudulent activities. Thank goodness they are few in number! Why are more firms not being prosecuted when, in fact, they are being brought to the attention of the department and the RCMP?

As this program is bound to continue in one form or another, I would like to suggest that the government consider involving various community groups and organizations where the opportunity would exist to provide local work for people in various communities. Labour would be provided locally as opposed to that on a national or, in some cases, multinational basis. The people involved would certainly feel more accountable. In other words, as the home owner would be approached by someone from his community, perhaps a community agency or group which would be identified, the possibility of fraudulent activities would certainly diminish. Again, it would do a great deal in terms of creating a sense and a need for conservation and for making our homes more energy efficient. It would do a great deal toward that by keeping the work itself within the communities across Canada.

In closing, I would suggest that the idea is certainly a good one, but it has been introduced in haste, without having been prepared with thought.

Mr. Roy MacLaren (Parliamentary Secretary to the Minister of Energy, Mines and Resources): Mr. Speaker, in responding to the hon. member's earlier question, the minister stated that the overwhelming majority of insulation contractors are honest and are doing a good job. Where there have been abuses reported of the types outlined by the hon. member opposite, there have been investigations and, when required, prosecutions.

More specifically, since 1977, when the government first introduced the Canadian home insulation program, almost one million grants have been made. This has led to significant savings in Canadian home owners' heating costs, regardless of the fuel used, and it has helped to move our country toward its objective of oil self-sufficiency.

Since the CHIP program was introduced, some 70,000 units have been selected for inspection across the country. As a result of those inspections, 36 contracting companies are presently under investigation. In addition, a further 17 companies are under police investigation, with charges having been laid against 11 companies. Here is clear evidence that the government has been monitoring the industry in order to protect consumers from possible abuse. By inspecting homes which have been insulated and by investigating abuses reported by consumers, the government is keeping this situation under review.

Further, in collaboration with the industry, the government has instituted a certification program which requires insulation contractors to pass examinations before being approved under the CHIP. As hon. members may be aware, the Royal Canadian Legion, as the hon. member has noted, is assisting the Canadian General Standards Board in providing the necessary facilities for the examination of insulation contractor personnel. The CGSB national certification program has already listed 900 of the total of over 2,000 contractors in its certification program. The mandatory date for the use of certified contractors will be November 1.

I should like to remind hon. members that the National Energy Program has a goal to upgrade insulation in 70 per cent of Canadian homes by 1987. The certification program contributes in a real way to the effective administration of the CHIP.

These facts are indicative of the careful supervision being given to the home insulation program and of the government's determination to ensure that Canadians are guaranteed good products and good work. It is a large program and it is one which will pay large dividends in terms of energy conservation and fuel savings for home owners.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. A motion to adjourn the House is now deemed to have been adopted. Accordingly this House stands adjourned until tomorrow at two o'clock p.m.

At 10.30 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, May 20, 1981

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

COMBINES INVESTIGATION ACT

PARLIAMENTARY APPROVAL OF APPOINTMENTS—MOTION UNDER S.O. 43

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I rise to seek the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In light of the dismissal of Robert J. Bertrand, Assistant Deputy Minister of the Bureau of Competition Policy and Director of Research and Investigation under the Combines Investigation Act, by the Liberal cabinet, and as a result of questions recently raised by interference with the Advisory Council on the Status of Women by the Minister of Employment and Immigration (Mr. Axworthy), I move, seconded by the hon. member for Durham-Northumberland (Mr. Lawrence):

That the House request the Minister of Consumer and Corporate Affairs to make a full statement on motions setting forth in detail the reasons for Mr. Bertrand's dismissal by cabinet, and that the matter be referred to a parliamentary committee whose mandate will include examining the present reporting relationship to cabinet of these officials, advisory councils and agencies, with a view to respecting the principle that all future appointments be approved by Parliament to ensure that the power of the executive is limited and the role of Parliament is enlarged.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENVIRONMENTAL AFFAIRS

DUMPING OF CHEMICAL WASTES INTO NIAGARA RIVER—MOTION UNDER S.O. 43

Mr. Tom McMillan (Hillsborough): Madam Speaker, I rise on a matter which I think all fair-minded members of the House will view as urgent and pressing under the provisions of Standing Order 43.

The SCA Chemical Services, hazardous waste disposal company of New York State petitioned that state to relax restrictions on the amount of chemical industrial pollution it is allowed to discharge into the Niagara River. Since millions of gallons of such waste are to be pumped from the SCA site through a five-mile pipeline into the river less than two miles upstream from the source of drinking water of literally thousands of Canadians, I move, seconded by the hon. member for Peterborough (Mr. Domm):

That this House goes on record as vigorously opposing any relaxation of New York State permit standards which will cause the Canadian environment to be polluted or the health of Canadians to be harmed.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

WORLD HEALTH ORGANIZATION

CANADIAN POSITION ON SALES OF INFANT FORMULA TO THIRD WORLD COUNTRIES—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the fact that in the Third World 10 million babies suffer and one million die from starvation and disease due to bottle feeding every year, and that this situation has led the World Health Organization to introduce an international code to curb promotion of infant formula in developing nations, and in view of the fact that the United States government is on record as being opposed to this code, I move, seconded by the hon. member for Vancouver East (Mrs. Mitchell):

That this House send a message to the U.S. government, informing it that Canada intends to support the international code, and asking that the U.S. government reconsider its position and vote in favour of the code in recognition of the fact that the World Health Organization is aiming to protect infant lives.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

ROYAL CANADIAN MOUNTED POLICE

PENSIONS PAID TO WIDOWS AND ORPHANS OF FORMER MEMBERS—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I rise under the provisions of Standing Order 43. Each day Liberal and NDP policies make it more expensive to eat and live in Canada. At the same time there are 39 widows of RCMP personnel who have pensions of less than $100 a month, a total of 193 receive less than $300 a month, and there are 216 children who are orphans and receive an average of $69.12 a month. Liberal policy has made it impossible for them to live on these amounts. Therefore I move, seconded by the hon. member for Yukon (Mr. Nielsen):

That the Solicitor General immediately take the necessary steps to ensure that the widows and orphans of members of the RCMP who have served this country be given pensions which make it possible for them to live with dignity in the country.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

PRICE OF SYNTHETIC CRUDE—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas the government indicated its desire to settle the current oil pricing impasse with the producing provinces and its strong support for the continued development of Canada's oil sands resources, vital to Canada's energy future, and whereas the Suncor operation at Fort McMurray receives approximately $17 per barrel for its synthetic production, while Syncrude Canada across the road receives world prices, creating a situation where prospective oil sands investors might quite legitimately wonder if they too will be given the "Suncor shaft", I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the Minister of Energy, Mines and Resources establish immediately a pricing structure for synthetic crude production which will eliminate this discriminatory pricing practice and encourage stabilization and development of the oil sands industry.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1410)

HUMAN RIGHTS

ABOLITION OF MANDATORY RETIREMENT AGE—MOTION UNDER S.O. 43

Mr. Jesse P. Flis (Parkdale-High Park): Madam Speaker, I seek the attention of all hon. members of this House on a matter of urgent and pressing necessity, under the provisions of Standing Order 43. Considering the fact that Mr. Fairweather, the Commissioner of the Canadian Human Rights Commission, in his fourth annual report dated March 31, 1981 to the Minister of Justice and the Attorney General of Canada, recommended to this Parliament that Sections 9(2) and 14(C), sections allowing for the imposition of mandatory retirement, be deleted from the Canadian Human Rights Act; and in view of the fact that the same recommendation was made by the Special Senate Committee on Retirement Age Policies on April 15, 1980; and in light of the reality that non-discrimination rights based on age have been written into the proposed Canadian Charter of Rights and Freedoms, I move, seconded by the hon. member for Cardigan (Mr. Campbell):

That the Minister of Justice and Attorney General of Canada introduce, before July 1, 1981, an amendment to the Canadian Human Rights Act which would end the imposition of early mandatory retirement.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

EFFECT OF HIGH INTEREST RATES ON FARMERS—MOTION UNDER S.O. 43

Mr. Len Gustafson (Assiniboia): Madam Speaker, I rise on a very urgent matter under the provisions of Standing Order 43. Given the very serious situation which faces the farming economy with regard to record high interest rates, and an increasing number of bankruptcies among farmers, I move, seconded by the hon. member for Athabasca (Mr. Shields):

That the government take steps immediately to deal with the very serious situation of high interest rates to farmers.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

METRIC CONVERSION

SUGGESTED EXTENSION OF CONVERSION DATE DEADLINE—MOTION UNDER S.O. 43

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I rise under the provisions of Standing Order 43 in an effort to obtain the unanimous consent of the House on a matter of urgent and pressing necessity. Recognizing that the government is proceeding with unnecessary haste with its metric conversion program, and also recognizing that the government has failed to take the necessary steps to ensure that the hundreds of millions of dollars required by small businesses to be spent on new metric scales will go to Canadian manufacturers of weighing and measuring equipment, and not to swell our balance of payments deficit on finished manufactured goods, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the government extend the easing-in deadline to ease the adjustment for small businesses and to enable Canadian manufacturers and suppliers to prepare themselves in order to supply this government-initiated demand, rather than foreign suppliers.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

OIL SUBSTITUTION PROGRAM INFORMATION—MOTION UNDER S.O. 43

Mr. Doug Lewis (Simcoe North): Madam Speaker, I rise under the provisions of Standing Order 43. In the October, 1980, budget the Liberal government announced the creation of the Canadian oil substitution program. At that time the Department of Energy, Mines and Resources promised that the program would start on April 1, 1981. Since it is now May 20 and the program is still another broken promise, I move, seconded by the hon. member for Halton (Mr. Jelinek):

That this House direct the government to make available immediately application forms and information for the oil substitution program to those Canadians who have been patiently waiting for seven months.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

TRANSPORT

VANCOUVER RAIL TASK FORCE—MOTION UNDER S.O. 43

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, the Vancouver Rail Task Force, formed as a result of the 1977 Report on Grain Handling and Transportation in western Canada, is threatened with immediate extinction because of lack of funds, even though it still has important work to complete for the Vancouver terminal area. The government committed funds to this task force last September, yet Treasury Board has not yet released these funds. The money the task force has on hand will run out in 11 days. Therefore I move, seconded by the hon. member for Richmond-South Delta (Mr. Siddon):

That this House declare its commitment to the continued work of the Vancouver Rail Task Force and that it call on the government to give immediate approval for the release of the funds which were committed to the task force last year.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NORTHERN AFFAIRS

MINISTERIAL CONSULTATION—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, since the Minister of Indian Affairs and Northern Development is presently engaged in traversing Yukon and the Northwest Territories, ostensibly to find out what northerners think of Bill C-48, and the issue of the special terms of a whole host of oil and gas leases to Petro-Canada, as well as about proposed pipeline construction, I move, seconded by the hon. member for Prince George-Bulkley Valley (Mr. McCuish):

That this House congratulates the minister on his new-found sense of responsibility, but requests that in future he undertake the process of consultation before, not after, the relevant decisions have already been taken.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

AGRICULTURE

IMPACT OF INTEREST RATES ON FARMERS

Hon. John Wise (Elgin): Madam Speaker, my question is directed to the Minister of Agriculture, and the subject is the government's deliberate high interest policy and the devastating results on all food producers in all regions of the country. The minister knows full well that bankruptcies are on the increase. Bankruptcies in the province of Ontario have increased 90 per cent. Forced sales, general dispersals, and the farm property listings for sale have increased, it is estimated, by ten times the normal rate. The minister simply talks about this problem. Canadian farmers cannot substitute the empty words of the Minister of Agriculture when they are required to pay interest rate charges. I want to ask the minister now, when can Canadian farmers expect to receive at least some relief and some action? He knows it is a serious problem.

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, first of all I disagree with the preamble to the hon. member's question when he suggests that all farmers are facing this devastating experience because of high interest rates. That is just not fact, and he knows it is not fact. There are many sectors of the agricultural economy which have systems which take interest rates into consideration in the cost price formulae that they use for selling their product. The letters that I am receiving, and I am sure that he is receiving, are from two main sectors—the pork producers and beef producers of this nation. Ninety-nine per cent would be letters from those people.

We do think it is serious for this other sector of the economy in production, a very efficient and productive group. We did call a minister's meeting across Canada seeking suggestions, etc., for them. We do find there is a great amount of disparity which exists between the programs of the provinces which are creating more inequality and economic disparity between them.

For instance, in Ontario they spend about $200 million on agriculture. The federal government spends $263 million in Ontario, which is substantially more than the rich province of Ontario spends. All one has to do is check the budget brought into the provincial House in Ontario last night and see how much they are going to give to agriculture in that province, as far as that goes, and see how sincerely they take it.

Some hon. Members: Oh, oh!

An hon. Member: Turn the page.

Madam Speaker: Order.

Mr. Whelan: When he talks about the number of bankruptcies that are taking place, the number of bankruptcies is from about 78—

Some hon. Members: Oh, oh!

MINISTER'S ADVICE TO FARMERS

Hon. John Wise (Elgin): Madam Speaker, I am not so sure that I am alone in this House, but I have some difficulty understanding the minister's answer. I think the minister continues to talk out of both sides of his mouth—

Mr. Nielsen: Talks out of the top of his green hat.

Mr. Wise: When he's out in the country, he talks about the seriousness of the problem. However, when he is in the House and in the presence of the Prime Minister, he continues to defend the government's deliberate high interest rate policy.

Some hon. Members: Hear, hear!

Mr. Wise: The minister has made a commitment to do something. The minister made that commitment, not just recently and not just a month ago or a few months ago, but, rather, he made this very same commitment in January of 1980, about 16 months ago. That commitment remains unfulfilled today.

Is the minister telling the Canadian farmers today to expect the same thing that he told them they might expect back in January, 1980, namely, nothing?

Hon. E. F. Whelan (Minister of Agriculture): The hon. member and his government of that time, when he was minister of agriculture, had the opportunity to do something—

Some hon. Members: Oh, oh!

Mr. Whelan: —and what did they do? Nothing.

An hon. Member: Answer the question.

Mr. Whelan: So, when the hon. member talks about what we are doing and what we have done, all one has to do is check the record and see the different programs that we have put into force. We have put 14 new programs into force since I have been Minister of Agriculture, to help the farmers in Canada.

Miss MacDonald: Tell us about interest rates.

Mr. Whelan: So, when the hon. member talks about what we are doing and what we are not doing, we have recognized the seriousness of this problem.

Some hon. Members: Hooray, hooray!

Mr. Whelan: We have, as I said, met with The Canadian Bankers' Association; we have met with the farm organizations—

Some hon. Members: Hooray, hooray!

Mr. Whelan: —and we have outlined to them the former government's policy, which was ridiculous.

Some hon. Members: Hooray, hooray!

• (1420)

Mr. Whelan: They also said so themselves, that it was ridiculous.

Some hon. Members: Hooray!

Mr. Whelan: I met with the Secretary of Agriculture for the United States of America.

Some hon. Members: Hooray!

Mr. Whelan: One of the things was to try to undo the ridiculous poultry import quota that he, the hon. member, negotiated, Madam Speaker, and which is causing the depressed prices for the poultry industry in Canada. Madam Speaker, the Secretary of Agriculture for the United States of America and I have agreed to work together on this to try to solve the problems we face today.

Some hon. Members: Hear, hear!

REQUEST FOR MINISTER'S RESIGNATION

Hon. John Wise (Elgin): Madam Speaker, the quality of the minister's answers certainly continues to deteriorate. Why does the minister not level with Canadian farmers? Why does the minister continue to hold out false hopes? He knows that the future of food security in this country is in serious jeopardy. Why does he not do the honourable thing and tender his resignation? He has produced absolutely nothing.

Some hon. Members: Hear, hear!

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, over all, the agricultural industry, as the hon. member well knows, is one of the healthiest in the whole world.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Whelan: It has been recognized, if he wants to be honest—and he is one of the few over there that I think can be—that there are certain economic production entities in agriculture which need assistance at this time. We are doing our darndest to help them. I want to tell the hon. member that I say the same thing in this House as I say any place else, regardless of what he says, whether the Prime Minister is present or not present. The Prime Minister knows that. The Prime Minister has the prerogative, if he wants to use it, to change that in any way he wants as far as I am concerned.

Some hon. Members: Hooray!

Some hon. Members: Hear, hear!

FARM INCOME STABILIZATION POLICY

Hon. James A. McGrath (St. John's East): Madam Speaker, my supplementary question is directed to the Minister of Agriculture. This exchange would be humorous if it were not so tragic in its consequences for farm families and low-income earners. Yesterday in his reply the minister indicated that a number of farms were being forced out of business by the banks, in addition to the regular bankruptcies. I want to ask the minister what he is doing as the Minister of Agriculture to put in place a food policy that would have the effect of stabilizing income for farmers and controlling farm inputs and stabilizing, at least in some way, prices to consumers which would help ease the burden on low-income earners in this country.

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member knows full well that the parts of agriculture that I did not mention have a stabilized economy, a stabilized income. They are not the ones writing the letters. I appealed for those letters and that is how I know what is going on. If he wants to come to my office I will let him read until midnight some night so that he will understand who the real people are who have the financial problems.

Miss MacDonald: Try it yourself.

Mr. Whelan: When he refers to food that is produced in Canada, I would point out that some of the producers are from his part of the country but I have not seen him defend them. I am not receiving any letters from the people in marketing boards. The price of food produced by marketing boards has stayed well below the inflation rate, averaging about 8 per cent, while the inflation rate for food that we import and produce outside the marketing boards is, as he knows, about 15 per cent. Let him face those facts.

There is no shortage of food in those areas where there are marketing boards; indeed, there is a surplus. The people who are in trouble in Canada today—for instance when you can buy a ham for 88 cents—

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Nowlan: You get it cheap here!

Mr. Whelan: I can tell you, Madam Speaker, no matter what they sold those hams for over there, they would not sell anyhow, no matter what price they put on them!

When you can buy ham for 88 cents per pound in one of the big chains in this city today, and for the next five days, it is like giving it away during the depression. When you consider that you can buy a dozen eggs for ten minutes of an hour's work time when it used to take an hour and a half at one time to buy a dozen eggs in this country, I ask who has become more efficient, who has become more proficient, who has produced food in a better fashion and put it on the market shelf in a more economic fashion than we have?

Some hon. Members: Hear, hear!

Mr. McGrath: Madam Speaker, the trouble with the minister is that he has read too many of Paul Martin's speeches. I will have to wait to read *Hansard* to see what the minister said.

* * *

SOCIAL SECURITY

MEASURES TO HELP LOW-INCOME FAMILIES

Hon. James A. McGrath (St. John's East): Madam Speaker, I want to put a question to the Minister of National Health and Welfare. The fact is that with farmers going out of business because of high interest rates, food production in this country is decreasing. Yesterday the minister talked about the child tax credit as being one of her solutions to ease the burden on low-income families. She talked about indexing on an annual rate being able to catch up with the rate of inflation. That does not square with the fact that the latest report from Statistics Canada, "Income Distribution in Canada" shows that an additional 100,000 families in this country in 1979 fell below the poverty line. That is tragic.

● (1425)

Has this minister, who has the over-all responsibility for welfare in this country, discussed with her colleagues in cabinet, and with the Prime Minister, putting in place some kind of food policy for this country and re-examining the child tax credit to see if it can be used at least as an instrument to ease the burden of high interest rates on the poor and low-income families of this country, and to lessen farm bankruptcies?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, the hon. member raises the general issue of fighting against poverty in Canada and bridging the gap between the average Canadians and those who are below the threshold of poverty. As a matter of fact, we are fully aware that the child tax credit has enabled us to earmark hundreds of millions of additional dollars for the category of very low-income workers known as the working poor.

[*English*]

We are presently working on ways to improve the child tax credit as the best means of redistribution of money. I am sure that mothers below a certain level of family income, who are right now receiving $238 per child, are conscious of that fact. We may need the approval of the House for further improvements to the tax credit. We have, however, reduced the level of poverty from 20 per cent of the population to 12 per cent over the last decade in this country.

NORTH-SOUTH RELATIONS

PREPARATIONS AND RECOMMENDATIONS FOR SUMMIT MEETING

Mr. Bob Ogle (Saskatoon East): Madam Speaker, my question is for the Right Hon. Prime Minister. It concerns the North-South question and the dialogue between the industrialized nations and the poor developing nations. As the Prime Minister has just returned from a trip to Algeria and Italy, is he now ready to tell the House in what state the preparations are for the summit meeting which will be held in Ottawa two months from today? What positive policy recommendations has Canada prepared to put to that summit?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am not sure that I can give a satisfactory answer to the hon. member. The member knows that of the seven participants, four of them will be new. Indeed, five of them will be new if we include the eighth member of the economic community. My purpose until now in visiting as many of them as possible was to try to ensure that there would be a united front by all of us, not only on the North-South question referred to by the hon. member but on other important subjects, such as international trade, and the macroeconomic policies of the respective countries.

The hon. member asks about the state of the preparations. I think there have been some five or six meetings between personal representatives of the participants to the summit. Some of them have changed because of recent political events in other countries. The preparations, however, are well along. Each country has prepared a paper in one area or another to be the subject of eventual discussion by summit members. I hope the further meeting to be held, I believe in Vancouver in a couple of weeks, will continue to accelerate the state of the preparations.

IMPLEMENTATION OF PARLIAMENTARY COMMITTEE RECOMMENDATIONS

Mr. Bob Ogle (Saskatoon East): Madam Speaker, at this particular time concerning north-south, which I believe is a top priority of the Prime Minister at the summit meeting, Canada and the Canadian government are very key to formulating and bringing off that question properly. Can the Prime Minister tell the House now when the government will put into effect the 38 recommendations of the all-party unanimous report on North-South, so that we will go to the summit with credibility, which means more than just taking trips?

● (1430)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I believe I had occasion to say previously that the committee of the House of Commons produced an excellent report. It has inspired the government in drafting precisely some of these documents to which I referred earlier. As to unilateral adoption of them, the hon. member knows that many of the measures recommended would be impossible of adoption or ineffective if they were only adopted by one

country. That is why our objective at the North-South item discussion in July, at the further meeting at the Commonwealth summit, and eventually at the further meeting in Mexico in October, will be to ensure as much progress as possible by all participants on many of the actual recommendations made by that committee.

QUERY RESPECTING CANADIAN SUPPORT FOR UNITED STATES POLICIES

Mr. Bob Ogle (Saskatoon East): Will the Prime Minister tell the House of Commons what he and the government have been doing in relation to the United States which has taken a very assertive type of approach to the whole question, has dropped the Law of the Sea, and yesterday proclaimed a vote at the World Health Organization that probably will amount to the death of a million children around the world. Is Canada's policy going to be uniquely different in this question of North-South from the American policy, so that we do not have to get caught in another El Salvador question by backing a policy that finally turns out to be anything but good?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it is inevitable at a summit such as we will have in July that different heads of government will come to it with a reflection of their own political philosophies and priorities. We know from the statements made by the U.S. administration that they are more keen on bilateral aid and perhaps aid from the private sector than on multilateral and public aid. This is not the point of view of Canada or of other summit countries. The summit will be an occasion to try to convince the United States that the world is very much in need of its generous participation in international aid. We have already expressed these views. I have expressed them to President Reagan. When I met Mr. Clausen, the new American designate head of the World Bank, we discussed these questions at some length.

It is impossible to predict at this stage what final position will be taken by the President at the Ottawa summit or, for that matter, at the Cancun summit.

* * *

NATIONAL DEFENCE

REPORTED STATEMENTS BY MINISTER ON NATO AND MIDDLE EAST COMMITMENTS

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is directed to the Minister of National Defence. At the Standing Committee on External Affairs and National Defence last Thursday, May 14, the minister said that "Canada has made a new commitment to deploy its NATO forces outside the normal NATO treaty area". He has also been quoted in the Montreal *Gazette* and the Ottawa *Citizen* as saying that Canada is willing in principle to contribute to a United States rapid deployment force in the Middle East. Can the minister verify to the House that he has made these statements, and will he explain who authorized such commitments without parliamentary approval?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, the hon. member should know better than he just stated, because I corrected that yesterday at the SCEAND in front of him. At the time I read the statement at the SCEAND on May 14, I said that Canada had made no new commitment to deploy its NATO force outside the normal NATO treaty area. That is what I read. It is possible the transcript did not show that. However, I wrote to the chairman of the committee to correct that. The hon. member knows very well because at the committee yesterday I was asked about that twice, and I told the hon. member there was no new commitment. I think it should be clear enough.

PARLIAMENTARY APPROVAL FOR USE OF CANADIAN FORCES ABROAD

Hon. Allan B. McKinnon (Victoria): I received my written transcript of those minutes yesterday and they certainly show exactly what I quoted here. I would like to go to the minister's further statements about helping the U.S. rapid deployment force in the Middle East. The minister sometimes seems to confuse peacekeeping and the RDF which in no way can be considered to be a peacekeeping force.

I would also like to question why Parliament is not consulted before he makes these statements. Is he not aware of the principles set out by the Right Hon. Lester B. Pearson in 1964 when he said:

> —if a request is made involving the use of substantial numbers of Canadians abroad, we would bring the matter before Parliament before any final decision is made.

Can the minister assure the House that any such commitment to reinforcing or helping the United States rapid deployment force will be first approved by this Parliament?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I can assure the House that any action of this kind will certainly have to be approved by the government and this House, as was said by Mr. Pearson. I suggest the hon. member read what was distributed to all members of the committee, which is a communiqué from the DPC NATO meeting in Brussels. I will not read it here. It is a communiqué on the possible actions of some members of NATO. The commitment was that consultation would have to be carried out by NATO first. It would then be up to individual countries to decide on their own what they want to do. However, there is no commitment to action outside the area of NATO, and even collectively there is no commitment of that nature.

Oral Questions

FEDERAL-PROVINCIAL RELATIONS

DISPUTE OVER OWNERSHIP OF EAST COAST OFFSHORE RESOURCES

Mr. Howard Crosby (Halifax West): Madam Speaker, I have a question for the Prime Minister respecting the federal-provincial dispute over ownership of offshore resources on the Atlantic coast. In April, 1981, his government approved exploration permits for over three million acres of submarine lands claimed by the province of Nova Scotia. He knows also that the same ownership dispute threatens the development of the Hibernia oil fields off Newfoundland which are claimed by that province. What is he prepared to do now to resolve this dispute?

Also, I want to know why he publicly chastises the Premier of Nova Scotia and the Premier of Newfoundland who are making these legitimate and honest claims for the benefit of the people of their provinces.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I certainly have not publicly chastised, to use the expression of the hon. member. The situation is that the Premiers of Newfoundland and Nova Scotia are claiming that the offshore out to the 200 mile economic zone belongs to the provinces and is within provincial jurisdiction. We, supported at least prima facie by a judgment of the Supreme Court of Canada in the British Columbia reference case, claim that the offshore is under federal jurisdiction and is in the ownership of the federal government. There is a difference of opinion. We have proposed repeatedly throughout the last decade that we set aside the question of ownership, that both parties cease to claim ownership, and on the contrary we seek administrative arrangements and division of revenues which would be acceptable to both parties.

There was an acceptance of that by three of the maritime provinces in 1978, but this was rejected when the Premier of Nova Scotia came into office under his new mandate. Therefore the management arrangement was set aside and negated by him. We are now back to the original question of who owns it. We have proposed that that be settled by a reference to the Supreme Court. In both cases, and particularly in the case of Newfoundland, they have refused to co-operate with a reference to the Supreme Court. That is the situation as it lies now. I would be grateful if the hon. member would use his influence to bring the provinces either to accept an administrative arrangement or a reference to the court.

REFERENCE TO SUPREME COURT OF CANADA

Mr. Howard Crosby (Halifax West): The Prime Minister knows, and it should be stated for the record, that the 1978 agreement was not an agreement but merely an arrangement to explore a resolution of the dispute in that manner. I ask the Prime Minister why, if the government is not prepared to refer the matter to the Supreme Court on its own motion, the National Energy Program contains a statement to the effect that the government is anxious to refer the matter of ownership quickly to the Supreme Court? Why does he place the burden on the provinces? As a constitutional scholar, surely the Prime Minister realizes that this is essentially a constitutional question to be decided by political action? But, if he will not take the step to decide it by such agreement or political action, why does he not take the step himself to refer the matter to the Supreme Court of Canada and have the dispute resolved for the benefit of all Canadians, both those in Nova Scotia and in Newfoundland?

● (1440)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, in so far as the hon. member says it is originally a political question, certainly I have indicated my agreement with that, and since 1969 I have been seeking a political agreement with the provinces. I repeat, in the British Columbia reference the Supreme Court decided the offshore was Canadian. I do not know if it would decide the same thing on the Atlantic coast. But I said, "Never mind. We are the owner according to the Supreme Court, on the west coast, but we are prepared to seek political agreement." We sought one for ten years. We finally reached one in 1978. I am not sure what the point the hon. member made about that 1978 agreement was, but I will be prepared to hear it again.

We sought agreement for some ten years. We would still prefer a political agreement. That not being possible, I am now told by the hon. member that we should do the honourable thing and refer it to the Supreme Court. My fear was that we would be accused of unilateral action, provocation, and so on. But, if I sense it is the view of the opposition that we should refer it to the court, Madam Speaker, I am prepared to do that tomorrow. I see the hon. member nod his head indicating yes. I hope he is speaking for his party, but I would like confirmation of that, perhaps from his House leader.

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CORPORATE AFFAIRS

PRICING PRACTICES OF OIL COMPANIES—ROLLBACK OF INCREASES

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is for the Minister of Consumer and Corporate Affairs. The Bertrand report not only showed a rip-off of $12 billion by the oil companies against the Canadian consumer, but it indicated that the rip-off was continuing. The minister of energy admitted in this House that in the recent increases there was a six-cent increase per gallon which was piggy-backed on the increases by the oil companies. The Minister of Consumer and Corporate Affairs has just fired Mr. Bertrand. He told me in the House he would refer my inquiry and my demand for a roll-back of these illegal increases to Mr. Bertrand. Now that he has fired Mr. Bertrand, what does he propose to do about rolling back these illegal increases?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, first I would like to say to the hon. member and to his colleagues that, contrary to the hon. member's statement, Mr. Bertrand was not fired. I find that remark altogether unfortunate and out of line. Mr. Bertrand was a senior official who served Canada very well. He has been appointed to another post, in fact it is a promotion for him, and I find it regrettable that anyone should want to insinuate that he was fired.

As to the issue raised by the hon. member, namely, whether there has been an unwarranted and illegal price increase by the oil companies, I have already said in the House that I had referred the question to Mr. Bertrand. He completed his study and gave me a written report on the subject, advising me that there was no need for him to investigate any further into this latest charge which the hon. member has just made. With respect to this latest accusation, he believed that the oil companies had not acted illegally.

[*English*]

FURTHER INVESTIGATIVE ACTION

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, Mr. Bertrand did, indeed, serve his country well. He was probably and still is a breath of fresh air in the civil service. The minister was spineless and gutless in moving him from this important position.

Some hon. Members: Oh, oh!

Mr. Waddell: It is the same old Liberalism. My question is this. I see the Minister of Energy smiling. He pretends he is progressive too. What happens now that Mr. Bertrand, who helped put this landmark report together, is removed from the scene and cannot implement the further investigation? What is going to happen to the investigation, and will the consumers of Canada ever get their $12 billion back?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, again I would remind the hon. member that Mr. Bertrand has completed his assignment. His new appointment is one which he himself has accepted. I am told that several positions were offered to him and he himself accepted his new appointment. In other words, Madam Speaker, there can be no question of Mr. Bertrand having been fired. I suggest that the use of that expression in his case is insulting. His investigation has been completed, Madam Speaker, and it now stands referred to the Restrictive Trade Practices Commission. The hearing will be held during the coming months and the Department of Justice will appoint lawyers who will argue this case before the Restrictive Trade Practices Commission.

[*English*]

HUMAN RIGHTS

AIR CANADA POLICY ON EARLY RETIREMENT OF AIRPLANE PILOTS

Mr. Jesse P. Flis (Parkdale-High Park): Madam Speaker, my question is directed to the Minister of Transport and it grows from my Standing Order 43 motion for which I could not receive unanimous consent.

On April 10 of this year I wrote to the minister regarding Captain Ross Stevenson of Toronto, a pilot with Air Canada, who is being forced to retire on September 1, 1981, at age 60, while other airline pilots are allowed to work until age 65. Considering the fact that mandatory retirement is an obvious violation of the Canadian charter of rights and freedoms in the proposed constitution resolution which is before the Supreme Court of Canada, and in light of the reality that the working binding agreement between Air Canada and the airline pilots was not signed until April 3, 1981—

Some hon. Members: Question.

Madam Speaker: Order, please. Would the hon. member please ask his question?

Mr. Flis: Madam Speaker, would the minister please tell this house whether he would consider an order in council in this case to allow Mr. Stevenson to work past September 1 until the issue of early forced retirement with Air Canada is resolved?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the regulations of my department on this subjet of age of retirement for air pilots do not specify any particular age. The regulations are essentially based on fitness and capacity to perform the job.

Some hon. Members: Resign!

Mr. Pepin: The pilot in question works under an agreement between CALPA and Air Canada, and the position found in the agreement is one that is very much willed by the pilots of Canada. This age limit is of their own making and I would not dare, at this point anyway, go against an agreement reached between an airline and its employees.

* * *

HEALTH AND WELFARE

SURVEY OF PAINT HILLS CREE INDIAN RESERVE, QUE.

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, my question is for the Minister of National Health and Welfare and it concerns the poor health of the James Bay Cree. I am sure she is still having nightmares over the mess she left up there when she pulled out federal health services at the end of March of this year.

I have here in my hand a report by one of her officials. It is the Sanitary Survey of the Cree Indian Reserve of Paint Hills, dated January 26, 27 and 28, 1981. What this report says is that the water supply to the village of Paint Hills is heavily contaminated by bacteria and is dangerous to drink. I also have a letter here from the interim director of specialized health services for Quebec, a Mr. Turcotte, dated March 3, fully 34 days after this other report was brought down, informing the chief of Paint Hills that this water was contaminated and should not be drunk.

In view of the fact there were a number of deaths last summer due to gastro-enteritis, and that there is an outbreak of gastro-enteritis in Paint Hills right now, how can she explain that a member of her staff sat on this report for 34 days, yet it was April 3 before the chief got the letter from this official telling him how dangerous this water was to drink? Can she please explain that to this House?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I certainly could have explained if the hon. member had had the rather elementary good sense and courtesy, this being a very special case, to call up and advise us that he wanted a reply to his question. I have no idea whatever of what he is talking about. I hope he knows, because last week he dared bring accusations, which were reported in every Canadian newspaper, against the Regional Director of Medical Services who, being absent, was unable to defend herself, claiming that she had failed to carry out her duties at Fort Rupert, which is one of the reserves under our jurisdiction, when on the contrary she had carried them out fully and had not lied. She had informed the committee members that the work had been done and that the health facilities had been restored. Once again, I do not know what the hon. member is talking about, as he has not given me advance notice of his question. I will inquire, however, and report as soon as possible.

● (1450)

[*English*]

TESTING FOR TUBERCULOSIS

Mr. Lorne Greenaway (Cariboo-Chilcotin): Every time I get up in this House I get the same runaround from this minister. She accuses me of having my facts backwards and forwards. This was brought up in committee last night—

Madam Speaker: Order, please. The hon. member does not have the floor to argue but to ask a question.

An hon. Member: The answer was provocative.

Mr. Greenaway: You have continuously told us there was no epidemic of tuberculosis in Mistassini, and yet there is. You told us in April in committee that only 900 people out of a population of 2,200 have been tested for tuberculosis in Mistassini, and yet ten days ago in Petawawa we had an outbreak of tuberculosis and 6,000 or 7,000 people have been tested in a matter of ten days. Now, why in Mistassini, where they have had tuberculosis for three years, perhaps only a third of the population has been skin tested? Please answer that question.

Hon. Monique Bégin (Minister of National Health and Welfare): I repeat, Madam Speaker, that I do not find constructive at all the line of questioning—

Some hon. Members: Oh, oh!

An hon. Member: Answer the question.

Miss Bégin: I wish I could answer the line of questioning of the member who is not familiar with the facts and figures. It is quite obvious. I repeat that the statistics I gave are true. I checked all these facts myself with the Director of Medical Services for the Indians of the province of Quebec, Dr. Jean-Paul Fortin, and the member has just put together a situation in Petawawa with the situation that he suggests exists, or existed a few months ago in the Indian reserves of the James Bay area. This is unacceptable, and is not a way of improving the health of Indians.

I repeat, on the first question I will look into the specific accusation he made.

* * *

CANADA DEVELOPMENT CORPORATION

PROPOSAL TO BUY GOVERNMENT'S SHARES

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is to the Prime Minister who will know that the meeting of the shareholders of the Canada Development Corporation is taking place tomorrow in Winnipeg and there are many small investors who are very upset with the government's political meddling in its attempt to get members of its particular persuasion on the board of directors. The Prime Minister will have received the letter from the president of Burns Fry Limited in which he suggests that the government put up its shares, within the constraints of the legislation, and they are prepared to put together a package to sell those shares, thereby allowing the government to use the proceeds, if it sees fit, to set up any other organization as a tool of government policy.

I want to know from the Prime Minister whether he is prepared to accept the proposal put forward by Burns Fry Limited, reducing its interest to 10 per cent in the CDC, and if ministers want to change the concept of the CDC they can create a new vehicle for that particular purpose and leave the CDC alone.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have not read the details of the particular offer the hon. member is talking about, yet it seems to me he is suggesting we divest ourselves of the shares of the CDC. Is this a recommendation on behalf of his party?

Mr. Baker (Nepean-Carleton): There has been an offer made.

Mr. Trudeau: Or is it the hon. member who thinks this? Well, I am trying to understand the seriousness of the question. I remember that the hon. member and his party had certain views on the government divesting itself of Petro-Canada, and then they waffled on that and changed it several times. I am not sure they are not on the same course on this one.

APPOINTMENT OF DIRECTORS

Hon. Ray Hnatyshyn (Saskatoon West): I can tell the Prime Minister has returned from Italy because he is doing some fast footwork in his new Gucci's. If the Prime Minister had taken the time to read the act setting up the CDC he would understand what I am talking about.

There are now reports of additional Liberal hacks being proposed to the board of directors, and I wonder if he can tell the House whether or not the government is proposing, recommending or harassing the other directors and shareholders involved to put on the board Joel Bell, of Petro-Canada, and David Beatty, a close confidant of Mr. Jim Coutts of the Prime Minister's office.

Is he prepared to indicate whether in fact an attempt has been made to bring these two people on the board of directors, and whether he will not now cease and desist from this attempt to persuade the shareholders as to who should be on their board of directors?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I want to point out to the hon. member he does not know the difference between Gucci's and Roots, and he does not know the difference either, I think, between one good director and a bad director.

* * *

EMPLOYMENT

TRAINING AGREEMENTS WITH INDUSTRIAL ASSOCIATIONS

Mr. David Orlikow (Winnipeg North): Madam Speaker, my question is for the Minister of Employment and Immigration. In the last couple of weeks the minister has announced agreements with the aircraft industry, the coal association and the mining association for the training of workers to meet their shortage of skilled workers. Given the repeated assurances by various government ministers that they would consult on major questions with the unions concerned, I would like to ask, in connection with these three recent agreements, why the unions were not consulted or questions discussed with them before the agreements were announced.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the hon. member has pointed out what I think is one of the more important initiatives we have taken to establish effective planning of human resources in these key industrial sectors. We signed four of these agreements in the past three or four months and are continuing to negotiate with the construction industry and others so that we can have, in each of the major industrial sectors of Canada, an arrangement whereby we can undertake serious planning of the skilled labour needs in those areas, and develop the appropriate training programs.

In this case we have been negotiating with the associations representing those industries and it is obviously their responsibility to deal with the individual companies and unions within each of those industrial sectors. Through the commissioners of our department, one of whom represents labour, and one business, they have been keeping both those primary sectors informed of the development of these planning and training agreements, and we would certainly hope for the co-operation of labour in developing future programs.

At this stage what we are interested in doing is having the agreements signed with the companies themselves so that they will undertake the affirmative action and planning programs in their own companies and negotiate with the unions on the shop floor for the implementation of these programs.

NEED FOR CO-OPERATION WITH LABOUR UNIONS

Mr. David Orlikow (Winnipeg North): Last January the minister and the Minister of Industry, Trade and Commerce announced an industrial training program of $350 million for areas that were hard hit, and they listed Windsor, Sept-Îles, and one other city. In those three cities the steel, auto and paper unions which have all those industries organized were not consulted until long after the agreements were signed, if at all, and I am asking the minister is he going to continue to ignore the unions as he has up until now, or he is going to work with them and get the co-operation of labour as he ought to do if he is serious?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Well, Madam Speaker, once again the hon. member for Winnipeg North points to an important innovation of this government in developing new policies in the labour field, because the development of the industrial adjustment program began through a long series of discussions and negotiations between officials of my department and officials of the UAW, beginning last summer when the auto industry began to experience a downturn. It was those negotiations and discussions on how we can bring to bear additional labour programs in the city of Windsor which gave rise to the industrial adjustment program.

In each of those programs committees are being set up in the four communities named, representing business, labour, local government and provincial authorities, to represent the interests of all those key sectors, and in the committees that are being established, certainly in the case of Windsor, labour is a chief participant and player in those areas. So frankly, Madam Speaker, the hon. member is not describing what in fact is taking place, that we are consulting with the unions in this very important program.

● (1500)

TRADE

EXPORT OF AUTOMOBILES FROM JAPAN

Hon. George Hees (Northumberland): Madam Speaker, I should like to direct a question to the Right Hon. Prime Minister. In his meeting with the Prime Minister of Japan a few days ago, did the Prime Minister of Japan assure the Prime Minister that, in future, Japan agrees to cut back on its export of automobiles to Canada in the same manner in which it has agreed to cut back on its exports of automobiles to the United States?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, we did not ask the Prime Minister to give that particular undertaking because there were meetings in the days preceding our meeting at the prime ministerial level. There were meetings between our officials and the Japanese officials in Tokyo. We sensed that they were progressing in the right direction, toward the end wished by the hon. member and by members on this side. So the Prime Minister gave an undertaking that there would be an early resolution of the difficulty.

Mr. Hees: Madam Speaker, at the end of his meeting with the Prime Minister of Japan, did the Prime Minister feel that the assurances of progress he received were of any more substance than the snow job which was put over on this government and this Prime Minister by the President of the United States when he visited here a few weeks ago?

Mr. Trudeau: Madam Speaker, it is obvious, when listening to the hon. member, that he is not really dealing seriously with this question. I do not think if he were sitting, God forbid, on this side of the House, that he would accuse the United States government and President of putting a snow job over on Canadians when they gave assurances in good faith.

Mr. Hees: That is what he did.

Mr. Trudeau: But the hon. member is never too serious when he makes his accusations. I understand the spirit in which he is joking today.

Some hon. Members: Hear, hear!

* * *

NATIONAL DEFENCE

SUPPORT FOR PARTICIPATION IN MILITIA TRAINING

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, my question is directed to the Minister of National Defence. It is well known that reserves are of great importance to the defence of the nation, by developing leaders among young Canadians and enhancing Canada's war deterrence capability. It has been brought to my attention that there is an inherent flaw in the militia structure of the Canadian Armed Forces, since some employers will not allow employees time off work to take part in the training and educational activities which are an integral part of the reserves program. Can the minister, in consultation with the Minister of Labour, study this matter with a view to establishing either policy or regulations which would facilitate continuance of this most worth-while program?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, we have already set up a committee of several businessmen to look after this matter, to encourage other employers and to see that military people who want to serve temporarily in reserves have all the facilities to do so. But I will take that question very seriously under advisement and consult with my colleagues to see if we can improve that committee and the facility for some of our Canadians to serve in reserves.

REFERENCE TO STANDING COMMITTEE

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I have a supplementary question. I assure the Minister of National Defence there is an interest in that important question on both sides of the House of Commons. Given that expression of interest, would the minister undertake to consult with the government House Leader to see if any further reference to the Standing Committee on External Affairs and National Defence is required, so that this matter could be studied in depth by the committee, on the understanding that with respect to this kind of reference there would be some discussions as to a limitation of debate, so that the committee could get to work on this very important matter?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I am glad the hon. member is stressing its importance. I assure him that I will consult with the House leader on the matter, and probably consult as well with the Standing Committee on External Affairs and National Defence to see if we can follow up on the suggestion of the hon. member.

* * *

PRIVILEGE

MR. OBERLE—ACCESS TO DREE DOCUMENTS TABLED BY MINISTER

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, I gave you notice today of a question of privilege which I intended to raise respecting a matter which affects not only my privilege but the privileges of every member of the House.

I come directly to the point. On March 19, 1981, the Minister of Energy, Mines and Resources (Mr. Lalonde) tabled in the House a number of documents relating to the development and the export of coal from northeastern British Columbia. Also he tabled a list of over 100 studies on the project conducted by the Department of Regional Economic Expansion and the British Columbia government. In his

remarks when he tabled the documents, the minister said that these studies were available upon request from the Department of Regional Economic Expansion. The reference to the tabling of these documents appears on page 8411 of *Hansard* of March 19, 1981.

I have attempted to take the minister's advice since that date and procure these documents from the Department of Regional Economic Expansion. I have met with nothing but stalling and frustration.

Now I have finally been told that the only way I can procure any or all of these documents, the titles of which were tabled in the House on March 19, would be at my own cost which was estimated at $8,000. I will be very brief, but it is important—

Madam Speaker: Order, please. The substance of this question of privilege is to obtain certain documents which the hon. member feels are indispensable to the carrying out of his duties. He indicated that he has not been able to obtain those documents. He has a recourse. He can put a motion on the order paper for the production of documents. That is the recourse of the hon. member, and I invite him to do so.

MR. DOMM—WEIGHTS AND MEASURES ACT—NON-OBSERVANCE BY GOVERNMENT WITH PROVISIONS OF THE ACT

Mr. Bill Domm (Peterborough): Madam Speaker, my question of privilege, of which I served notice today, stems from the fact that an act of the House is not being fully observed by those charged with carrying out its provisions, and that the duty and privileges of individual members of Parliament to inform citizens of their rights with respect to an act of Parliament and proposed amendments to it are being nullified in the eyes of the country. Members have informed citizens in good faith of certain rights to representation they enjoyed under the act, when in fact these rights were not and are not now being observed.

My question of privilege refers not only to the circumvention of my privilege as a member, but also to the privilege enjoyed and expected by the House of Commons. Erskine May indicated at page 67 of the nineteenth edition:

> The distinctive mark of a privilege is its ancillary character.

Madam Speaker: Order, please. I know Erskine May by heart. Please tell me what is the question of privilege.

Mr. Domm: This House was pleased to pass an act in 1971 entitled: the "Weights and Measures Act". Chapter 36, subsection 10.1. Paragraph (1) of the act indicates:

> Subject to subsection (2), the Minister shall publish in *The Canada Gazette* a copy of each regulation that the governor in council proposes to make under paragraphs 10(A.1), (H.1), (K.1) and (K.2) and a reasonable opportunity shall be afforded to interested persons to make representations with respect thereto.

Chapter 2, paragraph (G) of the same act indicates:

> "Minister" means the Minister of Consumer and Corporate Affairs.

On February 28, 1981, the minister was obliged to fulfil Chapter 36, subsection 10.1 of the act and had published in part II of *The Canada Gazette* at page 1289 the following order:

> Public notice is hereby given, pursuant to subsection 10.1(1) of the Weights and Measures Act, that the governor in council proposes to make the following regulations under paragraphs 10(H.1), (K.1) and (K.2) of the weights and measures regulations. Any interested person who wishes to make representations with respect to this proposed regulation may forward such representations to the Assistant Deputy Minister (Consumer Affairs) . . . Ottawa, within 60 days of the date of the publication.

This is from what my question of privilege stems. It was signed by Henri Chassé, Assistant Clerk of Privy Council.

All members of the House of Commons well know what Wiktor and Tanguay state at page E-47, Volume 2, of their Constitution Act of Canada. It reads:

● (1510)

> (The Prime Minister and, at various times, parts or the whole of cabinet) form the essential component of the Queen's Privy Council mentioned in Section II of the BNA Act . . . members of the cabinet—

Madam Speaker: Order, please. Is the hon. member's question of privilege that the dispositions of the act have not been followed? At this point it is not necessary for me to know what happened or what the documents are that the hon. member would like to invoke in argument. We have not come to the point at which we are discussing the question of privilege; we only want to know whether there is a prima facie case of privilege. I would appreciate it if the hon. member would limit himself to telling me of any other point of privilege he has to raise. I understand that the hon. member is complaining that the disposition of an act has not been followed.

Mr. Domm: During the course of the 60 days following publication of the proposed order in council, which I have just cited and which was extended to interested parties who wished to make representations with respect to it, I and several other members of the House urged the citizens of Canada, both directly and indirectly and in good faith, to fulfil their democratic right to make representations with respect to this order in council. In this I believe I was fulfilling the prerogative of Parliament and furthering the wishes of Parliament as is set out in section 10.1.

Furthermore, on noting the preamble to the proposed order as published in the *Gazette,* where 60 days were allowed for representations, I believed that the Minister of Consumer and Corporate Affairs (Mr. Ouellet) was fulfilling his responsibility to Parliament according to his constitutional duty as set out in Wiktor and Tanguay, and to the country, as set out in the act. However, it came to my attention recently that these representations, which were made during the allowable 60-day period by concerned and interested citizens of this country—as was their right—were not being received by the minister. Rather, the assistant deputy minister charged with receiving the representations of interested persons chose to forward such correspondence as she received to the chairman of the Metric Commission, who has no direct constitutional, statutory or legislative responsibility to Parliament whatsoever and who is in no way involved in repealing, amending or carrying through

an order in council. Indeed, as the Commission itself wrote me recently:

> It is . . . a fact that the decision to make metric conversion mandatory in this sector was made by the Minister of Consumer and Corporate Affairs and the cabinet . . . Metric Commission Canada is an advisory commission.

Madam Speaker, my point of privilege is twofold: first, that an act of this House is not being fully observed by those charged with carrying out its provisions, that is, that a right extended to the citizens of Canada allowing them to make representations to the minister respecting proposed changes to the act is being circumvented.

In this case, as Erskine May states "The privileges of Parliament are rights which are absolutely necessary for the due execution of its powers", and these rights are not being truly fulfilled.

Madam Speaker: Order, please. I asked the hon. member not to quote Erskine May to me unless he is really making a point directly related to the question of privilege. He is telling me over and over again what constitutes a question of privilege. I think it is fair for hon. members to assume that I know what constitutes a question of privilege and that I need not have Erskine May quoted to me every time a question of privilege is raised.

I have heard what the hon. member has had to say. I feel he is asking the Chair to interpret legislation, to determine how it should be applied and whether someone who is responsible for applying that legislation has done so in the proper way. Now that I have put it this way, the hon. member knows that it is absolutely impossible for the Chair to interpret legislation or the way in which it is applied.

The hon. member may have a grievance about this matter, but he certainly does not have a question of privilege. The Chair is in no position to interpret legislation. I think the hon. member does not have a prima facie case of privilege. He might have a very important grievance, but he should find other ways of bringing it to the attention of the House.

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POINTS OF ORDER

MR. WADDELL—OIL PRICE INCREASES—REQUEST MINISTER TABLE BERTRAND REPORT

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, in answer to a question I put to the Minister of Consumer and Corporate Affairs (Mr. Ouellet) during question period he referred to a report, which was apparently given to him by Mr. Bertrand, the former director of combines. This matter about alleged overcharging by oil companies in the recent oil price increase was raised by me twice before in the House. Since the minister referred to the report in answer to my question, I wonder if he would table in the House of Commons a copy of that report.

Madam Speaker: I am not sure that the minister quoted from the report. He referred to it. At any rate, I have no authority to force a minister to table a document. If he quotes from it in the House, then his obligations are different. The minister referred to the report, if my memory serves me correctly.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): If I may, Madam Speaker, I should like to clear up this point. I would like to say to the hon. member that when the Director of Investigation and Research makes an inquiry under the Combines Investigation Act, at the end he mentioned three options: refer his file to the Department of Justice; refer it to the Restrictive Trade Practices Commission; or write to the minister to say that he has completed his investigation and has no intention of investigating any further. It is obvious that in this instance the director, Mr. Bertrand, selected the third option. In other words, in his annual report he will describe this investigation he has made and completed at his own discretion. When the time comes for me to table the annual report of the Director of Investigation, the hon. member will find the answers to the questions he has in mind.

[*English*]

MR. WADDELL—POSSIBLE WITHDRAWAL FROM PARLIAMENTARY LIBRARY OF REPORT "CANADA'S OIL MONOPOLY"

Mr. Ian Waddell (Vancouver-Kingsway): I must accept what the minister says because I have no choice.

I need some direction from you, Madam Speaker, since you are responsible for the Library of Parliament. I wanted to obtain a copy of the Bertrand report on the oil price fixing. There is a report in the Library called "Canada's Oil Monopoly." It is published by James Lorimer and Company. I am told that the government has just obtained a writ, I believe from the Supreme Court of Ontario, but I stand to be corrected, suing the author for publicizing this book and asking all stores to recall it. I wonder if the Library of Parliament will be subject to the same recall so that members of Parliament will not be able to obtain a copy of it. I think this is shocking, Madam Speaker.

Madam Speaker: I am afraid I cannot help the hon. member. I have not seen the writ. I can look into the question raised by the hon. member, but I really cannot commit myself to either having or not having the book withdrawn.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, if the hon. member or some of his colleagues want to have copies of the Bertrand report they simply have to contact my department and we will send them free copies. The document just shown by the hon. member is a book which has been published without the agreement of Mr. Bertrand or of the Department of Supply and Services, which is responsible for publishing and

distributing government documents. That company acted on its own when it published that document without any approval from government authorities and that is why this case is now before the courts.

However, if the hon. member wants to have original copies of the Bertrand report, I will be glad to send him one free of charge, whereas he undoubtedly had to buy the other book or obtain it in the Parliamentary Library. In any case, it is not an official version and does not contain the full Bertrand report.

Madam Speaker: Now I think this settles the matter and the question of the member's access to the report referred to by the minister. As far as the book is concerned, it is, if I am not mistaken, a book like any other. It was published by a private firm and I can assure the hon. member that there is no Index at the Library of Parliament. We have all the books that are published and can be of interest to members of Parliament.

● (1520)

[*English*]

Mr. Waddell: With great respect, Madam Speaker, perhaps that is not the point. The point is that this book is being withdrawn from Coles book store in Toronto. I understand the government has attempted to withdraw it from Smith and Sons book store. It has attempted to withdraw it from all the book stores. Your Honour promised to look into it, so I will make it perfectly clear, as one politician said. Would Your Honour look into whether this book is going to be withdrawn from the parliamentary library? It concerns me because I gather, from what the minister said, it is going to be withdrawn. It is very important that it not be withdrawn from the library.

Madam Speaker: The hon. member wants me to cause a book to be withdrawn when the case is still—

Mr. Waddell: No, Madam Speaker, the opposite. I want Your Honour to stop the government from withdrawing this book from the parliamentary library because we believe in freedom of speech.

Some hon. Members: Hear, hear!

Mr. Waddell: Unlike the government, we want this report published and spread around, and we want access to it. The government is withdrawing it from all the book stores in Toronto.

Madam Speaker: Order, please. Do I recall correctly that the hon. member has procured this book from the library?

Mr. Waddell: Yes, Madam Speaker.

Madam Speaker: Therefore, as I said in French—

[*Translation*]

There is no Index at the Library of Parliament.

[*English*]

—that is to mean, we do not censure. We buy the books we think are important for the members to have access to. The book the hon. member is referring to obviously was in the library. He did have access to it. I do not understand what he is complaining about.

Mr. Waddell: I will not prolong this any more, but the complaint is simply that the government has withdrawn the book from all the book stores in Toronto and the other parts of the country, and I do not want it withdrawn from the parliamentary library. That is dictatorship.

An hon. Member: Keep it.

An hon. Member: Give it back.

Madam Speaker: The book has not been withdrawn. I think that should satisfy the hon. member.

MR. MacKAY—CLARIFICATION OF MADAM SPEAKER'S RULING ON QUESTION OF PRIVILEGE RAISED BY MR. DOMM

Hon. Elmer M. MacKay (Central Nova): I rise on a point of clarification, if I may, Madam Speaker. I did not quite get some of Your Honour's words. With respect to the question of privilege raised by the hon. member for Peterborough, (Mr. Domm), I understood Your Honour to say, if I am correct, that the hon. member had no question of privilege but he had a grievance, and that there was some other recourse. I am just wondering if I heard correctly, and I am not reflecting on your ruling, Madam Speaker. Essentially, did Your Honour say it was a legal matter, or what did you say? I am sorry. I did not quite understand.

Madam Speaker: Yes, that he did not have a question of privilege and that he could use other means of bringing the question to light. I am sure the hon. member for Peterborough (Mr. Domm) has lots of imagination and knows the rules and means at his disposal in this House to do so. I give him full marks for imagination and creativity.

ROUTINE PROCEEDINGS

[*Translation*]

JUSTICE

TABLING OF FIRST INTERIM REPORT ON FIREARMS CONTROL

Hon. Bob Kaplan (Solicitor General): Madam Speaker, pursuant to Standing Order 41(2), I have the honour of tabling in the House, in French and in English, the first interim assessment report on legislation dealing with firearms control.

Order Paper Questions

THE CONSTITUTION

TABLING OF PETITION FROM STUDENTS SUPPORTING PATRIATION OF AMENDED CONSTITUTION

Mr. Marcel Roy (Laval): Madam Speaker, under Standing Order 67 and on behalf of Mr. Vincent Quinchon, president of the Youth Committee of the Federal Liberal Association of Laval, I am pleased to table a petition bearing the names of 1,000 Laval students, in support of the patriation of the Constitution with a Canadian Charter of Rights and Freedoms and an amending formula. This is an expression of faith in the future of Canada which will have the most progressive Constitution in the world, and the gesture of these young Canadians was commended by all members on this side of the House.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, the following questions will be answered today: Nos. 1,874, 2,139, 2,155, 2,172, 2,334, 2,337 and 2,339.

I ask, Madam Speaker, that the remaining questions be allowed to stand.

[*Text*]

PRESIDENT, CROWN ASSETS DISPOSAL CORPORATION

Question No. 1,874—**Mr. Cossitt:**

1. Was Madame Claudette Nadeau, President of Crown Assets Disposal Corporation, in her office during business hours on December 11, 1980 and, if so, what were the exact hours?

2. If Madame Nadeau was not in her office on December 11, was she away on business for the corporation and, if so, where?

3. For the three week period prior to December 11, was Madame Nadeau in her office and, if so, on what dates?

4. If Madame Nadeau was not in her office for the three week period prior to December 11, was she away on business for the corporation and, if so, where?

Hon. J.-J. Blais (Minister of Supply and Services): I am informed by Crown Assets Disposal Corporation as follows: 1. On December 11, 1980, Mrs. Nadeau was performing her functions as President of Crown Assets Disposal Corporation.

2. See reply part 1 above.

3. During the period Mrs. Nadeau was performing her functions as President of Crown Assets Disposal Corporation. On November 25 and 26, 1980, Mrs. Nadeau was in Toronto on official business.

4. See reply part 3 above.

PROTECTION OF CHILDREN FROM SEXUAL ABUSE

Question No. 2,139—**Mr. Lawrence:**

1. Was a committee announced on February 16, 1981, to recommend improvements in measures for the protection of children from sexual abuse and, if so (a) what remuneration will be paid to the members (b) how often is it expected to meet (c) will it occupy permanent premises and, if so, in what location (d) will it be empowered to travel?

2. What process of recommendation and/or referral was followed in the selection and appointment of members of the committee?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): 1. Yes. On February 16, 1981, the Minister of Justice announced that he, in collaboration with the Minister of National Health and Welfare, had appointed the Committee on Sexual Offences Against Children and Youths to inquire into the incidence and prevalence in Canada of sexual offences against children and youths and to recommend improvements in laws for the protection of young persons from sexual abuse and exploitation.

(a) The members of the committee, excluding the chairman, will be paid only their expenses for travel, accommodation and meals for meetings of the committee. No honorarium or other remuneration is to be paid. The chairman is on leave from the University of Toronto to the extent of two thirds of his time which has been committed to the committee. The government has undertaken by contract to pay for that portion of his time. His travel expenses will be paid according to Treasury Board guidelines.

(b) The committee is expected to meet three or four times a year or more if deemed necessary by the chairman and members.

(c) The committee will occupy premises in Toronto provided by the Department of Supply and Services.

(d) The committee may hold its meetings from time to time in other Canadian centres.

2. Officials in the Department of Justice and the Department of National Health and Welfare were asked to submit the names of judges, lawyers, physicians, nurses, journalists and persons experienced in the field of social welfare and health, as well as the names of persons active in community service for the consideration of the Ministers of Justice and National Health and Welfare. The members of the committee were appointed by the Minister of Justice and the Minister of National Health and Welfare from names submitted.

SOCIAL SERVICES—GOVERNMENT FUNDING

Question No. 2,155—**Mr. Herbert:**

1. In (a) 1977-78 (b) 1978-79 (c) 1979-80, by province, what amount was paid by the government for the funding of social services?

2. What amount is estimated for the year 1980-81 and what amount is budgeted for the year 1981-82?

3. What are the estimated changes to these figures that would have resulted from the passage of Bill C-55 in the Third Session of the Thirtieth Parliament?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): 1 and 2. Please see list.

3. Please see list below.

1 and 2. Social Services Payments
(Includes the Canada Assistance Plan, Vocational Rehabilitation of Disabled Persons and Young Offenders)
($ Millions)

	1977-78	1978-79	1979-80	1980-81*	1981-82**
Newfoundland	8.9	9.6	9.3	11.4	13.5
Prince Edward Island	2.1	2.7	4.3	3.5	3.9
Nova Scotia	14.2	14.2	15.2	12.3	26.6
New Brunswick	8.6	9.5	11.5	19.0	16.0
Quebec	207.1	229.3	226.4	165.0	182.3
Ontario	114.2	122.6	149.0	319.4	312.5
Manitoba	24.5	25.5	27.1	27.6	30.9
Saskatchewan	17.5	19.8	17.7	26.1	26.2
Alberta	30.7	38.8	44.5	49.1	62.2
British Columbia	46.2	55.7	76.8	93.3	94.2
Yukon Territory	1.1	1.6	1.1	2.3	2.8
Northwest Territories	2.8	4.3	2.9	3.6	5.1
Total	477.9	533.6	585.8	732.6	776.2

*Source: CAP Supplementary Estimates 1980-81.
**Source: 1982-83 Multi-Year Operational Plan.

NOTE: The above amounts for Quebec include the value of 5 tax abatement units relating to Social Service type costs.

3. Estimated Federal Payments for Social Services
if the Social Service Financing Act (Bill C-55) Had Been in Effect
($ Millions)

	1977-78	1978-79	1979-80	1980-81	1981-82
Newfoundland	8.9	10.2	15.7	17.8	20.6
Prince Edward Island	2.1	2.4	3.6	4.0	4.6
Nova Scotia	14.2	16.2	24.1	27.3	31.2
New Brunswick	8.6	10.2	16.8	19.7	23.2
Quebec	207.1	227.3	308.0	342.4	382.4
Ontario	114.2	128.2	186.6	211.0	239.3
Manitoba	24.5	26.8	36.1	40.3	44.7
Saskatchewan	17.5	19.8	28.9	32.5	37.1
Alberta	30.7	36.0	56.1	62.3	72.2
British Columbia	46.2	52.6	77.8	89.0	102.9
Yukon Territory	1.1	1.2	1.4	1.6	1.7
Northwest Territories	2.8	2.9	3.3	3.6	3.8
Total	477.9	533.8	758.4	851.5	963.7

NOTE: An escalation factor of $5.07 (escalated by the Gross National Expenditure) has been added to 1979-80 and subsequent years as stated in section 8 of Bill C-55. All provinces have been leveled up or down by 10 per cent per year in accordance with the formula as stated in section 7 of Bill C-55.

NOTE: The above amounts for Quebec include the value of 5 tax abatement units relating to Social Service type costs.

STACKING OF DREE AND IT&C GRANTS OR LOANS

Question No. 2,172—**Mr. Herbert:**

Can a company receive loans and/or subsidies from the Department of Industry, Trade and Commerce and from the Department of Regional Economic Expansion and (a) if so, under what conditions (b) if not, what determines to which department a company should apply?

Hon. Pierre De Bané (Minister of Regional Economic Expansion): The reply for Department of Regional Economic Expansion is as follows: yes, it is possible for a company to receive for the same project financial assistance from the Department of Industry, Trade and Commerce (IT&C) and the Department of Regional Economic Expansion (DREE), for example, a loan guarantee from IT&C and a regional development incentive from DREE.

To receive such assistance, the project must qualify under and meet the objectives of each department's programs. In addition, it must be demonstrable that the project needs both forms of financial assistance in order to be viable. In cases where only one form of governmental assistance is considered necessary to satisfy the financial need, then only the relevant department would make that assistance available.

PCO—PURCHASE OF BROCHURES AND BOOKLETS

Question No. 2,334—**Mr. Stewart:**

Did the Privy Council Office purchase brochures and booklets valued at $85,870 from Public Press, Winnipeg, Manitoba and, if so, in each case (a) what was the title (b) to whom was it distributed (c) what was the cost (d) were public tenders called?

Order Paper Questions

Hon. J.-J. Blais (Minister of Supply and Services): The contract referred to by the hon. member was awarded by the Department of Supply and Services, on behalf of Parks Canada, not the Privy Council Office, to Public Press, Winnipeg, Manitoba, for the amount of $85,870.

(a), (b) and (c) See list below.

(d) Tenders were invited from ten firms listed on a Department of Supply and Services source list. Seven firms submitted bids and these bids were opened publicly.

(a) Brochure Or Booklet Title	(b) Delivered To:	(c) Cost
Lower For Garry National Historic Park—History Brochure	Lower Fort Garry National Historic Park. c/o The Superintendent Box 37 Group 343 R.R. 3 Selkirk, Manitoba R1A 2A8	$11,452.00
Lower Fort Garry National Park—Area Guide Brochure	Same as above.	$11,452.00
Fort Walsh National Historic Park—Area Guide	Fort Walsh National Historic Park P.O. Box 278, Maple Creek, Saskatchewan S0N 1N0	$ 2,516.22
Manitoba North—National Historic Sites	Parks Canada The Superintendent Box 127 Churchill, Manitoba R0B 0E0	$ 2,995.50
Battleford National Historic Park	Parks Canada The Superintendent Fort Battleford National Historic Park Battleford, Saskatchewan S0M 0E0	$ 2,937.95
Riding Mountain National Park—Main Brochure	Parks Canada The Superintendent Riding Mountain National Park. Wasagaming, Manitoba R0J 2H0	$ 8,040.60
Cypress Hills Massacre—National Historic Site	Fort Walsh National Historic Park P.O. Box 278 Maple Creek, Saskatchewan S0N 1N0	$ 2,780.68
Fort Walsh—National Historic Park	Same as above	$ 3,614.88
Riding Mountain National Park—Lake Katherine Campground	Parks Canada The Superintendent Riding Mountain National Park, Wasagaming, Manitoba, R0J 2H0	$ 440.00
Kippechewin and Ma-Ma-O-Pe	As above.	$ 365.97
Camp Manitou-Riding Mountain National Park	As above.	$ 264.18
Battleford National Park—Historic Brochure	Parks Canada The Superintendent Fort Battleford National Historic Park, Battleford, Saskatchewan S0M 0E0	$ 2,937.95
Auyuittuq National Park	Parks Canada The Superintendent Auyuittuq National Park Pangnirtung, N.W.T. X0A 0R0	$ 2,315.04
Kathleen Lake Campground	Parks Canada The Superintendent Kluane National Park Maines Junction, Yukon Territory Y0B 1L0	$ 1,203.75
Angling Regulations Summary Prairie Region	Parks Canada The Superintendent Riding Mountain National Park, Wasagaming, Manitoba R0J 2H0	$ 294.62
	Parks Canada The Superintendent Prince Albert National Park, Prince Albert, Saskatchewan	$ 681.55
Riel House	Parks Canada The Superintendent Lower Fort Garry National Historic Park Box 37 Group 343 R.R. 3 Selkirk, Manitoba R1A 2A8	$ 5,174.00
Lower Fort Garry Poster	As above.	$ 2,611.83
Guide to South Nahanni and Flat Rivers	Parks Canada The Superintendent Nahanni National Park P.O. Bag 300, Fort Simpson N.W.T. X0E 0N0	$ 434.63
York Boats and Buffalo Robes	Lower Fort Garry National Historic Park The Superintendent Box 37 Group 343 R.R. 3 Selkirk, Manitoba R1A 2A8	$ 9,782.61
Batoche—National Historic Site	Parks Canada The Superintendent Fort Battleford National Historic Park Battleford, Saskatchewan S0M 0E0	$ 6,484,30
Sub-Total		$78,780.26
Federal Sales Tax	(9 percent)	$ 7,090.22
Contract Total		$85,870.48

DND—PURCHASE OF ENGRAVING MACHINE

Question No. 2,337—**Mr. Stewart:**

Did the Department of National Defence purchase an engraving machine from Mikon Engineering, Downsview, Ontario at a cost of $37,017 and, if so, for what purpose and were public tenders called?

Hon. J.-J. Blais (Minister of Supply and Services): The Department of Supply and Services purchased for the Department of National Defence two engraving machines for a total of $37,017. The machines are intended to (a) replace a condemned item, and; (b) to meet a weapon shop requirement.

Requests for proposal were issued to 29 firms listed on the approved Department of Supply and Services source list.

DEPARTMENT OF FISHERIES AND OCEANS—PURCHASES

Question No. 2,339—**Mr. Stewart:**

Did the Department of Fisheries and Oceans purchase precious metals from Georgetown Shipyard, Georgetown, Prince Edward Island at a cost of $27,890 and, if so (a) what were they (b) for what purpose?

Hon. J.-J. Blais (Minister of Supply and Services): The Department of Supply and Services awarded a contract to Georgetown Shipyard, Georgetown, Prince Edward Island on behalf of the Department of Fisheries and Oceans. The contract was for the purchase of steel rods, reinforcing bars, washers, nuts and bolts, and was valued at $27,890. Our records indicate that these supplies were to be used to repair small wharfs.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, I ask that all notices of motions for the production of papers be allowed to stand.

Madam Speaker: Shall the notices of motions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BANKRUPTCY ACT, 1980

MEASURE RESPECTING BANKRUPTCY AND INSOLVENCY

The House resumed, from Tuesday, May 19, 1981, consideration of the motion of Mr. Ouellet that Bill C-12, respecting bankruptcy and insolvency, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, it is a great pleasure for me to have the opportunity to rise this afternoon to share some thoughts with the hon. members of the House of Commons on Bill C-12, an act respecting bankruptcy and insolvency. I suspect that at first glance many hon.

members thought that we should be paying particular attention to this bill before us, recognizing the experience of the government in areas of bankruptcy, its success over the years in bringing us to the brink of bankruptcy and, as some people would suggest, its bankrupt policies in respect of a number of programs and perhaps even some principles.

I want to recognize the very excellent presentations made by a number of people on this side of the House in the last number of hours in reference to some of the details in Bill C-12. I am specifically referring to the hon. member from Comox-Powell River (Mr. Skelly); the hon. member for The Battlefords-Meadow Lake (Mr. Anguish); and, indeed, the hon. member for Cambridge (Mr. Speyer) and the hon. member for Kingston and the Islands (Miss MacDonald). Rather than repeat a number of the fine points they made in their presentations yesterday, I want to focus my comments today on matters of economics and speak on Bill C-12 within an economical or political context, contrary to the comments of the minister who mentioned in his introduction of the bill that it had nothing to do with economics and little to do with politics. Having listened to a number of hon. members speak to this particular bill, that is certainly anything but the truth when one considers the very obvious economic and political overtures attached to it.

In an effort to present a historic pattern regarding bankruptcies, one would immediately recognize that over the last number of years bankruptcies have certainly been on the rise. Business bankruptcies, just to identify one category, numbered 3,905 in 1977. In 1980, business bankruptcies numbered 6,600. Over a three-year period there was an increase in excess of 40 per cent. Of course, if one were to look at the first quarter of 1981, one would see that in absolute numbers, the number of business bankruptcies, farm bankruptcies, personal bankruptcies and other is indeed higher in some cases than in previous years. Between 1975 and today, the number of bankruptcies has more than doubled. When referring to the number of bankruptcies amongst farmers; businesses and individuals, we are speaking of a phenomenon that exists from one end of Canada to the other. It is found in virtually every region, every subregion, every municipality and village. Bankruptcies are occurring at rates that not many years ago would have been considered unacceptable and even unbelievable.

• (1530)

I suggest that this is only the tip of the iceberg, Mr. Speaker. In discussing Bill C-12 and bankruptcies, we are just dealing with what we can see above the water, so to speak; nine tenths of the situation is kept from discussion by this particular bill.

If one were to look at the businesses that declare bankruptcy, one would find that there are many others that simply find the struggle not to be worth while, that pay off their debts and close their doors. Other businesses, of course, would simply be put into receivership. From the record it would appear that for every small business bankruptcy, between three and six small

businesses, depending on the province and region, would be placed in receivership.

Each year, Mr. Speaker, approximately 8 per cent of small businesses in Canada die for one reason or another. During prosperous times, they are replaced at a rate of 9 per cent, 10 per cent or more. In other words, during healthy times there is a growth in small business in Canada, but at the present time, with interest rates well above 17 per cent, 18 per cent, 19 per cent, 20 per cent and, for many small businessmen, 22 per cent or 23 per cent, the rate of increase is cut back significantly. This leads to a phenomenon that draws the concern and ire of many, if not most, members of this House and that is the phenomenon of economic concentration in Canada. Already, Canadian businesses are the most concentrated of any of the western industrialized nations while our merger and monopoly laws are the weakest.

In a recent issue of *Maclean's* magazine, in an article on mergers and the growth of monopoly practised in Canada, there appeared the following passage:

> This is at a time when the annual number of corporate mergers has doubled in five years, and when the 100 largest non-financial companies control just over half of all corporate assets.

The most recent figures for other industrialized nations show that the 100 largest manufacturing companies in the United States, hold 25 per cent of total assets, 33 per cent of the total in Japan, 47 per cent in West Germany and 46 per cent in the United Kingdom. In Canada, the 25 largest control 30 per cent of assets, while the 50 largest control 39 per cent.

The rise in the number of bankruptcies in this country is a not so subtle indication that small businesses are failing and that business concentration is continuing and, in the last three or four years, at an accelerating rate.

Any discussion of Bill C-12 begs the question of the impact of bankruptcies on the country. What do bankruptcies do to Canadian industry, Canadian commerce and to Canadians? If one were to simply identify the direct impact of bankruptcies, one would first of all have to recognize that the small business sector has been the major source of all new jobs created in Canada in the last decade. Job creation has been highest in this sector of our economy. Some of the major creativity is occurring in this sector which is finding new and fresh ways of developing our resources, of taking advantage of our location and expertise in the work force.

A rise in bankruptcies contributes to unemployment. When a business closes its doors, of course opportunities for employment with that firm no longer exist. It is important to recognize that this is occurring when we have an unemployment rate in excess of one million persons. To that we must add a category that is often ignored, the handicapped, the disabled—those people who do not show up on the unemployment rolls. Something in the neighbourhood of 600,000 or 700,000 Canadians are not taken into consideration in the calculation of the number of unemployed, yet perhaps 60 per cent or 70 per cent of the disabled are unemployed. When speaking of a serious unemployment situation with more than one million people unemployed, we must consider that close to two million people could be working in Canada.

When referring to bankruptcies, we also have to recognize that they threaten our standard of living and certainly threaten the security of thousands of people. Many small firms are struggling from dawn to dusk, with bankruptcy just around the corner. The employees wonder whether the pay cheque will be forthcoming at the end of the month and this has social consequences. It puts pressure on many Canadian families.

Bankruptcies also threaten the fabric of our towns, cities and municipalities. The local tax base is affected at a time when the federal government is drawing back from programs which it had developed and which provided infrastructure for local communities. This places the burden on the local taxpayers. Bankruptcies remove a portion of the tax base and as a result, the level of local services and the development of necessary lands for further population growth are affected.

Those of us who have the opportunity to travel around Canada today will notice communities where every fourth or fifth business is boarded up. What does that do to the vision that Canadians have of our country who are trying to be optimistic? What does it do to the atmosphere in those communities where the feeling of failure is so prevalent? It creates a very depressing environment in many communities and drains the creative and innovative life-blood from them.

One advantage that Canada has over so many other nations is the feeling of vitality in the communities with their different personalities and characteristics. Unfortunately, the increasing level of bankruptcies does a great deal to erode that positive feeling.

As the hon. member for Kingston and the Islands indicated in her remarks yesterday, there is a feeling of despair and hopelessness across the land. More and more people are talking about the beginning of the end. Surveys which ask if people are as optimistic about their children's future as their own at the same age, respond almost universally, that they are not. More and more Canadians are beginning to feel that we are sinking in a quagmire of economic difficulties.

● (1540)

There is an old Hindu proverb which says: "Where there is no dream, the people perish". I suspect that unless the government sits up and takes notice of what is going on across Canada and refocuses its attention, not so much on bankruptcies, but on the cause of bankruptcies, that dream will slowly be extinguished.

Another direct problem attached to increased bankruptcies in the country is that we are seeing the transfer of millions of dollars in assets from individuals and small businesses accruing to the banks and other corporate lenders. Who are the beneficiaries of the bankruptcies occurring across Canada? As happens so often during difficult economic times, during times of high interest rates, it is the banks and the lending institutions which are the main beneficiaries. Who are the beneficiaries during bankruptcy proceedings? Once again, one finds that the corporate lenders are the ones who benefit the most. Surely

we have our priorities in the wrong place. If one wanted to identify the indirect impact of bankruptcies, most often not taken into acount, one would see that for every business officially declaring bankruptcy, there are many unsecured creditors who suffer losses which may, in turn, threaten their own business. How many of us have been approached by small businesses in our own communities which themselves have been dragged down by bankruptcies of neighbouring firms within that same community? Although a bankruptcy heralds the demise of one business, again it simply accelerates and adds to the process which causes economic strain on a variety, and in some cases on a wide variety, of suppliers, contractors and so on. Each year these losses, which small business by and large has to accept, run into the hundreds of millions of dollars, and that is only in the case of bankruptcies.

Receiverships raise a potentially more serious problem. I say potentially because the government does not bother to collect adequate data on the number and impact of receiverships in Canada. It is estimated that for every single business bankruptcy, between three and six businesses are placed in receivership. If one considers the multiplier effect of this process on the unsecured creditors of businesses placed in receivership, the damage itself becomes absolutely staggering.

Last year, 1980, it is estimated that over $550 million in assets were seized from Canadian businesses placed in receivership by banks and other corporate lenders, including the Federal Business Development Bank. A recent study carried out at Western University by a scholar named Russ Knight showed that 90 per cent of all receiverships are initiated by the chartered banks of Canada. Of all the assets disposed of through receiverships, who is the main beneficiary? Again, 80 per cent of assets go directly to the banks of Canada. It is estimated that 40 per cent of these assets should have gone to unsecured creditors. Many of these are other small or medium-sized businesses which, under the present law, have no recourse, and will not have their position significantly improved under this proposed Bill C-12.

When you consider the devastating effect of receiverships on Canadian businesses and the fact that so little protection is provided in this area, and when you examine Bill C-12 clause by clause, you will notice that only six out of the 420 sections even mention the phenomenon of receivership.

A look at the record provides some insight into this government's failure to provide fair and even-handed treatment to small businesses having difficulty in a hostile economic climate created by what can only be called inept Liberal economic policies. I use that term hesitantly because it is difficult to identify what a Liberal economic policy is other than to say it is from band-aid approach to a knee jerking attack on some of the problems facing Canada today.

The present law that we are debating which does not even mention receiverships, has not been substantially improved for 30 years. Surely that in itself must tell us a great deal about the concern of the Liberal government regarding the problems associated with small companies experiencing bankruptcy. Five draft bills on bankruptcy have been tabled since 1975. Unfortunately, that is as far as they went. As the MacEachen-Trudeau policy of stagflation drives the Canadian economy further into a quagmire, the number of bankruptcies and receiverships mount weekly. But increasingly, corporate lenders are resorting to the use of receivership to cover client debt.

Receivership occurs when a company's assets, which have been pledged as security for a loan or credit, are seized because the borrower cannot make the agreed upon payments. The secured lender is invariably a bank, and because it calls its loans as soon as the borrower's liabilities exceed his assets, little or nothing is left for the hundreds of unsecured lenders, which are mostly suppliers and other small businesses. Once again, under due process, it is the small entrepreneur who gets it in the neck.

Federal officials with the finance department admit there are almost no government controls on receiverships, and the field is extremely confusing. Under legal requirements for bankruptcy procedures, there is at least government supervision and protection of the law. But that protection does not exist in the case of receiverships.

Bill C-12, an act respecting the bankruptcy and insolvency, received first reading on April 16, 1980. Today, more than a year later, it has returned to the House for second reading. Mind you, what is another year when you have been introducing bankruptcy legislation since 1975 but never getting around to passing it? I am sure the Canadian people are impressed with the speed and efficiency with which this government moves, particularly in this area. But the problem is that Bill C-12 deals with post-mortems, in other words, with the bodies left in the wake of this government's economic policies.

The real bankruptcy we should be debating here this afternoon is the bankruptcy of a federal government which has allowed inflation to get so out of hand that it is now running at nearly 13 per cent, and a government that has increased interest rates to record levels, the highest in Canadian history, and that is determined in the weeks ahead to sacrifice even more small businesses, farmers and home owners with its bankrupt monetary policies.

I suggest that one of the most haunting spectres for small business, for farmers, fishermen and home owners are these excessively high interest rates. It is interesting to note now how spokespersons for the financial community, economists and financial advisers, are saying more and more that the government is on the wrong tack and that the way to slow inflation is not to increase interest rates. People are talking more and more about the spectre of 25 per cent interest rates. What is that doing to the imagination and the hope of Canadians and the vision of a better Canada when we have a government which is prepared to sit back and a Prime Minister (Mr. Trudeau) who is prepared to stand up and essentially say to home owners that they have never had it so good?

One wonders with all seriousness to what extent members opposite get out and actually talk to people in their constituencies. To whom do these people talk? With whom do they discuss economic policies? Surely it is not the people who elected them to the House of Commons because I have yet to

find an individual who would suggest that the best thing for Canada is to jack up interest rates even higher, and yet that is the policy which this government seems willing to continue.

● (1550)

We are looking at a government which, through its failure to provide leadership and a sound, long-range industrial policy for Canada, has presided over the balkanization of the Canadian economy and the systematic fragmentation of our industrial structure right across the country. As a result, our international economic performance has deteriorated dramatically over the last number of months. Last year we imported over $7 billion more than we sold to the rest of the world. This is something that I am not certain Canadians appreciate or that the government makes any effort to communicate, that the country imported over $7 billion more than it sold. Indeed there is a balance of trade, but when we consider the dividends that are flowing out of this country, we are talking about a $7 billion deficit.

Our balance on finished manufactured goods stood at a staggering deficit last year of $17 billion. As a result, the value of the Canadian dollar has only been maintained by massive interventions by the Bank of Canada in the foreign exchange market and by a crippling high interest rate policy.

There is a myth that the federal government has perpetrated across Canada that our Canadian dollar has been allowed to float on international markets. One then has to ask why these incredibly large infusions of money have been required and the answer is, obviously in an effort to prop up this dollar at an extremely artificial level.

As the demand for more efficient national industries increases in the face of more competitive international marketplace, we are sorely lacking in an all-out offensive in the area of research and development. Surely during these times when we must develop a competitive edge economically and internationally, research and development should be taking a high priority in our efforts, both privately and in our educational and government institutions.

This government not only has the worst research and development record among western industrialized nations, but has only recently announced what has to be described as a weak-kneed and inadequate policy in this extremely vital area. We are still seeing the spectre of $1.5 billion cutbacks in post-secondary funding, at a time when skilled development in the trade sectors is at an all-time low and when all sectors of the economy recognize the need for highly trained skilled workers with a very sophisticated expertise. There is a need for scientific research and technical research as never before, yet this government contemplates cutbacks of $1.5 billion in this very vital sector. Surely that is not the kind of leadership Canada requires at this point in time.

Nothing illustrates the bankruptcy of this government more than the bankruptcy of this government. The federal government's deficit this year will again be $14 billion. This government now is required to be in a position to have to borrow each year simply to pay off the interest on this deficit without paying off any of the principal at all. This is a government very familiar with the problems of bankruptcy, a government which has led the way in bankruptcy legislation, but quite the contrary of what Canadians would like to have seen.

It is an irony when you look carefully at Bill C-12. The bill protects the most those who can best withstand bankruptcy loss and protects the least those unable to withstand bankruptcy loss. It is ironic in that it places goods and services above human beings. The workers of a bankrupt firm, the real producers in our country, the working people of Canada who make the goods from our raw resources, are by and large overlooked in Bill C-12. As with so many pieces of legislation coming from this Liberal government, it favours the large and the powerful and ignores the small and the weak, a tragedy indeed.

During the next number of weeks we will look forward to working with the minister in committee, proposing a number of amendments and articulating more clearly some of the more precise criticisms that ought to be made when the bill reaches report stage.

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, with regard to Bill C-12 respecting bankruptcy and insolvency, I first want to congratulate my colleague, the hon. member for Cambridge (Mr. Speyer) who led the debate for this party on this legislation. I am sure he will make a further excellent contribution when the bill is discussed in committee.

It is quite ironic that this legislation is to streamline all bankruptcy procedures. Instead, the government should be bringing forward legislation to streamline policies to assist small businesses to survive in this country. We would sooner be debating that type of legislation.

The bill empowers the superintendent of bankruptcy to collect data to determine the feasibility of establishing a funded plan to insure wage earners against losses of wages and other benefits caused by the bankruptcy of their employers. The Senate committee had recommended such a plan when considering the original bill in 1975.

It is unfortunate the government has to bring in legislation and recommendations like this. If we had a responsible government, it would get off the backs of the businessmen in Canada and leave them alone. Nothing like this would have to be introduced.

Let us look at the number of bankruptcies, personal and business. In 1960, there were 3,641 and in 1980, 27,620, an increase of 758 per cent. That is the dismal record of successive Liberal governments. Farm bankruptcies in 1980 represented 79.2 per cent, an absolute disgrace. These numbers do not include businesses that collapsed but did not make use of the Bankruptcy Act; those placed in receivership, liquidated by secured creditors or that simply closed the shop doors. No wonder the Liberal government is driving so many businessmen and so much investment money to the United States.

It is high time that this bill was passed. It has been presented four times previously. It is essential today that we update, consolidate and substantiate the guidelines involving

the bankruptcy process because this government is going to be in power for another two or three years.

With the bankruptcy rate running rampant in Canada, the proportion of people who can be adversely affected by the dilemma is growing. In an over-all sense, the bankruptcy rate has grown by close to 15 per cent in the past year. This almost equals the 15.2 per cent increase in food costs. This insolvency rate breaks down into a number of categories. Farm bankruptcies totalled 224 in 1980 and to date in 1981 have reached 75 in number. Business bankruptcies totalled 6,595 in 1980 and to date in 1981 have reached 2,044 in number, and personal bankruptcies totalled 21,025 in 1980 and to date in 1981 have reached 6,152.

Ontario and Alberta had the highest rates in the country. Business bankruptcies in Ontario were up 17.9 per cent and consumer cases were up 24.8 per cent. Albertans saw an increase of 17.1 per cent for businesses and 26.6 per cent for consumers. It is not surprising that these two provinces are the hardest hit. In fact, I am quite surprised that, taking into account the quality of Liberal economic policies, these rates are as low as they are.

● (1600)

The people of Ontario are taking note of why this is happening. Most of it is directly caused by the national energy policy, if it can be called a policy. I have a document here prepared by the Nisku Businessmens Association in Alberta entitled "The Impact of the Federal Budget and National Energy Policy on 41 Oil Service Companies in the Nisku Business Park". They also explain how it affects the province of Ontario as a result of this ridiculous energy policy which should be withdrawn immediately. I will just quote a few of the statistics here to give an idea of how many other firms are moving toward closing and bankruptcy. It states:

> The uncertainty resulting from the federal budget and NEP has caused a sharp decrease in rig activity in Alberta. This can be seen by looking at questionnaire results from five drilling companies who informed us of their expenditures.
>
> From the following charts it can be seen that 1980 operations were not seriously affected by the budget and NEP. This is due in part to the fact that many contracts did not expire until the end of the year. However, expectations for 1981 are extremely poor. Proposed expenditures on drilling rigs have dropped 56 per cent and the actual number of rigs has dropped 52 per cent. This is only for drilling companies in the Nisku Industrial Park. Results would probably be similar for the industry in general, in Alberta.

This same can certainly be applied in Alberta and on into Saskatchewan, Mr. Speaker.

The report also gives the effect on branch offices as follows:

> Of the responding companies in our survey, 49 per cent indicated that they had some type of branch office located in Alberta or northern British Columbia. Some of the locations included Grande Prairie, Calgary, Lloydminster, Edmonton, Brooks, Fort St. John and Fort Nelson. Most of the branch offices were involved in either sales, manufacturing, repair, storage or supply.
>
> Out of the existing branch offices, 40 per cent will be shut down as a result of the budget. Of those that remain, some will have cutbacks in staff or will curtail expansion.

You can see the course we are on and the government is determined to keep us on that course. Maybe some day we will get an explanation why they ever introduced this ridiculous policy in the first place. I refer to this National Energy Program. It is obvious to everyone how disastrous it has been in the country, at least to everyone but this so-called Liberal party which is determined to pursue it.

We have a further explanation of the loss of operations in Canada which reads as follows:

> One of the implications of the budget was the movement of business across the border to the United States. Prior to the budget's announcement, none of the firms responding to our survey had operations located in the U.S. As a result of the government's actions, 34 per cent of the companies indicated they would be moving a portion of their business outside of Canada. This movement will involve from 10 to 50 per cent of the firms total operations with an average of 30 per cent.

Perhaps we will not have so many bankruptcies to deal with, Mr. Speaker, because there will be fewer and fewer businesses in this country as they move to the United States where they can survive. The report goes on as follows:

> It should be noted that most of these figures result from company forecasts. This may change as the situation concerning the budget changes.

Just to read the brief summary of results of this excellent document, Mr. Speaker, they point out:

> Total sales volume in 1980 dropped from an expected $256,450,000 to $218,300,000, a drop of $38,150,000.
>
> Total sales volume in 1981 is expected to drop from a forecasted total of $277,710,000 to an estimated $174,850,000, a drop in sales of $102,860,000.

That is disastrous, Mr. Speaker.

It goes on to state:

> Drilling companies in the Park are forecasting a drop in the 1981 number of rigs from 42 to 20.
>
> Forty per cent of branch offices will be shut down.

This will mean lay-offs, Mr. Speaker, The summary continues:

> Thirty-four per cent of survey companies will be moving a portion of their operations to the United States.

This is when the Ontario people want to start listening, and some of those Ontario Liberals had better wake up. It states:

> Loss of revenue to eastern suppliers as a result of purchase cutbacks of the responding companies was $1,470,000 in 1980 and will be approximately $20,000,000 in 1981.

This just covers one area in Alberta, so the figures can be multiplied by at least 20. It goes on to state:

> Revenue loss to Alberta suppliers as a result of purchase cutbacks of the responding companies was approximately $2,500,000 in 1980 and an expected $30,000,000 in 1981.
>
> Loss of employment in the surveyed companies will be 255 in the Nisku Park and 173 branch and field operations throughout Alberta.

In the face of all this, the Liberals have the unmitigated gall to tell us we are on the road to self-sufficiency and this policy is going to be good for Canada.

The Liberal government has to be blamed for the increase in bankruptcies in Canada and for bankrupting the country. What more can Canadians expect? The Grits cannot even keep their own house in order. If they are not careful, they will bankrupt the government through their policy of promoting and stimulating a huge deficit of over $121 billion. It is costing

Canadians almost $12.5 billion each year to service this debt. How can small, or large for that matter, businesses or individual consumers be expected to practise sound financial theories when they have no example to follow or learn from? The Grits certainly cannot provide this example, Mr. Speaker.

Another reason small business and consumers alike are suffering these difficult times is the Liberal government's stubborn approach on the constitutional issue. Month after month passed while important economic legislation waited on the sidelines. The Prime Minister (Mr. Trudeau) it seems, would rather see thousands of businessmen go down the tubes rather than have his Constitution delayed. Meanwhile Canadians are suffering and the figures blatantly uncover the government's failure.

As I explained earlier, the National Energy Program has placed unbearable pressure on the private sector. Not only has the government broken promises in respect of energy prices, which for many people demolished their budget projections, it is extending this deplorable position by its failure to come to a resolve with Alberta over energy pricing. Consumers must pay as much as 50 cents more per gallon of gasoline, as one example. I do not think we have seen the end of the increase in the cost of gasoline. A recent article in *The Globe and Mail* states:

> Despite the continuing impasse between the federal and Alberta governments over the appropriate price for Canadian crude oil, the price of gasoline in the Toronto area is soaring at more than double the rate of general inflation.
>
> A survey of more than 80 stations in and around Metro Toronto last week showed that the cost of an imperial gallon of gasoline has gone up between 50 and 60 cents a gallon in the last two years—

We were told during the last election that gasoline would not increase over 18 cents a gallon. The government placed us in this ridiculous position by not reaching an agreement with the Alberta government which wants approximately $35 a barrel. The situation is the same in respect of Saskatchewan. This government would sooner pay $45 to $50 a barrel to OPEC countries than reach an agreement with the provinces.

Imagine if we were paying that $35 to Alberta and Saskatchewan instead of sending $45 to $50 a barrel out of the country. I suggest we would have an economic boom in this country like you have never seen in your life. All these rigs and businesses would be staying in Canada; they would not be closing down.

Just to give the taxpayers a little idea of what this Liberal policy of importing oil from Mexico and the OPEC countries is costing, I would point out it is costing $500,000 an hour. We should be trying to reduce that figure. We are not going to reduce it, we are going to increase it, and I will give you the figures in that regard in a few minutes. If we were paying the $35 per barrel here in Canada, we would be using our own oil and much of that money could be used for research and development in respect of alternate sources of fuel. Many businesses, especially in the oil industry, and I am talking about Canadian firms—I do not want anybody to get the impression I am talking about multinationals—simply cannot afford to run machines, heat their warehouses or even drive to work. Alberta, for example, has suffered a 30 per cent drop in its service sector as a result of the NEP. No doubt some of this has gone to the United States where economic conditions are more favourable. I would say most of it has gone there, but much of this loss is a result of bankruptcy, as I mentioned earlier.

• (1610)

Now on top of all this, businesses and consumers are being forced to cope with record high interest rates which, since the Grits took power in 1980, have gone up over 6 per cent to almost 19 per cent, or over 20 per cent for normal borrowers. The home owners, small businesses and consumers must all bear the brunt of these outlandish interest rates. Many, however, have only one alternative to paying high interest rates: declaring bankruptcy. To date there is no end in sight to this trend.

I want to point out, Mr. Speaker, when the Conservative party was in government we were the only people that took any action to deal with the interest rate problem, and I have to listen to the hypocrites, the NDP, who have the nerve to stand up here talking about interest rates. We appointed an all-party committee as our first act of business to deal with the interest rate problem and it was making some headway, witnesses were to be called in, but the committee was not allowed to complete its work because we were defeated by a facetious motion put forward by the NDP that nothing was being done about interest rates. We have asked for this committee to be re-established so that it could come up with some answers and do something about this interest rate problem, but the government refused to reappoint that committee or even have anything to do with the excellent work it did over three or four months.

Now each and every day new obstacles get in the way of the normal activities of business and consumers. When we were in power, we introduced the small business development bond. This was finally passed on February 26, 1981 after several months of delay. This scheme was devised to help small businesses deal with higher interest rates and is, as a spokesman for the Canadian Federation of Independent Business said, a lifesaver. A Royal Bank spokesman said the delay and start-stop scenario which unfolded after the Liberals came back caused some headaches for both businesses and financial institutions.

Just let me give another example to the Canadian people about the ridiculous policies of the Liberals relying mostly on imported oil. They made a deal with the Mexican government where we pay approximately $50 a barrel for their oil. They would sooner send $50 a barrel down there than keep $35 in Canada.

Mr. Huntington: They cannot even use or sell the oil.

Mr. McKenzie: That is right. My colleague, the hon. member for Capilano (Mr. Huntington) says we cannot even use the oil, and that is correct. You have to cut the oil out of the barrel with a chainsaw and then it has to be run through a Cuisinart and forced out of the barrel, and we are paying $50

for this. They have to add oil to make it oily. That is typical Liberal energy policy to get us trapped into a situation like this where they would sooner send $50 down there for blocks of tar rather than give $35 a barrel to Saskatchewan and Alberta.

I also want to point out there is oil in every province of Canada, and if these moneys were kept here, we could be doing exploration work; instead, all we are doing is closing down wells. There are about 1,400 wells that have closed down in Saskatchewan and they are actually losing about 40 cents a barrel, so pretty soon there will be no more oil produced in that province under this ridiculous National Energy Program which is supposed to make us self-sufficient. What an utter farce!

Now a spokesman for the Bank of Nova Scotia said that a colleague in Alberta commented on the usefulness of the small business development bond and said:

A lot of our customers would not be borrowing and expanding right now with interest rates as high as they are, if it were not for the bond.

In other words, the bond is helping to instil some growth in the economy, even in strong areas such as Alberta. However, it is not the total answer, and with the high interest rate policy it is becoming less and less effective. It can be imagined what the bond means to other regions such as Ontario and the maritimes.

Now, Mr. Speaker, it is high time this legislation was passed and it will help protect employees of those unfortunate companies which fail in their attempt to cope with the degenerating policies of the Liberal government. It will grant to wage earners priority over unsecured creditors for up to $2,000 in unpaid wages per employee, plus an additional $500 per employee in respect of amounts an employer is liable to pay as pension and other health and welfare contributions. It makes directors personally liable for unpaid wages and contributions but adds a defence of reasonable reliance on financial statements and other reports, and there is going to be a big line-up to get in on that, Mr. Speaker.

. I would just like to give you more statistics on what is happening to Canadian businesses under the so called Liberal policies. We were visited by representatives of 101 companies from Alberta and Saskatchewan two weeks ago. These are service companies supplying goods and services to the oil industry. They informed us that lay-offs in the industry in Alberta and Saskatchewan for the first quarter of 1981, since the NEP was introduced, totalled 2,040. They conducted a survey and claim that within six months, 40 per cent of these firms will be going bankrupt or just closing their doors, or moving to the United States, and they claim that 75 per cent will not be able to last one year. I cannot put the proper words to try and get the message across to the Liberals as to why on earth they are being so stubborn on this issue with this stupid, ridiculous program which is a tremendous burden on the backs of Canadian businessmen and is going to do absolutely nothing to make us self-sufficient.

These are disastrous figures. They claim that 75 per cent of these 101 firms will only be able to last another year. And there are further figures on how these policies are affecting Canadians. The Canadian Association of Oilwell Drilling Contractors claim there will be a grand total of 60,000 jobs lost by mid-summer due to the increasing number of oil and gas rigs leaving Canada. Stan Jones, executive director of the association, said:

—the 50 per cent decline in the number of rigs drilling for oil and gas during the past year has surpassed their worst predictions.

Jones blamed the federal government's National Energy Program and its failure to reach an oil pricing agreement with Alberta for creating the dramatic slump in the oil industry.

So I guess it is just as well we are debating a bill to streamline bankruptcy procedures and give some aid to the 60,000 employees to be laid off.

As to self-sufficiency, I cannot find anyone who agrees with the Liberal party that we are going to be self-sufficient by 1990. The industry has provided us with figures that Canada will be only 55 per cent self-sufficient in oil by 1990 and the cost of increased oil imports will be $182 billion over the decade. That is going to the OPEC countries, to Mexico and Venezuela. Just imagine, if we were working to keep those billions here in Canada, we would not be talking about bankruptcies and lay-offs and driving businesses out of the country. That is an awful lot of money to be leaving a country the size of Canada.

I would like to say that I support passage of this bill but we all must keep in mind the fundamental reasons why such a bill has to be introduced in the first place. As I have outlined in this speech, the Liberals are the root of our problem. They have operated a blank cheque-spending policy throughout their stay in office and have failed to develop any over-all industrial economic strategy that would stimulate and maintain a healthy financial environment in Canada.

● (1620)

The Financial Post has done a lot of research into the Liberal national energy policy and its effects on Canadian industry. I would like to read into the record part of an article which appeared in the April 18, 1981 edition of *The Financial Post*. It reads:

Since a surplus of rigs in Canada is expected, demand for repairs, new rigs, equipment and supplies is far less urgent than in recent years. The oilfield manufacturing sector, which used a lull in new orders since last October to catch up on back orders, now faces an alarmingly bleak future.

Partial reprieve for some companies, mainly the bigger, better capitalized ones, is to move south with the Canadian oil explorers.

They just do not go down there for a short visit. If something happened here which would remove the National Energy Program, it does not mean that they will all come rushing back. It will not happen because it costs a lot of money to move the rigs. They will stay there as long as they want. They are made welcome down there, but they are certainly not made welcome in their own country.

The article continues:

Dreco, for instance, the Edmonton-based company that builds rig masks and substructures, last year sold 55 per cent of its output to Canadian drilling companies for use in Canada. In 1981, only 25 per cent of its rigs will go to Canadian clients and even those are for use in the U.S. Dreco was fortunate to

have established U.S. plants in 1978, says Don Seto, vice-president, finance, pointing out the frenzied U.S. demand for rigs means this year's sales should climb to $170 million from $106 million in 1980.

Bill Hull, president of the Red Deer ESAA chapter and also president of Viking Oil Field Supply Ltd., is one of those looking south—his company is suffering a 40 per cent cutback in its $3 million annual sales of oilfield supplies.

"I'm heading down to Houston in June," he says. "These days you can hardly get a flight to Denver or Houston because of the people moving or taking a look. Many of them with, say, $1 million invested in a service operation have to move to survive."

More lay-offs, more businesses and regional offices are closing down; they cannot survive in Canada. I saw a recent advertisement in an economic magazine which referred to Kentucky as the eleventh province. "Come to Kentucky where you can survive, all you Canadians. Bring your money, your rigs, your businesses and your expertise". Also the advertisment indicated that "profit" was not a dirty word in Kentucky.

But I would like to indicate that the Liberals are coming up with some solutions. The Minister of Finance (Mr. MacEachen) indicated that he would give us a tax hike because the economy is strong. But he forgot to say that the economy in the United States was stronger. Thanks to him and his colleagues, the economy in Canada is not strong at all. Their solution is tax increases.

I should like to refer to what Mr. John Bulloch, the head of the Canadian Federation of Independent Business, pointed out respecting the serious effects on his members owing to the stubbornness of the Liberal government in not reaching a solution with the oil producing companies, by allowing them $35 a barrel instead of the $45 and $50 out of the country. He pointed out:

The organization, representing some 57,000 small business owners and managers across the country, also says that a recent survey shows nearly 70 per cent of its membership support more rapid increases in domestic oil prices than those already set out by the government.

The members of that organization had the same feeling as many of us; Mr. Bulloch stated:

We don't believe that Alberta is as rigid as Lalonde says—

Anyone who would introduce an energy program as he has is certainly the one who is at fault; it is not anyone else. He is determined to get at Alberta one way or the other, but Canadians must realize the effects of this ridiculous policy. It affects all provinces, especially Ontario. Most of the trucks which are used out there are made in Canada. It will affect General Motors in Oshawa, Ford, International Harvester, White in Penticton and I understand the Kenworth Trucks outside of Montreal. I do not have the exact figures, but there have been some serious cutbacks in production there because of the NEP. Some of the Quebec Liberals should check the figures to find out just what this outfit is doing.

An hon. Member: Ask Bill Davis.

Mr. McKenzie: I hear a Quebec Liberal yelling out; he would not know anyway. I hope some of these facts and figures will at least get the message across to the people of Ontario and Quebec. The NEP is doing absolutely nothing for them. We hope the Liberal party will come to its senses in the very near future and remove this ridiculous National Energy Program. Then we will not be required to debate great thick bills on how to streamline bankruptcy.

Mr. Gordon Taylor (Bow River): Mr. Speaker, in looking at Bill C-12, an act respecting bankruptcy and insolvency, I immediately asked myself what were the guiding principles which the designers, framers or draftsmen of the act actually had in mind. I thought I should point out the four or five guiding principles I would use to write a bankruptcy act for Canada today.

The first point I would put down is that honesty should pay off. It is not the basis of many of our bankruptcies or receiverships. Sometimes it is trickery, sometimes it is sharky deals, sometimes it is financial manipulation by so-called clever people. In many cases the honest chap gets the dirty end of the stick. I do not think that should be the basis of our legislation. At worst, bankruptcies and receiverships are a disastrous catastrophe for those involved and for the country as a whole. The basis of this entire act should be honesty. If honesty is not the basis, many inequalities will show up.

My second point is that bankruptcies should not be profitable. Going into bankruptcy should not be the means for a person to make money. Yet how many times has it occurred? I have seen businesses go bankrupt regularly every year and pay their debts based on a percentage of the dollar.

Whether it was five cents, 25 cents, 75 cents or 99 cents, in my view it was dishonest. They are paying their debts by making money themselves; they are not paying their logical debts. The person who takes the loss is the unsecured creditor. Bankruptcies should not be profitable.

This bill should include some guidelines which ensure bankruptcies are not profitable for certain people and terrible for those who suffer the consequences. The other night the hon. member for The Battlefords-Meadow Lake (Mr. Anguish) cited a case similar to one which is familiar to me. I do not have all the facts with regard to the case before me, but his case definitely illustrated that honesty was not the basis of the receivership on that occasion. The farmer he talked about had to pay twice simply because he was doing business with a dishonest dealer who did not give him a proper receipt. The farmer was trusting, which is a nice element in any community, and he took the dealer at his word. This is common in many parts of Canada, but in the case cited by the hon. member the farmer had to pay $60,000 instead of $30,000 for a tractor. That is not fair nor right, yet it is what we are condoning in this legislation. Bankruptcy should not be profitable for some and disastrous for others.

● (1630)

The third point I wish to make is that bankruptcies are beyond the control of debtors and this fact should not be permitted to ruin a family. Today, in a number of bankruptcies, the debtor has had nothing whatsoever to do with bringing about a situation in which he loses his home. If the legislation for our country permits a banker or financier to

increase interest rates midstream, then who can stand up to that type of action? For example, if a man earns $10,000 a year and makes arrangements to spend a percentage of his income on a home, say at 10 per cent, if he suddenly finds that the interest rate has been increased to 15 per cent or 19 per cent, that places a burden on him which he cannot carry. Bankruptcy is beyond the control of this person and he can lose his home. His family will be ruined. This is happening to a great many people today. My heart goes out to these people because their bankruptcies are not caused by bad management; their bankruptcies have been caused by the actions of others over whom they have no control.

The fourth point I would like to mention is a basic principle. Wage earners, unsecured creditors and small businessmen should not be given the dirty end of the stick. Pardon my language, Mr. Speaker, but that is exactly what is happening today. When a bankruptcy occurs a wage earner does not receive his wages. He has no cash put by upon which he can live, so he and his family go without. The same is true for unsecured creditors. There are cases involving the assets of an estate being eaten up through the costs involved in litigation, the hiring of lawyers and chartered accountants and paying off secured creditors. When it comes right down to it, the unsecured creditors sometimes receive nothing. Sometimes they receive a percentage on the dollar, but at other times they receive no wages whatsoever. A wage earner cannot bear such a burden. I will deal with this aspect in more detail in a moment. A bill such as the one before us should ensure that wage earners, unsecured creditors, and in some cases small businessmen and farmers, should be given equality with secured creditors.

The fifth point I wish to make is that in dealing with bankruptcies you are really dealing with tragedies. They should be handled with understanding, fairness and equality to all concerned, including the debtor. I think that if the five points I have mentioned were the foundation for the bill before us, the debate today would not be very long.

I now want to deal with some aspects of the bill. What are the facts in regard to bankruptcies? At the risk of being repetitious I will quote some figures, since what I have to say is based on them. If we were having few bankruptcies in this country, then there would be nothing to worry about. Let us look at a five-year average for the last 20 years. In 1960, 1965 and 1970 the number of bankruptcies ranged from 3,500 to 5,500. The increased number of bankruptcies through those years was not dramatic. But between 1970 and 1975 there was a substantial increase of almost 6,000 bankruptcies. That is more than double the number in the previous years. That is a serious situation.

I would have thought the government of the day, in 1975, would have looked at those figures and realized that something was wrong. They should have found out what was happening and taken steps to correct it, but apparently nothing was done. Between 1975 and 1980 the situation grew dramatically worse. The figures rose from 11,293 personal and business bankruptcies in 1975 to 27,620 in 1980, an increase of 144 per cent. Surely the minister in charge should have asked why this was happening. We must ask why today. I can understand the comments of the minister, who asked us not to discuss inflation and economics, but they are factors which are interwoven with bankruptcy. Today we have inflation and high interest rates. They are part of the cause to a very large extent.

Let us take a closer look at some of the bankruptcies on the personal side. In the first quarter of 1981 there were 6,152 bankruptcies. For the first quarter of 1980 there were 5,238. This represents a 17½ per cent increase in the number of bankruptcies in a period of only one year. Why should this be? The government should be trying to find out.

On the business side the figures are not quite so bad. For 1979 to 1980 the number of bankruptcies amounted to 5,523. But in 1980-81 the rise in the incidence of bankruptcy is 18.5 per cent. That figure is more than the rate for personal bankruptcies. Small businesses are going broke.

I would now like to look at the figures for farms. Often farms in our country are called the backbone of the nation. In the first quarter of 1980 there were 44 bankruptcies, while in the first quarter of 1981 the figure almost doubles, amounting to 75. This figure does not reveal the number of farms which went into receivership, nor does it include farms which fail. If those figures were included, a terrible picture would be presented. What is happening? We are not giving our producers a reasonable deal at all. As a matter of fact, we are providing no incentive for farmers to go out and break their backs the way they have been, and the way they have to today, working 10, 12 or 15 hours a day, particulary during seeding and harvesting. There is no incentive because, at the end, if they are trying to build stakes for their families, we now say: "You are going to be stuck with capital gains. We will not even give you once in a lifetime relief. If you pass it on to your families, they will pay; or if they pass it on, they will pay". So there is no incentive to try to build a nest egg any more.

● (1640)

Hundreds of farmers in this country today have spent their lifetimes building up estates. Now they want to retire, but they find that by the time they pay capital gains, they have nothing to retire on, or very little. They cannot buy homes in the city, where they want to spend their last few years.

As for production, we discourage production in this country. We are trying to get farmers to produce. There is only one thing this government is doing to try to stop inflation, and that is to bring in high interest rates. It is not being successful. High interest rates keep going up further, yet we still have inflation. With high interest rates, with taxes such as the excise tax on natural gas increasing, with inflation and the extra they have to pay for natural gas, it means the farmer has to pay more for heat, more for fertilizers, more for credit, more for machinery—more for everything. He is unable to cope with these increases, so what does he do? He cannot afford to buy more fertilizer because we put an excise tax on it, so he lowers production.

This is happening all across the country. When the farmer cuts production he again aggravates inflation, and the government again raises interest rates which lowers production still again, and the vicious cycle goes on and on. How the government can ever think that by continually raising interest rates it will solve inflation is completely beyond me. I think it is also beyond them, because this policy just is not working. It has not worked in this country yet. In spite of what Governor Bouey says, it is not working. Inflation is still going up.

If I were the minister of finance I would say to Governor Bouey: "Show me that it will work; if it will not work, find some other way". Surely there are other ways and other means. A far better way, in my view, is to increase production; but we are doing the very reverse in our system today; we are decreasing production. It is only by increasing production in this country in all industries, including farming, that we will be able to raise the standard of living and raise the pensions which could be paid to those who have already passed the age of production or to those such as widows who are trying to raise children. We cannot continue forever by borrowing money and paying it out as pensions and subsidies; we must do something to try to increase production.

I suggest that the government try giving lower interest rates to producers, just to those who produce our food. There are producers all along the way, from Vancouver Island to Newfoundland. Eliminate that excise tax on agricultural production and see what will happen. I will tell hon. members what will happen. Immediately the farmers will start putting in more crops. They will increase their production. They will use more fertilizer. They will buy more machinery. There will be bigger yields through the use of fertilizer. Then, when that happens, interest rates can be lowered again and inflation will go down.

There are two ways of fighting inflation. One is by fighting it with interest rates; the other way is to raise production. However, we are raising interest rates and lowering our production. I would like to know what the Minister of Finance (Mr. MacEachen) and Governor Bouey have to say about that. There is surely an answer, and the people of this country are getting fed up waiting for an answer.

No wonder we have this number of farmers going bankrupt. It is a serious matter. The total number of bankruptcies increased 70 per cent during the first five months of this year over the first five months of last year. Seventy per cent! There is something wrong.

Another thing which could be done to fight inflation is to cut down expenses. We do not see very much going on in that area either. Lip service is given to cutting down deficits, but we are still borrowing money. We have already passed two bills to borrow more and more money. The government is trying to raise itself up by its bootstraps and it just cannot be done. Ultimately the country will go bankrupt. It is only because this is a vast country that we are able to withstand this type of situation. When people say the country was built on credit, they are right; but when a farmer borrowed $2,000 from the bank to enlarge his farm, he used that money to increase production so that he had something left over for himself after paying back not only the $2,000 but the interest. However, here we are borrowing money and giving it away, expecting that it will lower inflation. There is a need. There are many places where money could be saved by this government, but apparently it has never thought of saving money. It does not want to save money, and I want to deal with that aspect in a few minutes.

We have a debt of $120 billion in Canada. As the hon. member for Kamloops-Shuswap (Mr. Riis) said a few minutes ago, we are not even touching the capital. We are barely paying the interest. Where is it going to end? Every baby born in this country is born with a tag of more than $5,000 debt around its neck. That is their birthday present when they arrive on mother earth. Perhaps some of these babies will have something to say about that in a few years, too. It is not fair, it is not right and it is unnecessary. Why, we spend money like—I was going to say like drunken sailors, but drunken sailors only spend the money they have. This government borrows money and then spends it.

The remarks I have just made relating to debt should indicate the causes. I think we should now look at some of the causes of bankruptcies. Then so far as time permits I want to deal with some of the clauses of the bill.

First of all, one cause of bankruptcy could be poor management. People get into water which is too deep for them. They do not have expertise or knowledge and so they go under. That is sad. They try, but they have gone beyond their own means. As the hon. member for Edmonton West (Mr. Lambert) said the other day, sometimes the manipulators are responsible. They play Russian roulette with their creditors. They go bankrupt in order to reduce a debt to pay a few cents instead of the dollar that they owe, and the unsecured creditors take a beating and perhaps even the wage earners.

● (1650)

Another thing to be considered is that credit is too easily available. People are urged to buy on credit and not wait until they have saved the money to buy an article. Those who make credit so easily available are partly to blame because they urge people to buy on credit—indeed, they almost beg them to borrow. Then when trouble comes, they are not so sweet and show their real colours.

Sometimes in the business world the banks are partly responsible for bankruptcies. They restrict credit to the point where they do not advance enough money for a particular purpose and, as a result, the business goes under.

The fifth point that I would mention is government legislation. The most conspicuous piece of legislation is the national energy policy which has driven business and capital out of the country. During the past recess I toured 67 places in my constituency and spent about half an hour or an hour on the streets of each, talking to people. The problem reaches down into the small businesses, the cafés, restaurants, hotels, grocery stores, hardware stores. All are now feeling the pinch because

the oil industry is at a standstill. This could have been avoided if the government had thought ahead.

In July, 1980 Premier Lougheed offered the government a way out when he proposed an oil price 65 per cent to 75 per cent of the Chicago price after three or four years. He included a lot of other fringe benefits, such as financing the pipeline to the maritimes and providing money for transportation of grain in western Canada. If that agreement had been accepted, millions of dollars would have been saved, but much of this money will now come out of the pockets of the people in Ontario and Quebec, where the major population is, to pay for foreign oil. Now things are worse. The sooner the government accepts that agreement, the better things will be. If it does not, more and more industries in this country will be wiped out. This bankruptcy legislation will not prevent any bankruptcies.

It may have seemed clever to try to hurt Alberta because it was doing well, but this country will not be built by penalizing those who are working and making it pay. I grew up in Alberta when it was one of the have-not provinces with a huge debt. The object was to get that debt paid and get the province back on its feet. The policy that started back in 1935 was pay-as-you-go. The policy of the present government is to provide for the present and for the future but not to go into debt unnecessarily and to spend money just because it has it. Every time a program is adopted, the cost five or ten years from now must be considered. There is no backing up on those programs.

I hope the minister will delay the legislation which requires metric measurement in our food stores. Thousands of people across the country have indicated that they do not want it, yet $7 million per year is spent telling them that they must have it. Metric measurement in food stores will only create chaos and hard feelings. It will not build any more trade. As a matter of fact, the IGA organization has said that it will lose trade because people who live close to the United States border will go there to buy food in a language they can understand. Why must we suddenly have metric in our food stores? The people of this country are not illiterate. They know what they want. They understand the imperial system. If the United States was changing, there might be some logic in this country's changing as well. There is no logic whatsoever in the government spending $7 million this year. That is unnecessary. The money comes out of the pockets of the people, or it is borrowed and the people must pay interest on it as long as they live and probably as long as their children live. It is all for nothing and the people do not want it. Metric conversion will cause bankruptcies if it goes through. I attended a meeting in Ottawa where representatives of IGA said that the cost would be something like $2 million which would be passed on to consumers. So it is not only inflationary, it is adding to the cost of living.

We also passed legislation to provide for two languages on every package of corn flakes, thus increasing the cost.

Some hon. Members: Oh, oh!

Mr. Taylor: If the hon. member opposite wants to make a speech, let him go ahead and make it. I have never seen anyone so devoid of speeches. Hon. members opposite sit like lumps during the day and then when somebody else is speaking they start cha, cha, cha.

Mr. Parent: That is what you sound like, cha, cha, cha, cha.

Mr. Taylor: Where two languages are required, that is fine; but in many cases it is not required and it is not cheap at all.

Mr. Berger: It is cheaper.

Mr. Taylor: Tell me that metric is cheaper as well. What about the $7 million? The government knows better than the people. That is its philosophy, but the people of this country are getting fed up with it.

The government's legislation causes a lot of bankruptcies and the government will have to take responsibility for that. Government policies are also a major cause. High interest rates stop expansion, kill new starts and lower production. I suppose my friends opposite who have so much to say when they are in their seats will now be supporting high interest rates even though they are killing business. I should like them to put that in their pipes and smoke it. It is not fair to anyone to permit interest rates to change in mid-stream. When a contract is made for a mortgage on a house, the interest rate should not be changed. Otherwise it is unfair to the person who makes the contract.

Subsidies are provided for some people. Some of the companies that go bankrupt get a subsidy or a hand-out from the government at the expense of the rest of the people. Imperial Oil was not going bankrupt but it said it was leaving the country. The government should have entered into an agreement and thereby saved another few million dollars.

• (1700)

I understand we are now providing subsidies for a trucking company in the Northwest Territories. There have been trucking companies in that part of the country for many years which have built up their own business with hard work and their own capital. They have paid their way. But now competitors are coming in which are subsidized by the government. If you call that building a country, I say it is not. It is ruining a country. Subsidization like that should not be permitted. This would be a good avenue for DREE, but even DREE is doing that type of thing.

I have already written to the minister about one case where a government grant of $49,000 put one company into business but ruined another, one which had built itself up over a number of years with its own capital. The company which received the $49,000 subsidy could, of course, sell its product cheaper, and the other company which had paid its own way was ruined. That is not the purpose of government subsidies. There is a place for government grants in business but they should never put one firm in a better competitive position than another, particularly when the other one has been built through sacrifice and brawn without government assistance.

This country was built under the free enterprise system without government subsidies. If the government now start subsidizing certain businesses, it will put others into bankruptcy. That has already happened. One company has been ruined and there are others on the way out.

A few years ago we had this policy of importing beef. We increased the amount of beef we were importing from another country. As a result, scores of our young livestock producers went bankrupt. We looked after the people in another country but we did not look after our own livestock producers in Canada. That was government policy. Hon. members can talk about causes of bankruptcy. That was a cause of a tremendous number of bankruptcies among our young farmers, those who were just starting out and trying to make a go of it, but who then found out that the government had done something with which they could not cope. Government policies are one of the causes of bankruptcies.

Deficits too are a cause of bankruptcy. It is not right to operate under continual deficits. At one time the psychology of debt was abhorred by people, but the government has made it fashionable. The government has set an example to the people of this country. The government has said to the people: "Don't pay your way; borrow, borrow, borrow, and borrow to pay the interest". That is what we are doing in Canada. A business could not stand that, but that is what we are asking people to do. No wonder there is a $5,000 tag around the neck of every baby born in Canada. It is a disgraceful situation. However, we keep on doing this. We do not try to cut expenditures. We spent $7 million on a useless metric system, an unwanted system. We provide subsidies to companies to put other companies built by hard work and the capital of their owners out of business.

We wonder why inflation is rampant. We buy Petrofina at double its price, which does not bring one extra gallon of oil into this country, yet we charge the people for the acquisition. I say to hon. members, justify that policy to the people of Canada, because this contributes to inflation. To those who went about the country during the last election denouncing the 18-cent increase, I say tell the people of Canada why gas costs $1.41 a gallon today. If that is not inflation, I do not know what is. We are pouring oil on the fire of inflation. We wonder why inflation is increasing. We increase our interest rates hoping that this will put out the flame, but all the time we are just pouring more and more oil on the fire. This bill does not deal with those causes and that is my major criticism of it.

I want to deal in the time that I have left with one or two specific items. First, I want to comment on wage earners. The minister talked about a special fund being considered to which employee and employer would contribute. They would contribute ten cents or 25 cents a week or a month, whatever it was. But can anyone understand a worker being asked to contribute to a fund to save his employer from going bankrupt? I think employees in this country would laugh themselves sick if they were asked to do that. What if a person were told: "Your company might go bankrupt, so would you like to contribute 25 cents a week from your pay cheque to stop the business from going bankrupt and so you can get some wages"? That was tried a few years ago through the compensation board. It was said to those workers injured on the job while producing for their masters who made the profits that they should pay part of the compensation. For a number of years that was done, until finally—

The Acting Speaker (Mr. Corbin): Order, please. I regret to interrupt the hon. member but I must advise him that his allotted time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Taylor: Mr. Speaker, I rise on a point of order. Has my allotted 40 minutes expired?

The Acting Speaker (Mr. Corbin): I am informed that the hon. member's time has expired.

Mr. Taylor: Mr. Speaker, I am sorry about that because you have missed the best part of my speech.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I will not be too long. I rise in my place because I have a very special interest in this piece of legislation. Bill C-12 was introduced into this House of Commons for consideration and debate by the Minister of Consumer and Corporate Affairs (Mr. Ouellet) who also held that portfolio in 1975 when he introduced the bill for the first time. I had just joined the Department of Consumer and Corporate Affairs as a public servant, where I remained for the subsequent five years. During that time, this bankruptcy bill was introduced into the House and went through the Senate committee three times. In the interim period, during 1979 when the Conservative administration was in power, this very same bill was introduced, word for word, with no changes, not one comma, not one dot over an "i", not one cross on a "t", and it is the same bill which has now been introduced by the Minister of Consumer and Corporate Affairs. This is the honourable Senator Flynn's Conservative bill word for word. Yet for two days now the Conservative have held up approval on second reading with spurious discussion unrelated to the content of the bill.

Some hon. Members: Hear, hear!

Mr. Evans: This is a good piece of legislation. The Conservatives agreed with that because they introduced precisely the same bill as that which went through discussion in this House, discussion in the Senate, discussion since 1972, following reworking and redrafting. This bill has been under consideration in the public service and in Parliament for nine years. We have finally come to a point where both parties are totally agreed as to what the optimal content of the bankruptcy bill should be, and both parties, via different administrations, have within a year introduced precisely the same bill. However, we cannot seem to come to agreement in this House

to give it second reading and send it to committee where it can be looked at in greater detail. When both ministers from two different administrations produce precisely the same bill, why can we not send it to committee? And even there, there should not be a great deal of discussion.

• (1710)

I know personally the people intimately involved in the development and drafting of this bill. I was involved in another part of the department in federal-provincial conferences at which the content of this bill was discussed ad infinitum and ad nauseam with the provincial governments. There is agreement at the provincial level that this is good legislation. There is agreement among the parties in this House that this is good legislation. It is about time that we got on to the business of putting this bankruptcy legislation through all stages. It is good legislation. It is well drafted legislation. It is needed. It is legislation which by any standard this House has already agreed to.

I will not take any more of the valuable time of this House. I ask hon. members to put aside the temptation to use this debate as a vehicle for throwing in other items dealing with the economy and other matters. For example, tomorrow is an opposition day when we can talk about interest rates and all kinds of things. We do not have to do that with regard to this legislation. This legislation should be passed at second reading right now.

Mr. Jack Shields (Athabasca): Mr. Speaker, I suggest that the parliamentary secretary stay and listen. He might learn something. The parliamentary secretary said that we were engaged in spurious discussion, in unrelated discussion. I find it incomprehensible for a member, particularly a parliamentary secretary, to stand up and say with a straight face that the economy is in no way related to the Bankruptcy Act. It is very apropos that the government brought in this bankruptcy legislation at a time when there is an all-time record of bankruptcies in the farming community, in small businesses and in personal bankruptcy. As a member of this House, I will stand at every opportunity to bring to task the government members, particularly the parliamentary secretary, for the disastrous way they are treating the Canadian economy and causing hardship from coast to coast.

The parliamentary secretary said that the civil servants and others who worked on this bill, but particularly the civil servants, did so for the past nine years. I would ask the parliamentary secretary how many civil servants run a business, have to borrow money to operate on their receivables and are on the verge of going down the tube because another company has gone bankrupt? I can tell you, there are not very damn many. How many of them even run a business or even have a concept of knowing what it is like to run a business? How many feeding at the government trough, working at 35 per cent capacity, have ever felt the pangs of going into personal bankruptcy? Not very damn many.

I would now like to get to my main remarks, and they are related to this bill. When the minister introduced the bill at second reading, he asked the opposition to avoid playing politics. He said the bill is not related to the current economic problems facing Canada. He stated that a new Bankruptcy Act will not solve this country's economic problems because it is a legal question and is unrelated to inflation and interest rates. What nonsense! How can he say that bankruptcy is unrelated to interest rates and the economy? I do not know where he gets that kind of information. Maybe I will pass some of it on.

An hon. Member: Is he an economist?

Mr. Shields: He is not a very good economist, if he is. I would like to place some figures on the record. In 1980 there were 224 farm bankruptcies compared to 125 in 1979. No figures are available for 1978. We can rest assured that if the Minister of Agriculture (Mr. Whelan) has the figure, it will not be made public in this House. In the first quarter of 1981 there were 75 farm bankruptcies. We will exceed the 1980 figure. In excess of 300 farm families will be forced into bankruptcy this year.

Let us look at the number of business bankruptcies.I am talking about small businesses and those a little larger. If they are as big as Chrysler or Massey-Ferguson they do not have to worry about going bankrupt. The government will dip into the barrel with the taxpayers' money and bail them out. I do not see the government coming to the rescue of the small farmer or small businessman. Let us see what is happening there.

In 1980 there were 6,595 business bankruptcies, 5,648 in 1979 and 5,646 in 1978, a definite trend. In the first quarter of 1981 there were 2,044 business bankruptcies. Therefore, there will be close to 10,000 business bankruptcies in 1981. That is clear to anyone who wants to dig into it a little bit.

Let us look at what is happening with personal bankruptcies. It is very easy to obtain credit. There is no onus on the individual granting the credit. We are creating a credit society. As the hon. member for Bow River (Mr. Taylor) said earlier, we are at the point where people are starting to borrow money to pay interest on funds borrowed to pay interest on money they borrowed previously. They reach a point where they can no longer function on a daily basis because they are being hounded by the same creditors who consolidated their loans with a new loan at between 18 and 25 per cent, thereby forcing them into bankruptcy.

I ask hon. members to consider for a moment the pain, sorrow, humiliation and utter defeat an individual must go through when faced with a bankruptcy, particularly a personal bankruptcy. In 1980 there were 21,025 personal bankruptcies, 17,892 in 1979 and 15,938 in 1978. In the first quarter of 1981 there were 6,152 personal bankruptcies. We are looking at between 25,000 and 30,000 personal bankruptcies for 1981. In fact, the figure will probably exceed 30,000.

• (1720)

One might say in respect of personal bankruptcies that they are not so bad because they only affect one man, his wife and perhaps his children—just one family. We have counsellors for

this sort of thing. We have government services which come to their aid to counsel them out of it. They work out a system of going through a bankruptcy.

However, consider for a moment what happens in a small community, or any community for that matter, when a small businessman is faced with the kind of competition which grants indiscriminate credit. He is forced to stay in business and grant credit also. An individual bankruptcy of a small businessman works in exactly the same way. Let us consider a man who is a small entrepreneur. He may have a portable welding unit. He may have been doing fairly well with good jobs and established a standard of living for himself and his family. With the economic downturn we are now experiencing in central Canada and in the west, indeed in any part of this country, this man is faced with mounting costs. He is unincorporated so a bankruptcy is classed as a personal bankruptcy.

This man may owe the supplier of welding rod and other welding materials something like $30,000 a month, particularly if he is a contract welder. A small supplier of that material cannot withstand that sort of debt. As a result we immediately set up a domino effect with one business going bankrupt and then another and then another.

The minister stood before this House with a straight face and said he does not want Her Majesty's loyal opposition to play politics with this bill because it does not relate at all to current economic problems. How ridiculous can you be!

An hon. Member: You can be a Liberal.

Mr. Shields: I guess you have to be a Liberal to be that ridiculous.

The business community is a network of interconnections. A man establishes a line of business. If he is a supplier he establishes a number of customers. He gives them the supplies on the basis of 30 days net. In some cases when a man has a good job and it looks as though he is operating well the supplier will allow him 60 days net, but generally he gives 30 days net, and that is usually printed on the bottom of the invoices. For hon. members opposite who might not understand what that means, let me point out that it means the customer is expected to pay his bills within 30 days. A man can run up quite a bill in 30 days, particularly one of the small businessmen, entrepreneurs or operators. If the customer does not pay his bill in 30 days he goes into the 60-day accounts. After 60 days the supplier starts to worry, and in 90 days he starts to panic. We must remember that a small business community operates on its receivables. This involves unsecured debt, but the debt is out in the community.

The supplier goes to the bank with his invoices and shows his bank manager his receivables. The bank manager will usually advance 75 per cent of those receivables as operating capital. This is how these small businesses establish an operating line with the bank. As a result of this situation, if one man goes under and then a second goes under, before you know it a very healthy and viable service industry also goes under. This is the domino effect I refer to. That is what is happening right now, though we will not see the entire effect of this immediately.

All this is happening because this government in its wisdom brought in a national energy policy which is absolutely destroying the service industry in Alberta and Saskatchewan. We are now talking about bankruptcies and I suggest this is very appropriate.

Last week we had a delegation from the oil service industry. Most of these delegates were from Canadian-owned small companies, and some medium-sized. They sat here with members from the opposite side and from the opposition and said generally that if the national energy policy did not change they were going to go bankrupt. The matter is that simple. Some said they would be bankrupt in three months. One fellow said he might be able to hang on for six months, but no one said he could live with the national energy policy as it now exists.

This energy policy has literally dried up exploration in the western basin, and when the big rigs are not drilling holes, the service rigs which come in after to clean the holes and prepare for production, including the mud companies, welding outfits and small pipeline contractors, start laying off employees. As a result their equipment sits idle. Yet the minister says he does not want the opposition to play politics with this bill because the Bankruptcy Act does not relate to the economic climate in Canada today. If anything relates to that economic climate it is certainly the Bankruptcy Act, because the policies of this present government are driving more and more small businesses into bankruptcy.

Let me refer for a moment to the very important riding of Athabasca. It is there that two megaprojects are being held up right now waiting for policy by this present government. These projects involve the expenditure of in excess of $20 billion. This is not government money. These companies are not in the pork barrel or at the government trough. These funds are already earmarked for the development of the heavy oil industry and the tar sands.

What happens when a company decides to expend $10 billion in a community like Fort McMurray, or perhaps $10 billion to $12 billion in a community such as Cold Lake-Grand Centre? The service industry must provide the services required by all the people who move there to work on these megaprojects. For three years, with no help from the government, no grants from DREE and without being propped up by the government trough, small entrepreneurs have invested their own money in these areas to build the necessary office space, warehouse space and other facilities. They have set up service firms and have employed a number of people. They did so with the knowledge that this country needed the development of the tar sands to survive.

What has happened? These people gambled because they are gutsy entrepreneurs. That is what free enterprise is all about. But they have overextended themselves. They are still not asking for handouts. They are not pounding on the door of the Department of Consumer and Corporate Affairs or asking DREE for money in order to survive. However, they are saying that if these projects do not go ahead they will pull up stakes

and leave. If this thing does not go, they are going to go bankrupt.

● (1730)

All they are asking is that this government move in with a policy that is realistic. This government knows deep down in its very soul that if those plants do not start producing the necessary supply of oil required for this country, the country will indeed go further into bankruptcy because we are importing oil and taking money from the taxpayer to pay for it. Thus we are pushing further and further into debt every man, woman and child in Canada.

A small businessman, and I stress small, could not function if he borrowed the way the present government borrows, because he would go bankrupt; he would be forced into receivership. This government cannot go bankrupt because they have nowhere to go. But they are bankrupt, and that is indicated when the foreign exchange value of the Canadian dollar starts to drop. Bankruptcy occurs because the government is defaulting on its debt. So what we are doing now, Mr. Speaker, is we are borrowing money from foreign sources, the New York exchange, the European monetary fund, anywhere we can get it, to prop up the Canadian dollar so we can buy back our dollars that are floating around all over the world because nobody wants them. That is what is causing interest rates to go sky high. How ridiculous can you get?

The first thing you hear from government benches, Mr. Speaker, is that hon. members over here stand up and start talking but have no concrete suggestions for the government to follow. I would like to make a few. Nobody is going to hear but maybe one person over there might hear. Does it not seem feasible to hon. members on the government side that if we allowed the two megaprojects to go ahead with an investment of $20 billion, that will immediately take the pressure off the Canadian dollar? Does it also not seem feasible that if there is a national energy policy in place that creates an economic climate in our country that will attract investment, people will be clamouring to invest their money in Canada because we are so richly endowed with every resource imaginable from water to oil? If people are clamouring at our door to invest and we say we do not want any more money invested, it seems logical that they will say that they will not charge us 15 or 20 per cent interest but will drop it down to 12 per cent or 10 per cent—because money is just another commodity.

All we have to do is look at the economic climate in Switzerland, where a few years ago—and this is well documented; all members have to do is go to some of the departments and read the information they have—there was a negative interest flow to invest in Switzerland. In other words, you paid them to take your money because everyone was clamouring to put their money in Switzerland. And it is logical. Interest rates in Switzerland are below 5 per cent even with inflation. Yet this government tells Governor Bouey: "Go ahead, Bouey; just lace it to them. We are going to cut off that spending spree that Canadians are on." Then when you turn on the TV, the credit card companies say: "Don't leave home without it"! Who is kidding whom?

We are creating an inflation mentality across this country. People are scrambling to buy now at 20 per cent interest because next month it might be 25 per cent. And the minister says the Bankruptcy Act is really not relevant to what is happening in Canada today! Believe me, Mr. Speaker, it is.

Let us look at something else just briefly. The government's fiscal policies are obviously damaging the country. The NEP is damaging the country. And what is happening out there in the business community? I have seen healthy small businesses which were growing and prospering going into bad management practices because the inflation mentality has now hit them. They are saying: 'Buy now, stock up now, we will overstock for spring, because, by God, by the time we get stock in to sell it will have gone up 10 or 15 per cent and it is better for us to make the money". In most cases, for the past three years it has been that way, but now bankruptcies are coming in. They are overextending themselves because of poor business practice. The day of reckoning is at hand, and we have absolutely no one to blame or to look to but the present government because they have been in office for 12 years. They got us into the mess we are in.

Surveys have been done showing that the average working family are in debt to the extent of three times their annual earnings, excluding home purchases, and the figure is increasing all the time. In my riding of Athabasca, Mr. Speaker, the bankruptcy rate is starting to increase and can be related directly to the NEP brought in last October. This is a policy adopted by this government and it is hurting the gutsy little entrepreneur who will invest his money. When plants are set up you have to have services in place, because if you do not the turnover rate in those plants is so high that costs go up again. Schools have to be built, municipalities must expand, hospitals have to be built.

Not one small businessman in northeastern Alberta can plan for the future today. He cannot sit down and forecast, he cannot buy properly. He must be able to do this, because if he makes a small mistake he will go bankrupt. Why? Because of the national energy policy established in October.

● (1740)

I want to address the area of farm bankruptcies. I have expressed my feelings on the oil industry, but one cannot eat oil. The people in our country from coast to coast who live on the land, work the land and provide the bread and butter for Canadians who sit down to three meals a day, if they are lucky, are being shafted by the government's high interest rate policy. The farmer depends greatly on borrowing on the strength of his inventory. What is the inventory of a farmer? It is the basic stuff which goes on our tables, whether he is a hog producer, a cattle producer, a grain producer, a chicken farmer or whatever.

A grain producer cannot move grain to market because the government will not accept a plan to upgrade the transportation facilities put forward by the province of Alberta. He has it

in storage and it is worth dollars. He goes to the bank to borrow money on it so that he can operate. He mortgages his soul so that he can plant this year's crop when he is not rid of last year's crop.

I do not know if there is something wrong with me at times, because I see this clearly. People seem to become involved in the incestuous relationship which we seem to have in Ottawa and absolutely ignore all these things. The minister stood in the House and said that we should not be talking politics about the Bankruptcy Act. This is not politics, it is common sense. He said that we should not be discussing anything, that we should bang this bill through the House of Commons and go on our merry way, because it has no relationship to the economic situation facing Canada today. What utter nonsense and rot!

It is correct and necessary to update the present legislation before the House. It has been long overdue. We all know of instances where a wage earner has worked loyally for a company which goes bankrupt and he loses all his wages; he might even have piled up wages. He is not able to get this wages because he is not a secured debtor. Bill C-12 goes a little way toward helping him, but would it not be more reasonable to give absolute paramountcy to the wage earner or the salesman who sells on commission for a company? Would it not be better to give him absolute paramountcy over everyone and to say, "You get paid first because you put your sweat, blood and tears into your job"? Then the secured debtors could be paid.

The government has built in a $500 to $2,000 limit for a wage earner. With inflation going the way it is, is that reasonable? I can remember taking a job, living high off the hog, thinking I was rich and doing well earning $3,000 a year. Hon. members know that one requires $12,000 to $14,000 per year now in order to live. That amount is increasing all the time with inflation and the manner in which the government is handling the situation. Why should we place a ceiling on it? If a man is owed a dollar because he put in a dollar's worth of work, he should get it. Whether it is $2,000, $5,000 or $10,000, he earned the money. The bankruptcy laws should be such that he has absolute paramountcy over any creditor.

We talk about the wage earner. We think he is the guy who punches the clock and gets his pay cheque every day, every week, every two weeks or every month. I am talking about the guy who buys his own car, gets his sample cases together, drives all over the country at his own expense and picks up orders. He is a commercial salesman. His company might give him a bit of a draw, but in essence he is not incorporated; he is still an employee of the company. He goes to the bank to borrow on his future earnings or the earnings he has. He picks up the orders, the orders come back, and he might wait four or five months before his money starts to flow to him. It is the nature of the business.

What about the guy who takes his savings and buys a gravel truck to start hauling for a construction firm? Usually he operates on a net 30-day basis, and the construction firm can hold him off for 45 days. In the meantime he has expenses. He goes to the bank and says, "This is how much money the construction firm owes me; I will get my cheque next week." The bank advances him the funds to keep operating and driving his truck. Then there is a bankruptcy and, bang, he is lost because he is an unsecured creditor. It is not right, it is not fair. If a man puts an ounce of sweat into his job, he should be paid for it. He should have paramountcy in all legislation dealing with bankruptcy. Pegging the maximum at $2,000 is artificial indeed.

If inflation keeps going the way it is, we will be back here next year, the year after and the year after that. We may take another ten years to update this legislation again. I ask the minister to consider seriously including salesmen, self-employed individuals and truck drivers. I am talking about the guy who goes out and buys a welding rig to weld on pipelines. They can be absolutely devastated by a bankruptcy and must be protected.

Who are the secured debtors? They are the Federal Industrial Development Bank—government and DREE. Let us put the priorities where they belong. The priorities must be with the individual who works day after day and depends on his cheque for his livelihood.

The government or government agencies should have the lowest priority of the secured debtors. We should think about that for a minute. If a government agency is willing to extend credit and to take the flier because the government is involved, it brings in on its coattails other people who say, "If the government is involved, that company must be pretty good or the government would not have advanced the funds." So, unsuspectingly, the small businessman comes along behind and grants credit. He says to himself, "Surely my government, which is knowledgeable about all these things, would not advance credit to this guy if he was no good." And bingo! He goes broke, Mr. Speaker. Who receives their money back first? It is the agency of the federal government. The small businessman is left out there—I have an expression to use, but I will not.

• (1750)

An hon. Member: Go ahead!

Mr. Shields: He is left sucking his thumb.

This is another concrete example I would like to give the House. The government should set up the legislation in such a way that the wage earner, the self-employed wage earner, and the others I have described, receive absolute paramountcy, before secured creditors or anyone else. The second suggestion I have is that the government, as a secured creditor, should be last in line behind all the other secured creditors. I think that is reasonable and fair.

There was a press release issued by the minister on December 29, 1980 announcing that a committee on insolvency problems would be established. We called the committee chairman's office. He is Mr. Landry of the University of Ottawa. We were not able to reach him but we did get hold of a Mr. Guam, who is on loan from the Justice Department. Mr.

Guam said that the committee had finished its research and that a report was in the drafting stage. Think about this, Mr. Speaker. The committee's mandate was to study insolvency problems; in other words, to study the problem of bankruptcy. It was aiming at a June completion date. It had six months to do its work. The committee was studying the impact of bankruptcy on the wage earner only. The initial intention was that the committee would work for six months, which is not a long time, and that the report would be ready before the legislation in the House reached second reading. The report is not here. The government established a committee and gave it six months to study the effects of bankruptcy on the wage earner. We wanted to have that report before the second reading stage.

The Acting Speaker (Mr. Corbin): Order, please. I regret to interrupt the hon. member but I must inform him that the time allocated to him has expired. He may continue only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Shields: Thank you, Mr. Speaker. Where is the committee's report? Do you not think, Mr. Speaker, that we in this House should have a copy of the report immediately so that we may sit down, go through it and put forward some recommendations of our own?

I suggest that the minister would probably not wish to be embarrassed by this reversal in timing. We are at second reading stage before we have the report. I do not know why. If the minister, as he has said, wants this legislation to be non-political, and if he wants it to proceed to committee, then we should be making it the best legislation possible to assist the wage earner who has been discriminated against in our bankruptcy laws up until now. When will the minister have the report published and made available to members of Parliament? It is in the minister's power to do this. Will the minister have the report published immediately and distribute it to members?

There are serious problems facing our country and I become a bit upset when a minister stands to address members in the House and says. "Let us not make politics of this bill; if you have anything to say about the economy, you are making politics out of this bankruptcy legislation". That is not true. The bankruptcy bill is the most appropriate piece of legislation which this government could present at this time. It is as ironic as blazes that the government would bring in bankruptcy legislation now. I tell you, Mr. Speaker, it had better be streamlined, because if this government continues with its ill-advised National Energy Program and disastrous economic policies, with its continued overspending and with the borrowing of money to prop up the Canadian dollar, then we will be in more serious trouble in two years' time than we would ever have dreamed possible. It is urgent that this government address the problem immediately. This government must take the responsibility for waste and neglect in our country.

The very last thing I wish to comment on concerns the president of Imperial Oil, who has very clearly indicated that if there is not some degree of certainty with respect to an energy agreement at their Cold Lake plant by June 1 the whole project will be shelved. That is a $12 billion project which will be of incalculable value to the Canadian economy.

More important, there is the $40 million which was lent to Imperial Oil by the government to keep its research team in place. Have hon. members opposite forgotten this? It only happened six months ago. That $40 million is non-repayable if the plant does not go ahead. Imperial Oil is on the verge of saying, "Gentlemen, if you cannot make up your minds with regard to national energy policy and if you cannot get together and come to some agreement, we will shoot our project down the tube and shelve it".

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

[*Translation*]

The Acting Speaker (Mr. Corbin): It being six o'clock, the House stands adjourned until tomorrow at two o'clock p.m., pursuant to Standing Order 2(1).

At 6 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, May 21, 1981

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

THE PRIME MINISTER

MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas the Prime Minister of Canada (Mr. Trudeau) is travelling around the globe on the pretext of uniting the world and feeding the hungry while, in the meantime, Canada has hundreds of girls and boys and aged hungry and ill-clad, a million unemployed, interest rates that are the highest in the history of the country, an energy policy which is driving capital and jobs out of the dominion, and farmers who have been waiting for weeks for a decision from cabinet on embargo payments, etc., etc., therefore I move, seconded by the hon. member for Okanagan North (Mr. Dantzer):

That this House demands that the Prime Minister give Canada and Canadians first priority and start doing the job for which he is being paid and for which he was re-elected. "Charity begins at home".

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FITNESS AND AMATEUR SPORT

TERRY FOX MARATHON OF HOPE DAY—MOTION UNDER S.O. 43

Mr. Chris Speyer (Cambridge): Madam Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. The concept of having a Terry Fox Marathon of Hope Day, as announced by the minister responsible for fitness and amateur sport, to commemorate Terry's achievement, is an excellent one and deserving of support by all Canadians. However, in view of the fact that for more than 30 years the month of September has been known as Arthritis Month, and a month dedicated to the raising of funds for the fight against arthritic diseases which affect more than two and a half million Canadians, and in view of the need for major charitable organizations and, in this instance, the federal government, to co-operate with each other in order to maximize the raising of the needed funds to carry out their charitable works, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the minister of fitness and amateur sport give earnest consideration to designating a suitable date in April, a month traditionally known as Cancer Month, to pay tribute to Terry Fox and to include the Marathon of Hope.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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ENVIRONMENTAL AFFAIRS

RETENTION OF SUBCOMMITTEE ON ACID RAIN—MOTION UNDER S.O. 43

Mr. Derek Blackburn (Brant): Madam Speaker, I rise on a matter of urgent and pressing necessity which I feel deserves the unanimous support of the House. Whereas the special subcommittee on acid rain has successfully completed its inquiries, public hearings, and on-site inspections in Canada, the United States and Europe; whereas it is presently completing its report; and whereas it is imperative that this committee remain as a committee in order to monitor closely all preliminary discussions and deliberations leading up to the signing of the treaty between Canada and the United States on the limitation and elimination of long-range trans-boundary air pollutants, I move, seconded by the hon. member for Hillsborough (Mr. McMillan):

That the special subcommittee on acid rain remain a special subcommittee until the said treaty is signed and put into effect.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

PUBLIC SERVICE

EQUAL PAY FOR EQUAL WORK FOR WOMEN—MOTION UNDER S.O. 43

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the fact that the government has finally acknowledged the equality of women by awarding back payments to 341 women technicians in the public service who were suffering pay discrimination because they were not receiving equal pay for work of equal value, and in view of the historic fact that for the first time the government did this "without being ordered to" by the Canadian Human Rights Commission, I move, seconded by the hon. member for Cambridge (Mr. Speyer):

That this House welcomes this belated and long overdue recognition of women's rights by the government, but reminds the government that 341 is far short of 3,000, the number of outstanding demands for equal pay for work of equal value still lodged against the Government of Canada by women employees in the public service who are being discriminated against.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FISHERIES

REGULATIONS IMPOSED ON WEST COAST TROLLERMEN—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the disaster hanging over the fishing industry on the west coast and the bankruptcy facing fishermen, causing them to blockade Vancouver and Victoria harbours today, to make their point with the minister, and I should add that the ferry from the state of Washington was denied entry to Victoria harbour within the last hour, I move, seconded by the hon. member for Surrey-White Rock-North Delta (Mr. Friesen):

That this House calls on the minister to suspend the regulations imposed on trollermen and to resume negotiations with them in order to resolve the differences in a fashion which will preserve both the salmon stock and the livelihood of the fishermen.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

TRANSPORT

FREIGHT RATES ON CANOLA SEED AND MEAL PRODUCTS—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the disparity that exists between freight rates on canola seed, and oil and meal products from that seed; and in view of the fact that this disparity restrains secondary value added processing within particular regions of Canada, with the resulting loss of potential jobs and investment as well as the loss to the gross national product and Canada's foreign exchange earnings; I move, seconded by the hon. member for Medicine Hat (Mr. Hargrave):

That this House adopts the principle that freight rate parity between canola seed and products is fundamental to any resolution of the statutory freight rate issue.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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● (1410)

CANADA LABOUR CODE

EXCLUSION OF AIR AND MARINE TRANSPORT INDUSTRY WORKERS—MOTION UNDER S.O. 43

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Workers in the air and marine transport industry are now excluded from part IV of the Canada Labour Code and therefore have no effective protection with respect to occupational health and safety. The Minister of Labour (Mr. Axworthy) was quoted as saying that he was approached by union and company officials in the shipping industry not to be included under part IV of the code which is currently undergoing revision, a statement at complete variance with information supplied by the Seamen's International Union, certainly one of the major unions in the industry concerned. Therefore I move, seconded by the hon. member for Kootenay East-Revelstoke (Mr. Parker):

That the Minister of Labour immediately table in this House a list of those union and company officials who he alleges do not want their industries to be brought under part IV of the Canada Labour Code; and further that the minister specifically inform this House whether his parliamentary secretary, the former president and general manager of Canada Steamship Lines, is one of those officials by whom he was approached.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

INCOME TAX

REGULATIONS GOVERNING EXPENSES OF THE DISABLED AND THE HANDICAPPED—MOTION UNDER S.O. 43

Mr. Scott Fennell (Ontario): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the callous neglect shown by the Toronto district tax appeal board toward a hard-working citizen who has had the courage and the will to forgo a wheelchair for a leg brace, and in view of the fact that the tax appeal board, in a precedent setting case last week, will only permit tax deductions for disability expenses incurred through wheelchairs, and not leg braces, and because this is the International Year of the Disabled, I move, seconded by the hon. member for Brandon-Souris (Mr. Dinsdale):

That the government, through the Minister of National Revenue, direct the Toronto district tax appeal board to show less revenue-hungry zeal and more compassion toward the disabled of this country.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AIR SAFETY

INSTALLATION OF JOINT-ENROUTE TERMINAL SYSTEM—MOTION UNDER S.O. 43

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, my motion deals with the Joint-Enroute Terminal System. It is increasingly obvious that significant errors were made by Transport Canada in the determination of operational requirement for radar data remoting, processing and display capability at the time JETS was installed. I therefore move, seconded by the hon. member for Winnipeg-Assiniboine (Mr. McKenzie):

That the Minister of Transport cease installation of further JETS in Canadian airports until the deficiencies have either been corrected or a decision made to return to standard forms of equipment.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EMPLOYMENT

WORDS AND ACTIONS OF MINISTER—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, in view of the fact that the Minister of Employment and Immigration, in responding to my charge that he has used the Student Youth Employment Program for political pork-barrelling, told the media that I was a chronic complainer, which I consider a compliment considering the source, I move, seconded by the hon. member for Mission-Port Moody (Mr. Rose):

That the minister who could be described, if one were to use alliteration in name calling, as an incessant interferer, as the Doris Dumper, as a happy hotelier or as the pork-barrel bungler, in future confine his words and actions to dealing with the unemployment problem among Canadians, especially among women, the young, and native unemployed.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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HAZARDOUS SUBSTANCES

STUDY OF CAPTAN FUNGICIDE—MOTION UNDER S.O. 43

Mr. Tom McMillan (Hillsborough): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. On March 31 this year, the head of the Health Protection Branch of the federal Department of Health and Welfare wrote an urgent, secret, intra-governmental memo urging that the fungicide captan be banned or at least severely restricted. It is widely suspected that the Minister of Agriculture (Mr. Whelan) caused that memo to be suppressed and ignored by the government for narrow economic reasons.

To protect the public against a potentially lethal substance now commonly sprayed on fruits and vegetables, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That the House call upon the federal government to release immediately to the public its findings concerning the impact of captan on the environment and human health; to restrict the use of captan until it is clearly demonstrated to be safe, and to subject this potent fungicide to thorough scientific testing to determine, in fact, whether it is a hazardous product and therefore should be permanently banned.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1415)

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

CAUSES OF INFLATION

Mr. Doug Lewis (Simcoe North): Madam Speaker, I wish to address my questions to the Prime Minister. He knows that

this House has examined the question of high interest rates and high inflation in the abstract for some time. Therefore, I shall deal with a concrete example, if I may.

A wage earner faced with the higher costs of food, clothing and shelter, the basics of life, is driven to asking his employer for an increase in wages. The employer, who has those same increases at home, plus the increase in the cost of business and high bank interest rates, has to come up with an answer. The only thing he can do is to raise the price of his goods and services rendered. Does the Prime Minister not feel that this fuels the inflationary spiral?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, that is always how the economic system works. If one is a worker, one tends to keep equal at least with the increase in the cost of living plus participate in the success of the enterprise. If one is the employer, one charges higher prices if one's costs increase. This is the way the system has always worked.

GOVERNMENT ACTION

Mr. Doug Lewis (Simcoe North): Madam Speaker, if the government acknowledges that it knows how the system works, and if the government acknowledges it has high interest rates and high inflation, what is the government doing to break this cycle? When can we get Canada off this merry-go-around of higher inflation and higher bank interest rates?

Miss MacDonald: The rate is over 19 per cent.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, what tends to happen in times of increasing inflation is that people's expectations sometimes tend to anticipate even higher inflation. Rather than asking for normal and fair compensation either for their costs or for their efforts, they tend to anticipate and increase the prices of their goods more than is justified by normal profits, or they increase the price of their services by more than is justified by a normal increase. That is the explanation of the psychological drive behind inflationary expectations. But the hon. member knows, as well as I do, that is the way the system works. What we must do is to prevent the anticipation of inflationary expectations and to try to keep both prices and services at normal increase levels rather than anticipating high inflation.

EXTENSION SOUGHT OF SMALL BUSINESS DEVELOPMENT BOND CONCEPT

Mr. Doug Lewis (Simcoe North): Madam Speaker, it seems to me and to the House that all we are doing is fuelling the spiral and not coming up with anything to break it.

In view of the fact that the bank rate today burst through the 19 per cent ceiling, I ask the Prime Minister whether his government will consider taking the mechanism of the small business development bond one step further—which is in place and is there—to businesses which have traditionally used bank credit, and have bank loans in place but cannot do anything about it. Would he investigate extending it to all bank credit presently in existence?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, that is not possible for the reason indicated many times by the finance minister.

An hon. Member: Where is he?

Miss MacDonald: Who is he?

Mr. Trudeau: The small bond arrangement is one for a particular sector of the community. It is an expensive one. If the hon. member wants it to be extended to all people using credit, he will be going against the guidelines proposed by his own party and by the spokesmen in his party on economic matters, that is, to keep expenditures down. I do not believe the hon. member would advocate that.

Mr. Clark: What about Petrofina?

Mr. Hnatyshyn: They do it in Gabon.

* * *

• (1420)

CANADA MORTGAGE AND HOUSING CORPORATION

PROVISION OF ASSISTANCE TO PEOPLE IN NEED

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, I would like to direct a question to the Minister of Public Works in his capacity of being responsible for Canada Mortgage and Housing. In the meeting earlier this week with members of Parliament from British Columbia and officials of the Canada Mortgage and Housing Corporation the minister referred to more social housing by the government which might overcome the problems created by his government's fiscal and monetary policies, which include today's new record high Bank of Canada rate of 19.06 per cent.

Government housing, before all of the disastrous subsidies which are offered are taken into account, actually costs Canadians more than that provided by industry. The minister must realize that, and also that the real shortage is of money in the hands of those needing shelter. What will his government do or offer to those in need of housing assistance to replace the Clark government proposals, such as mortgage interest deductibility, which his government defeated in 1979, aided and abetted by the New Democratic Party?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, speaking of the Clark administration and Clark proposal during its nine-month government period, on previous occasions I have, of course, made reference to the report on privatization ordered by the previous government. The one thing that we have done, as a government, is to reject the privatization of CMHC, and reject the advice offered to the previous government which was almost a complete withdrawal and complete abdication of any role for CMHC in the area of social housing. On the contrary, what we have done is to use

the programs which were in place last year, such as under Section 56(1) of the act, which is the social policy housing program. We, for example, increased the number of starts in that social area—

Miss MacDonald: Tell that to people who have lost their houses.

Mr. Cosgrove: —which provides a subsidy to housing, bringing down the interest rate from the current levels to 2 per cent, thereby aiding and assisting—

Mr. Baker (Nepean-Carleton): Tell that to your mortgagees.

Mr. Cosgrove: —people such as senior citizens, the handicapped, and those in the special needs area. I am happy to say that those additional 5,000 units released last year have been constructed and are now coming on the market. I submit that they are coming at a time when it is more difficult, I admit, for people in those income levels and those special categories to access housing.

An hon. Member: That's enough!

Mr. Cosgrove: I think that move of the government was well timed and is serving those people in need.

Some hon. Members: Hear, hear!

* * *

HOUSING

CANADIAN INVESTMENT IN UNITED STATES

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, obviously the question period would not be long enough for the minister to try to explain all of the mish-mash of government's proposals which amount to intervention in housing. I want to ask the minister this supplementary question: can the minister assure Canadians that his government will stop interfering in the housing industry so that all of the Canadian expertise, which is investing billions of dollars in the United States to provide housing for Americans, can come back to Canada and start working for Canadians in Canada?

Some hon. Members: Hear, hear!

Hon. Paul J. Cosgrove (Minister of Public Works): From the question I would take it that the intervention referred to by the hon. member possibly addresses the question of supply. I talked about the question of affordability, and I have no apology whatsoever for the response of this government to people in need. If that is intervention in the economy, then I support it, and this government supports it.

Some hon. Members: Hear, hear!

Mr. Cosgrove: Referring to the supply, of course the hon. member knows that the government responded in the budget, I suppose by intervention, and by reintroducing capital cost allowance to increase the supply side modestly. Again, I have no apology for that. I have received submissions from many people, and many of the hon. members opposite, asking for that very thing.

REQUEST FOR ACTION TO REDUCE RESIDENTIAL MORTGAGE RATES

Mr. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Prime Minister. The minister responsible for housing is taking great pride in an obviously disastrous situation for the typical Canadian. Today, even before the interest rate jumped to a record level of 19 per cent—

Mr. Nielsen: 19.06.

Mr. Broadbent: —a Canadian family would require an average income of $47,000 to buy a typical home in Canada. This means, for the first time since the great depression, that 90 per cent of Canadian families are excluded from the normal Canadian expectation of being able to buy their own homes.

My direct question to the Prime Minister is: why does the government not take direct action to bring mortgages down so that the average family could, in fact, buy a home?

• (1425)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Minister of Finance has dealt with these suggestions many times. I dealt with them last week when the hon. member suggested direct action to bring mortgage rates down. He knows direct action would mean immense subsidies to everybody concerned, and that would mean increased expenditures, and increased expenditures means increased deficits, and increased deficits means fuelling inflation. Or the alternative, Madam Speaker, is to go into exchange controls, and I have not heard even the NDP in its wildest moments advocate those.

SUGGESTION GOVERNMENT FORCE BANKS TO LOWER MORTGAGE RATES

Mr. Edward Broadbent (Oshawa): Madam Speaker, the Prime Minister listed two alternatives, and I will deal with those points later in today's proceedings. But there is a third option the Prime Minister did not comment on, and I refer to the banks and bank legislation. Considering that bank profits in the first quarter of this year were up 60 per cent over the record level of last year, and considering that the banks represent one institution which is gaining like no other institution from high interest rates, why does the Prime Minister's government not take direct action to force the banks to put out mortgages at lower levels and, therefore, yes, reduce their profits somewhat to achieve a social purpose?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the New Democratic Party leader may be dealing with this matter later in the day and we will be interested in

his views, but he should take into account what the Minister of Finance said in answer to that exact same question two weeks ago when he indicated that, indeed, bank profits had increased very considerably over the last two quarters, but that had not been true in the period before that, but that he was—

An hon. Member: That is not true.

Mr. Trudeau: Well, the hon. member behind the Leader of the New Democratic Party is trying to get in, Madam Speaker, but I will ask him to be patient and perhaps he will have a moment to speak later in the day. I am giving the answer of the Minister of Finance. It was to that effect that the minister was monitoring these profits and, if necessary, he would consider appropriate action.

AID FOR HOME OWNERS

Mr. Edward Broadbent (Oshawa): The Prime Minister took a long time not to answer the question directly.

Mr. Trudeau: That is because of your howling benchmates.

Mr. Broadbent: We are not talking about instances of a special excess profits tax which could be considered; we are talking about forcing the banks to distinguish loans in the mortgage sector from other sectors. The government recognized that distinction and should act on it.

The Prime Minister has indicated he is not willing to help those who do not already own homes. There is another group of Canadians who are being forced to sell their homes which has now reached a monthly rate of 1,000. They have to abandon them because they cannot keep up the mortgage payments. In fact this is alluded to in the *Economic Review* published by the Department of Finance just yesterday. My question to the Prime Minister in this regard is, will he at least take immediate steps to provide assistance to those Canadians who already own their own homes so that the number who are forced to abandon them will not increase to 1,100 or 1,200 monthly, and in order that we can at least maintain families in homes who already have them?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I realize that the Leader of the New Democratic Party is probably short of questions because he is always asking the same ones and he is getting the same answers.

Some hon. Members: Oh, oh!

An hon. Member: You are short on answers.

Mr. Hees: And you used to be such friends.

Mr. Trudeau: Exactly, George. I realize that the New Democratic Party does not agree with the budgetary position taken by this government. Its members said so at some great length during the budget debate.

An hon. Member: That is not the only thing they do not agree with you on.

Mr. Trudeau: They certainly did not agree with your policy either. They even pretend that they had invented Petro-Canada and the hon. member was anxious to get rid of it for that reason. I recognize the difference in economic policies put forward by our different parties, but we stand by the budgetary policies put forward by the government and we believe in gradualism in attacking these problems.

* * *

• (1430)

RAILWAYS

PENSIONS OF RETIRED WORKERS

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, my question is directed to the Minister of Labour. Rail pensioners are amongst the lowest compensated pensioners in Canada. Some former employees are receiving such measly increases as $4 a year. Some receive pensions of only $115 a month. What is the minister going to do to correct this disgraceful condition? The Minister of Transport has made his position perfectly clear; he will do absolutely nothing to assist them in their time of need and claims it is up to the Minister of Labour.

Hon. Gerald Regan (Minister of Labour): Madam Speaker, I am not aware of the Minister of Transport's taking any such position. I am sure he shares with me and other Canadians concern about all of those people who are living on pensions based on salaries which were at a lower level and at a time before inflation changed the value of work to the extent that it has.

The hon. member will be aware of the fact that Dr. Noël Hall carried out a very substantial investigation into the subject of railway pensions and that in the conclusion to his report he stated that pensions for railway workers are something which should be bargained between the parties.

Mr. McKenzie: Madam Speaker, it was just over a year ago that the minister wrote to one of the unions. I wish the minister would pay attention, please. It was just over a year ago that the minister wrote to one of the unions saying that he would be taking some action, so I suggest he review his correspondence of last May to the unions.

REPORTED PURCHASE OF GULF OIL STOCK BY CANADIAN NATIONAL RAILWAYS PENSION FUND

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, my supplementary question is directed to the same minister. There are strong rumours that the CNR will use its pension fund to purchase Gulf Oil. Gulf is one of the most active stocks on the Toronto Stock Exchange. Over 500,000 shares have been traded in the last two days, which indicates another possible Petrofina fiasco.

Will the minister confirm or deny the possible purchase, will he indicate whether rail pensioners will receive any improved

benefits, such as proper indexing, as a result of the deal or will it just be the tipped off new stock purchasers who will benefit?

Hon. Gerald Regan (Minister of Labour): Madam Speaker, I find the question very strange, and the lack of background knowledge on the part of the questioner even stranger. I am sure the hon. member is fully aware that I am not the minister to whom Canadian National reports and I am in no position to know what are the plans of Canadian National. I think the hon. member is merely rumour-mongering, and he should realize that by posing a question to a minister on a matter for which that minister is not responsible, and on which the hon. member is not well informed, he is spreading the rumour further.

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[*Translation*]

SUPPLY AND SERVICES

INQUIRY WHETHER FIRE ENGINE CONTRACT HAS BEEN AWARDED TO WALTER TRUCK CANADA

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, my question is directed to the Minister of Supply and Services. I believe he is fully aware of the details concerning the disgusting case of the Walter Truck Canada Company. Can the minister tell the House why he has awarded a $6 million fire trucks contract to that company, which would seem to have been reincorporated for that occasion and which is a technical branch of a bankrupt American company, strictly on the basis of plans? In addition, could he explain why, after several months of procrastination, he turned down the lowest bidder who would have guaranteed the experience, the skills and the 70 per cent plus Canadian content of the well known Thibault fire trucks?

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, we did wait several months because the bids filed were very thoroughly examined. We received a request from the Department of National Defence concerning certain technical requirements. The Walter Truck Company which was chosen did best meet those technical requirements and therefore it was awarded the contract.

Mr. Kilgour: Madam Speaker, that is one more example of the just society of the Liberals who, in my opinion, lead the most corrupt government in our history. How can anyone award such a big contract to a company whose headquarters and sole small shop are located in the riding of the Minister of National Health and Welfare? Are contracts always awarded with consideration for the political stripe of the bidders, keeping in mind that the owners, Messrs. Marcoux and Laporte, are very well known Liberals?

Mr. Blais: Madam Speaker, first I might point out to the hon. member that he is questioning not only the integrity of the officials of my department but also that of the officials of the Department of National Defence. If he wants to make those kinds of accusations I hope he has supporting evidence to back them up. Madam Speaker, I do not believe that the officials who discharge their duties day in and day out ought to be subjected to such meaningless charges. I can tell the hon. member that he is raising issues about which he does not know anything at all, that the contract was awarded to the Walter Truck Canada Company because it did guarantee more Canadian content than the lowest bid which was rejected. Everything was done in an orderly manner. I made sure of that. If the hon. member wants to make an accusation let him do so seriously and let him stop making unfounded charges.

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[*English*]

PUBLIC SERVICE

TERMINATION OF SERVICES OF COMBINES DIRECTOR OF INVESTIGATION AND RESEARCH

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, my question today is for the Prime Minister. Over the last two days there have been many statements surrounding the termination of the services of Monsieur Robert Bertrand, director of investigation and research. Because they are coming from government officials I think it is extremely important that this be clarified. Health reasons are being given, as well as the suggestion of a promotion to the Anti-dumping Tribunal. Senior officials are saying he was fired. In one case he was falsely accused of leaking information. Since it is the cabinet which is responsible for his appointment, I urge the Prime Minister to make a statement to this House to clarify the reasons why the services of Monsieur Bertrand were terminated.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would gladly say a few words about this because I believe many of the adverse rumours we have heard in the past few days have been unjustified and, in some cases, malicious.

I have known Mr. Bertrand for some 20 years. I have a very high regard for his human and professional qualities. He is the best man to state on his behalf whether he was fired or whether he is going to another job which is of his choosing. I expect him in the next day or so to make a statement to that effect. Indeed, I encourage him to do so.

REASONS FOR CHANGE IN POSITIONS

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I have just a brief supplementary question. The timing of this termination could not be more unfortunate, and I ask the Prime Minister to confirm that there was a great policy difference between the incumbent director of investigation and research and the cabinet minister involved, that Mr. Bertrand's services were terminated, that the cabinet was asked to approve that, that it refused to do so and that Mr. Bertrand,

rather than being terminated, was appointed to another position? Anyone here certainly knows that no one is appointed, as a promotion, to the Anti-dumping Tribunal from another position.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, from the point of view of those who want to seize on anything to imagine some evil hiding in the recesses of government, and of those who believe in the diabolical theory of politics, any timing is wrong.

Mr. Bertrand had been in his job for some seven years. It is a very trying job. A couple of years ago he underwent a very serious operation, and there was the question of his taking on a less heavy load at that point. It was agreed that because there were several very important investigations under way, notably the one on newspapers, the other one on the oil industry—

Mr. Stevens: What about the uranium cartel?

Mr. Trudeau: —and the uranium inquiry, he would stay on until these tasks were terminated. They are now terminated; a new phase is beginning.

• (1440)

The man has been there for seven years, and it is a very difficult position. He has indeed been given a promotion, one that he chose among others offered to him, and he has gone from an SX3 position to a DM1. Naturally nobody will believe this if they want to invent stories, Madam Speaker, and that is why I say to hon. members opposite, if you do not want to take our word for it, or the word of his friends, why not ask him yourself?

QUERY RESPECTING POSSIBLE POLICY DISAGREEMENT

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, since this involves a quasi-judicial position that Mr. Bertrand occupied and is a matter in which the House is unusually interested, I wonder if the Prime Minister could tell us whether there was a significant policy disagreement between the minister and Mr. Bertrand prior to his change of position.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I fail to understand the preface to the question. Mr. Bertrand is now going to a semi judicial post in which he will have much higher authority than previously where he was—

An hon. Member: Oh, get off it.

Mr. Trudeau: Well, I see some guys having bellyaches over there, Madam Speaker. I cannot deal with this kind of—

An hon. Member: Honourable guys.

Mr. Trudeau: The hon. member from the New Democratic Party who used some very excessive words yesterday—I wish he would catch up on himself and try and be a little more rational when he debates this kind of question. I repeat: you can ask Mr. Bertrand the question yourself.

Mr. Clark: Madam Speaker, the House of Commons is the place in which members of Parliament put questions to the government about matters of government policy and conduct. I put to the Prime Minister a simple question which he did not answer as to whether or not there had been a policy difference of significance between the minister and Mr. Bertrand prior to Mr. Bertrand's change of position, and I would like an answer to that.

I would also like the Prime Minister to indicate to the House that in situations of this kind where there is a change surrounded by controversy in the position of someone carrying out a quasi-judicial function—

An hon. Member: It is not quasi-judicial.

Mr. Clark: —whether he would institute a practice whereby the minister who occasions that kind of change, in this case the Minister of Consumer and Corporate Affairs, would make a full statement to the House of Commons outlining all of the details in the case, or would be prepared to go before a constituted committee of this House to answer detailed questions from interested members about all of the circumstances leading to a change in the activities of a senior public official carrying out a highly delicate and important quasi-judicial function?

Mr. Trudeau: Madam Speaker, the Leader of the Opposition says that the House of Commons is the place where members put questions to the government. We believe that, and we have been answering questions for the past several days. What we cannot answer are malicious and inventive rumours that we have been hearing from the opposite side for the last few days. They either take our word for it or they ask the man himself, and I suggest the latter.

An hon. Member: What is malicious about that question?

Mr. Trudeau: As to the question of setting up some kind of inquiry every time the government—

An hon. Member: What is the policy difference?

Mr. Trudeau: On the question about policy differences, Madam Speaker, I can say that I know of none, and I hear the Minister of Consumer and Corporate Affairs say that he knows of none either. Therefore this is another invention of the opposition.

Some hon. Members: Hear, hear!

COMMUNICATIONS

POSSIBLE IMPACT OF AT & T STATEMENT ON SALES OF TELIDON SYSTEM IN UNITED STATES

Mr. David Smith (Don Valley East): Madam Speaker, I have a question for the Minister of Communications. Will the minister advise the House of the significance to Canada of yesterday's announcement by AT & T and its impact on jobs in Canada?

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, this announcement by AT & T is indeed a major step forward for Canada.

Some hon. Members: Hear, hear!

Mr. Fox: Hon. members have undoubtedly read in the press the announcement to the effect that AT & T is adopting standards which are fully compatible with the Telidon system. This arose as a result of many hours and many days of intense consultation between Department of Communications experts and AT & T.

The second part of the announcement yesterday, which does not seem to have been noticed by the media, is that CBS—

An hon. Member: That is why you planted the question.

Mr. Fox: —and I am sure it will be of great interest to members of this House who are interested in the development of Canadian high technology and its sale to the United States—is that CBS has adopted standards for transmission which are fully compatible with the Telidon system. This means, Madam Speaker, that the American market will be open to Canadian manufacturers of high technology who, because of the development of Telidon within the Department of Communications, have a leading edge in competing with other manufacturers on the North American market.

* * *

HUMAN RIGHTS

TESTING OF CANDIDATES FOR ADMISSION TO LEGAL PROFESSION

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, I have a question for the Minister of Justice who will be aware of the fact that 15 Canadian law schools require candidates for admission to take the American law school admission test. May I ask the minister whether he feels it is appropriate that Canada's future lawyers should have to be thumbprinted in the process of taking this test and to be asked for their social insurance numbers, their family's financial status and their racial background, and that this information should be stored along with the test results in the United States? And if the minister does not feel it is appropriate, is he prepared to take action to block this from taking place in the future?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I am not aware of this problem but I will certainly look into the matter and report to the House as soon as I have an answer.

Mr. Beatty: I am amazed that the minister would not be aware of these facts. May I ask him, in view of the fact that these LSAT tests are American and the questions have a distinct American cultural bias and are therefore inappropriate for Canadian students, is he prepared to contact Canada's law schools to offer his assistance in the preparation of a standardized Canadian law school admission test?

Mr. Chrétien: I have nothing else to add, Madam Speaker.

* * *

INCOME TAX

REGULATIONS GOVERNING EXPENSES OF THE DISABLED AND THE HANDICAPPED

Mr. Scott Fennell (Ontario): Madam Speaker, my question is directed to the Minister of National Revenue and arises from the plight of a polio victim in my riding who spent 36 sleepless hours in a sit-in to draw attention to an unfair tax law. As this is the International Year of the Disabled, and in view of recommendation 46 contained in the report of the Special Committee on the Disabled and the Handicapped, which recommends that a disability deduction replace the current flat rate deduction to allow an individual to deduct the full cost of goods and services directly attributable to a disability, would the minister please review the decision made by the Tax Appeal Board on May 14 with respect to a recent test case in which my constituent made an unsuccessful attempt to deduct expenses for the cost of a leg brace, shoes, and other expenses related to his disability?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, I have a great deal of sympathy, and indeed admiration for the gentleman in question, as I am sure we all do, and I am aware of the very excellent recommendations of that task force. This, however, is the judgment of an independent body, the Tax Review Board, and I am not at liberty to change that judgment any more than I am at liberty to change the law. The law appears to be quite specific. Even though I have sympathy for the gentleman, only Parliament can change the law in this regard.

REQUEST FOR AMENDMENT OF ACT

Mr. Scott Fennell (Ontario): Madam Speaker, in view of that answer I will address my supplementary to the Minister of State for Finance in the absence of the Minister of Finance.

In light of the committee's recommendation, would the minister amend the Income Tax Act so that those people who are not confined to a bed or a wheelchair, but who are disabled, would be permitted to deduct expenses for those

goods and services which are attributable to a prolonged disability?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, the special House committee which has looked into the many problems the handicapped are facing has prepared an extremely important report which proposes certain amendments to the Income Tax Act. As the hon. member is certainly well aware, changes to the tax structure are made at the time a budget is presented. The Minister of Finance has already indicated that he would present a new budget next Fall. The hon. member can be assured that the committee's report and recommendations concerning the handicapped will be given special consideration by the Minister of Finance when the time comes for him to prepare his budget.

* * *

● (1450)

[*English*]

GRAIN

DROP IN SOYBEAN AND RAPESEED PRICES—GOVERNMENT POSITION ON COMPENSATION

Mr. Stan Hovdebo (Prince Albert): Madam Speaker, my question is for the Minister of Agriculture. It concerns the grain embargo—just in case he thinks we have forgotten all about it. Soybean and rapeseed prices dropped considerably immediately after the embargo on shipments to Russia was put in place. The price of soybeans dropped about $25 a ton. Most of this crop is grown in the constituency from which the minister comes. I have been distressed of late to hear that these two crops are not being considered for compensation. Would the minister indicate whether or not these two crops are being considered for compensation?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, these two crops are not being considered for compensation.

Mr. Hovdebo: Madam Speaker, that was a record answer from the minister.

Some hon. Members: Oh, oh!

Mr. Hovdebo: I am sure the farmers in Essex County will be as distressed as I am to hear his answer.

Although the minister told us last November that the government was ready to pay compensation, it still has not done so. The minister has avoided tabling any kind of white paper or giving hon. members any indication of how he will calculate the compensation to be paid. Would he explain to the House, and the farmers, why there has been this long delay in making payment of compensation?

Mr. Whelan: Madam Speaker, in the first part of the hon. member's question he acknowledged that part of the delay was due to the fact that some of the requests for compensation, such as the request by the soybean growers in my area, which he mentioned, were made only a few weeks ago. That caused a delay.

At the time of the finalization of this program all the facts with respect to how it came about will be made public.

* * *

[*Translation*]

AGRICULTURE

INQUIRY WHETHER PRICE STABILIZATION PROGRAM WILL BE ESTABLISHED FOR PORK PRODUCERS

Mr. Marcel Dionne (Chicoutimi): Madam Speaker, my question is directed to the Minister of Agriculture.

For the past several months, the Canadian Federation of Hog Producers have been seeking a hog price stabilization plan from the Minister of Agriculture. Hon. members are aware that the prices on the world market had slumped so much that producers were selling their hogs below their production costs. Could the Minister of Agriculture advise us whether there will be a hog price stabilization plan, when producers will be paid, and how much the hog price stabilization plan for Canadian hog producers will amount to?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, there will be a hog stabilization plan which will amount to $8.96 per finished hog. This sum will be paid as soon as possible. As a result of the experience of last year we have all the names of producers in a computer, so it should not take very long to finalize the payment to them.

Some hon. Members: Hear, hear!

* * *

ENERGY

FUTURE OF COLD LAKE, ALTA. PROJECT

Mr. Jack Shields (Athabasca): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. As the minister is aware, the June 1 deadline for the Cold Lake project, to which the government loaned $40 million, is fast approaching. The minister is also aware that Imperial Oil has indicated that unless there are clear indications that an energy agreement is imminent it will shelve the project. Will the minister be giving a clear indication that there will be an energy agreement so that this project vital to Canada will not be shelved? If not, will the minister be preparing another loan to Imperial Oil to keep its design and engineering team together?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the answer to the first part of

the question is that the deadline is not June 1. The answer to the last part of the question is no.

Mr. Shields: Madam Speaker, that is one of the clearest answers that the minister has given. I would much rather have a straightforward answer such as he gave this time than all the running around which he has been doing.

The minister talks about a spirit of willingness and a spirit of compromise which he is seeking from Alberta. Can the hon. gentleman indicate to the House what this spirit of willingness is, what are the areas of compromise he has indicated to Alberta that he requires in order that an energy agreement can be reached?

Mr. Lalonde: Yes, Madam Speaker.

* * *

NUCLEAR ENERGY

REPORT ON STATE OF CANADIAN INDUSTRY

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. It deals with the recently released Secor report which is a fairly comprehensive report on the Canadian nuclear Candu system. Has the minister had a chance to review this report? In the report there is a comment that the Canadian nuclear industry hovers on the brink of a crisis which threatens to bring it to its knees. This is really a comment on the many years of Liberal government activity in terms of its efforts to commercialize a Canadian energy system in the international market. We know that the Liberal party has an internal mini-review of the nuclear industry. I wonder if this review had been completed and if the minister took into account the Secor Report.

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Yes, Madam Speaker. I would like to add that the hon. member seems to have forgotten the nine months when the Conservatives held office, when the antics of their secretary of state for external affairs created very serious difficulties with regard to our sales to some other countries.

Mr. Clark: That's not true, and you know it.

Mr. Gurbin: Madam Speaker, the minister knows that I think he is a nice guy, but I am sure he would not want to hide 16 years of Liberal incompetence in the areas of energy and finance behind nine months of the only freshness this country has had in the last 16 years.

Some hon. Members: Hear, hear!

Mr. Gurbin: The Secor report suggests that we should have a 20 per cent share of the global market for Candu or any nuclear reactors. The essence of the report is that the Liberal government, along with AECL—

Madam Speaker: Order, please. The answers have been remarkably short. I would urge hon. members to put equally remarkably short questions.

Mr. Gurbin: I was antagonized, Madam Speaker.

Some hon. Members: Oh, oh!

Mr. Gurbin: My very short supplementary question, Madam Speaker, is for the same minister. Does the minister understand that the essence of the Secor report is that what we need is a major Canadian manufacturing vendor to make the system work? Is he prepared to act quickly to see that occurs so that we can have a Canadian system which can effectively compete on world markets, in order that our whole Canadian nuclear industry, our research and development programs, in fact our contribution to global energy needs, will not wither away while we sit idly by?

Mr. Lalonde: Madam Speaker, we are reviewing this matter. I can say that steps have already been taken to integrate our efforts abroad on a better basis than ever before. In particular AECL, Ontario Hydro and the Association of Canadian Nuclear Industries are now working very closely together. They are making representations abroad on a joint basis. These efforts have been quite effective in the few seminars and events which have been organized by these groups in various countries which are interested in Candu. We are monitoring the situation very closely. We are examining the advisability of developing further structures. We are working very closely with the industry at the present time.

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LABOUR RELATIONS

STRIKE BY NORDAIR FLIGHT ATTENDANTS

Mr. Les Benjamin (Regina West): Madam Speaker, my question is for the Minister of Labour, notice of which I gave to his office. In view of the fact that Nordair flight attendants have been without a contract for six months and have been on strike for something over a week, and in view of the fact that Nordair is owned by Air Canada and that these attendants want something equivalent to parity with Air Canada employees, can the minister tell us whether it is true that he authorized or approved Nordair clerks and ticket agents taking three-day crash courses as flight attendants in order to keep Nordair flights in operation during this labour dispute?

• (1500)

Hon. Gerald Regan (Minister of Labour): Madam Speaker, it is true that a work stoppage has been under way at Nordair for a period of time. The Montreal office has been in touch with the parties and they are aware that mediation—

Mr. Nielsen: You are doing very well, Gerry. You read very well.

Mr. Regan: —assistance is available, if they wish to resume negotiations. Our people are standing by to be of any assistance they can in helping to bring an end to this dispute.

However, I am not aware of the other subject that the hon. member mentions. I certainly have not given authorization for any course of action, nor would I have occasion to do so. It is not a matter which would fall under my jurisdiction in any manner, shape or form. Our job in labour, and I think a job that our people in the Department of Labour carry out very well, is to provide expert mediation services to help avoid and bring to an end disputes of this type. The question of the services which are being maintained is a matter which would fall under another department.

Mr. Nielsen: It certainly wouldn't be a crash course, anyway!

SAFETY OF OPERATIONAL PRACTICES

Mr. Les Benjamin (Regina West): Madam Speaker, may I ask the Minister of Labour, if he has not given approval to this crash course for ticket clerks and other clerks to be flight attendants, would he advise the House whether he would investigate the matter and see to it that untrained personnel are not acting as flight attendants on Nordair flights? Would the minister also see to it that this effort of blatant strike-breaking by Nordair will cease immediately?

Hon. Gerald Regan (Minister of Labour): The hon. member will be aware, in relation to the safety of the operational practices, that that is a matter which presently falls under the responsibility of another department and another minister. The hon. member's urgings in that regard could be directed to the Minister of Transport, who says he will look into the matter for the hon. member.

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BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Nepean-Carleton): Madam Speaker, I wonder if I could ask the government House leader the intentions of the government with respect to business next week. Perhaps while he is on his feet he might designate, as far as he could, allotted days.

[*Translation*]

Mr. Pinard: Madam Speaker, next week we will have two opposition days, Monday and Wednesday. Tuesday and Thursday we will continue consideration of Bill C-57 to amend the Excise Tax Act and the Excise Act, with the report stage of the bill beginning on Tuesday.

[*English*]

Mr. Baker (Nepean-Carleton): Is the government House leader now in a position to indicate what we will be doing on Friday of next week?

While I am on my feet, I might mention that last week I made an inquiry with respect to the extension of the small business development bond concept to operating capital and inventory and with respect to unincorporated small businesses, which would include farms and, perhaps, fishermen. I asked him if he would consult with the Minister of Finance because of the difficult situation in which people in those occupations find themselves. Has he made that inquiry, and if he has can he inform the House of the results of that inquiry, given the understanding that I tried to direct to him, that we would be prepared to talk about it in terms of a restricted debate?

[*Translation*]

Mr. Pinard: In answer to the hon. member's first question, I would say that next Friday we will be considering bills yet to be decided at the next meeting of House leaders, which is usually held on Wednesday or Thursday. That is why I did not announce the business of the House for next Friday, being well aware that we could be more specific next week depending upon the progress made at the report stage of Bill C-57.

As for his second question, I did discuss the matter with the Minister of State for Finance (Mr. Bussières), and I am sure that after he has done the necessary checking he will only be too glad to answer himself any question from the opposition.

[*English*]

Mr. Knowles: Madam Speaker, I have a couple of questions for the government House leader with respect to House business. I wonder if he could tell me whether my practice of being persistent but polite is going to pay off in terms of getting the legislation respecting veterans, especially with respect to those who were not covered in last summer's Bill C-40, or whether I am going to have to find some other tactic. In other words, what is the reason for such a long delay, since so often I have been told that the matter is going to cabinet in a day or two?

My other question relates to another group of widows. As the minister probably knows, when the present Minister of Justice was president of the treasury board, the government came awfully close to granting legislation which would end the denial of pensions to widows of public servants, RCMP and national defence retirees where the marriage had taken place after retirement. In view of the fact that there are now so many of these later marriages which last for many years and that many widows suffer because of this unfair limitation, will the minister discuss this with the appropriate ministers to see if the proposals of a few years ago can be reactivated?

[*Translation*]

Mr. Pinard: Madam Speaker, in reply to the hon. member's first question, I will say that being polite always pays off, and that is the approach I would recommend he take. If he prefers to try "some other tactic", to use his expression, I must warn him that that could delay the introduction of the legislation he so desperately wants to have passed. If he wants to chance it, I strongly urge him to use manners, because sooner or later that pays off. As for his representations on behalf of the widows of

public servants, I want to assure him that they are taken into consideration and that I will convey his message to the minister responsible.

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THE CONSTITUTION

TABLING OF PETITION FROM STUDENTS SUPPORTING PATRIATION OF AMENDED CONSTITUTION

Madam Speaker: I have the honour to inform the House that the Clerk of the House had laid on the Table the fifth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Laval (Mr. Roy) and finds that it meets the requirements of the Standing Orders as to form.

* * *

[*English*]

PRIVILEGE

MR. NOWLAN—SECURITY MEASURES ON PARLIAMENT HILL

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, I have a question of privilege. Ordinarily, I would have written a letter to try to have something clarified; but in view of the totality of what happened this morning, which is the first time something like this has happened in the years that I have been in the House of Commons, I think that for the benefit of all hon. members it should be clarified post haste because the same thing almost happened again at noon.

I am very sorry that the Prime Minister (Mr. Trudeau) is not here, and it is unfortunate; however, I am sure he will hear about this. Quite frankly, I am not imputing this to the Prime Minister, but I am suggesting that perhaps there is an element of pomp, circumstance or presidential, or whether there is bona fide security involved—and that is what I want to know. We all know there has to be increased security in this day of the looney when unfortunate things happen.

However, very briefly, my point of privilege is that I understood that the door to the west was known as the members' door, and that members habitually, traditionally and historically have been driven up to it. Ministers who are members get out and come in, in the same manner as a member. I have noticed, in the last week or so, that at certain times there seem to be six or eight plainclothes people and uniformed commissioners and RCMP waving off cars at the members' door. Then when one looks behind in the rear view mirror, one sees the prime ministerial entourage coming. So I can understand that to a point.

This morning I drove up and, unfortunately, I was a little late; it was about five after nine, but quite often I happen to come in either just before or after the Prime Minister's entourage. I came up, saw six or eight individuals waving off the area where the bus parks. I said to my wife, "Well, I think the Prime Minister must be around." I looked in the rear view

mirror and the prime ministerial cars were down by the East Block; but I did not go into the area which is restricted to buses and/or where cabinet members and others are sometimes let off. I stopped by the sidewalk and the light post where the little lady used to stand with the lonely little flag. I then got out of the car, at which time the prime ministerial entourage was approximately by the Senate door. It took about five seconds. I walked in without any problem.

Ten minutes later I received a very even-voiced call from my wife who, after she discharged me, had continued on her way. In front of the National Cenotaph, after a blinking light from an RCMP car had followed her off the grounds, she was apprehended, pulled over to stop, and was asked why she stopped in front of a restricted area. She did say that the constable who stopped her was most polite. My wife answered, "I have let my husband off to go to work." He asked: "What does he do?" She said, "He is a Member of Parliament." So the constable said, "Oh, would you please have him get off at the sidewalk when the prime ministerial entourage is arriving?"

● (1510)

As I say, I am not imputing this to the Prime Minister but I am very irritated. This is a members' door, not a prime ministerial door. I have made inquiries and quite frankly, Madam Speaker, I have found that there has been no new directive for security inside the House or outside the House. Perhaps your inquiries will prove me wrong but that is what I understood.

I understand the need for security, and in view of the coming summit conference perhaps there will have to be more security. If it is security, Madam Speaker, we cannot have it both ways and have the public lined up at the sidewalk, quite properly to see our Prime Minister from time to time, and not have members of Parliament drive up and be let off at the members' door. There is the back door where the Prime Minister or members may come in, or there is the side door which is now open and which is a lot more secure, perhaps, than the public door.

I should like your Honour to take this matter under advisement to find out if it was just an overzealous act of an officer or if there has been a change of direction and instruction and, if so, who has given the instruction. Then perhaps the embarrassment that took place this morning and was almost repeated this afternoon at five minutes before two o'clock will not occur again.

Madam Speaker: The hon. member has raised this question and I will want to inquire into what took place. I am sorry that the hon. member's wife was embarrassed. I will want to know whether new instructions have been issued—I am not aware of any at the present time—and exactly what they are. Even if it is found necessary to increase security around the House of Commons, I would certainly not want hon. members to be impeded in their function as MPs. They should be properly delivered to any door that they choose to come in through. I

will look into the matter and I thank the hon. member for raising it.

Mr. Munro (Esquimalt-Saanich): Madam Speaker, on the same point, to indicate that it is not an isolated instance—

Madam Speaker: Order, please. If the hon. member has another point, he can give me notice.

Mr. Munro (Esquimalt-Saanich): It is the same point.

Madam Speaker: I am sure the hon. member was not in the same car. If he has another incident he can give me notice of it and I will deal with it in due course.

MR. ROBINSON (BURNABY)—REPORTED LEAKING OF REPORT TO NEW DEMOCRATIC PARTY

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question of privilege is not quite as serious a matter of state as that of the hon. member who spoke previously. I should say that I would gladly lend him my bike if he would like to borrow it in order to avoid the complexities he encountered.

Mr. Hnatyshyn: Keep your pomposities.

Mr. Nowlan: I have a bike.

Mr. Robinson (Burnaby): My question of privilege arises from certain remarks made by the hon. member for Durham-Northumberland (Mr. Lawrence) in connection with the recent termination of Mr. Bertrand, a matter which has been raised in this House. Unfortunately, certain allegations were made with respect to Mr. Bertrand having—and I quote from a report in this morning's *Globe and Mail*:

—leaked a report to the New Democratic Party after taking umbrage at the way former Conservative Justice Minister Jacques Flynn dealt with his recommendations on a matter.

As the hon. member well knows, Mr. Bertrand is not in a position to defend himself from this kind of accusation.

As the member who originally raised the suggestion of collusion on the part of a number of Conservative cabinet ministers, I should like to say that this is a total fabrication. In no way did Mr. Bertrand, either directly or indirectly, leak any kind of report relating to the very serious allegations of wrongdoing on the part of the government of the day.

I call upon the former minister to withdraw any suggestion of impropriety on the part of Mr. Bertrand at that particular time. As the former minister well knows, Mr. Bertrand is not in a position to answer for himself.

Madam Speaker: This is obviously not a question of privilege involving the hon. member. He wanted to make a point about what was said in the House. The point is well taken but it is not a question of privilege.

Mr. Lawrence: May I speak? I shall be very brief.

Madam Speaker: I am sorry, I have now ruled that it was not a question of privilege. If I had seen the hon. member rise before, I would gladly have heard him. As he knows, I am under an obligation not to hear any comments after I have ruled, and therefore I am afraid I cannot hear him.

Mr. Lawrence: Madam Speaker, I certainly realize and recognize that it was not a question of privilege, as you did too. Not only was it not a question of privilege but it was a frivolous waste of the time of the House. The hon. member already knows that the quotations ascribed to me were absolutely incorrect.

Madam Speaker: The point is well made.

* * *

PARLIAMENT BUILDINGS

ACCESS TO STAIRCASE BY MEMBER

Mr. Jack Shields (Athabasca): Madam Speaker, I should like to bring to your attention that yesterday I attempted to go down one of the staircases after I had escorted some people to the gallery. As I attempted to go down the stairs, it was obvious that the Prime Minister (Mr. Trudeau) was entering the building because one of the plain clothes security people put his arm out in front of me to stop me from going down the stairs. I had to push his hand down. I was not stopped but the attempt was made to stop me from using the same staircase as the Prime Minister at the same time. I should like to add this incident to the question of privilege raised by my hon. friend.

Madam Speaker: The point is well taken.

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, the following questions will be answered today: Nos. 1,343, 1,356, 1,357, 1,358, 1,359, 1,362, 1,366, 1,369 and 2,391.

[*Text*]

UNIVERSITY OF OTTAWA FUND-RAISING CAMPAIGN

Question No. 1,343—**Mr. Robinson (Burnaby):**

1. Did the Minister of Transport head a fund-raising drive in the Public Service on behalf of the University of Ottawa?

2. Were public servants from various departments asked to take part in such a drive and, if so (a) which (i) departments (ii) employees were involved (b) were they given time-off from their regular duties and, if so (i) how many employees were involved (ii) what was the total amount of time that they contributed to the project (iii) what was the total cost to the taxpayer of the time contributed?

3. Was there pressure placed on public servants to participate even if they did not do so voluntarily?

4. Is the government willing to set up such fund-raising drives with Public Service participation for other universities and, if so, which universities?

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): I am informed by the Departments of Justice, Transport and Treasury Board as follows: 1. No. The Hon. Jean-Luc Pepin, Minister of Transport, with Mr. Charles M. (Skip) Armstrong, president, Canadian operations, Metropolitan Life Insurance Company, is serving as co-chairman for the University of Ottawa Achievement Fund campaign.

2. Yes. See reply to question No. 1,356 answered this day.

3. No.

4. See reply to question No. 1,356, part 1, answered this day.

TREASURY BOARD REGULATIONS—CHARITABLE CAMPAIGNS

Question No. 1,356—**Mr. Cossitt:**

1. Does chapter 328 of the Treasury Board Regulations on charitable campaigns state in part that: "Other forms of government assistance such as use of cheque-stuffer services are hereby restricted to the United Way campaign . . . ."?

2. Were cheque-stuffers included with the June pay cheques of a large number of Public Service employees and, if so (a) what is the name and job designation of the most senior person in government authorizing such action (b) was the President of the Treasury Board aware of such action and, if so, on what date did he become aware and did he or any one acting on his behalf give permission for such action?

3. Was the President of the Treasury Board at any time contacted, directly or indirectly by, or on behalf of, the Minister of Transport on the subject of cheque-stuffers or any other aspects of the University of Ottawa's fund campaign and, if so, what are all the details and the dates involved?

Hon. Donald J. Johnston (President of the Treasury Board): 1. Yes; however, Treasury Board can grant exemptions or extensions to the policy. Circular No. 1980-54 clarifies this flexibility by stating that additional assistance to organizations not associated with the United Way will be considered on a case-by-case basis, limited to the following alternatives:

(a) approval to distribute one campaign notice to public servants via the payroll distribution system; or

(b) similar to (a), but extended to identify public servants who are willing to work strictly as volunteers, who could answer inquiries and receive completed pledge cards or donations.

Over the past two decades, such assistance has been extended to the following institutions: University of Alberta, University of Calgary, University of Carleton, University of Guelph, University of Lethbridge, University of Ottawa, University of Windsor, the Children's Hospital of Eastern Ontario, The Ottawa Civic Hospital, CARE of Canada, The Canadian Cancer Society, The Canadian National Institute for the Blind.

2. Yes.

(a) The President of the Treasury Board authorized the policy extension to cheque-stuffers for the University of Ottawa campaign.

(b) Approval to distribute cheque-stuffers was given by the President of the Treasury Board in his letter of April 3, 1980, to the Hon. Jean-Luc Pepin, Minister of Transport, in his capacity as co-chairman of the University of Ottawa Achievement Fund campaign.

3. Mr. Pepin wrote to the President of the Treasury Board on March 7, 1980, advising of the campaign and seeking authority of the Treasury Board to bring the public service portion of the campaign to the attention of the public servants in the National Capital Area.

Question No. 1,357—**Mr. Cossitt:**

1. Was Anne Haynes hired by the Department of Industry, Trade and Commerce from an Ottawa private employment agency and, if so (a) on what date did she commence work and for how long a period of time was she hired (b) was she engaged in the soliciting of funds for the University of Ottawa from members of the department and, if so, what is the name and job designation of the highest official authorizing such action?

2. Has Mr. Pierre Bourgault performed the same function in the Department of Energy, Mines and Resources?

3. Did Mrs. Chaulk of the Department of Finance play any part in this matter and, if so (a) what are all the details (b) did she in any way act as a co-ordinator in charge of those soliciting in various departments?

4. Is it government policy to permit breaches of Treasury Board regulations in regard to charitable donations?

5. Was chapter 328 of the Treasury Board Regulations headed "charitable campaigns" dated December, 1979, changed and (a) if so, on what date (b) if not, have they been contravened and, if so, for what reason?

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): I am informed by the Departments of Energy, Mines and Resources, Finance, Industry, Trade and Commerce and Treasury Board as follows: 1. Yes.

(a) June 9 to June 27, 1980.

(b) She was engaged as a clerk with legal services and approximately 2 per cent of her time was spent to solicit funds for the University of Ottawa. The director of legal services, Industry, Trade and Commerce authorized such action.

2. Dr. Pierre Bourgault, assistant deputy minister, planning and evaluation, is co-ordinating the University of Ottawa Achievement Fund campaign within the Department of Energy, Mines and Resources.

3. There is no employee by the name of Mrs. Chaulk working in the Department of Finance.

4. No.

5. Chapter 328 of the administrative policy manual "Charitable Campaigns", December, 1979, has not been revised or contravened. See also reply to question No. 1,356, part 1, answered this day.

Question No. 1,358—**Mr. Cossitt:**

1. Did Mr. D. R. D'Avignon, deputy minister of supply, circulate a letter dated May 21, 1980, to all departmental employees urging them to donate to the University of Ottawa fund raising campaign and, if so (a) was it printed on government stationery (b) did the government pay for the cost of such printing

and circulation (c) what is the name of the highest authority authorizing the letter?

2. Was the Minister of Supply and Services aware of, or did he give his permission in advance to the letter and, if so, on what date was it first brought to his attention?

3. Was Mr. D'Avignon aware of the contents of chapter 328 of the Treasury Board Regulations in regard to charitable campaigns and specifically, was he aware whether or not such regulations prohibit "canvassing, solicitation or collection of funds in government offices on behalf of charitable campaigns" and, if so, what are all the reasons that the regulation was not adhered to?

Hon. J.-J. Blais (Minister of Supply and Services): In so far as the Supply Administration is concerned: 1. Mr. G. R. D'Avignon, deputy minister of supply, issued a circular to supply administration employees within the National Capital Region informing them of the forthcoming campaign and encouraging them to support the campaign.

(a) Yes.

(b) Yes.

(c) Mr. G. R. D'Avignon, deputy minister of supply.

2. The minister's permission was not sought for this matter, since the decision to issue a letter to the employees providing details on the campaign, does not contravene the general intent of the exception to the policy approved by the Treasury Board. However, the Minister of Supply and Services was made aware of the letter by the deputy minister of supply.

3. See reply to question No. 1,356, part 1, answered this day.

Question No. 1,359—**Mr. Cossitt:**

1. Were circulars sent as cheque-stuffers and/or otherwise distributed, to public servants requesting funds on behalf of the University of Ottawa and offering eligibility to participate in a draw for gifts and, if so, is it government policy to give charitable receipts for contributions under such circumstances?

2. What is the name and job designation of the highest official authorizing distribution of the pamphlets in such a manner and (a) what part did the President of the Treasury Board play (b) did the Minister of National Revenue or anyone in the Department authorize charitable receipts under such circumstances and, if so (i) on what dates (ii) what are all the details (iii) what are the names and job designations of all those involved?

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): I am informed by the Department of National Revenue and Treasury Board as follows: 1. Yes. The cheque-stuffers distributed to public servants advising of the University of Ottawa compaign contained information of a draw, which was subsequently withdrawn. A registered charity may not issue official receipts for income tax purposes in such circumstances.

2. (a) See reply to question No. 1,356, part 2 answered this day.

(b) See part 1, above.

Question No. 1,362—**Mr. Cossitt:**

1. Was a newsletter "Contact" dated June 3, 1980, published by the Department of National Revenue and signed by Deputy Minister J.P. Connell and, if so (a) was it addressed to all employees (b) was the entire content devoted in both official languages to urging employees to donate funds to the University of Ottawa and, if so, does this contravene Treasury Board Regulations in regard to charitable campaigns and what is the government's intention concerning this situation (c) what is the name and job designation of the highest ranking official authorizing the newsletter?

2. Was the newsletter published at the taxpayer expense and, if so (a) how many copies were printed (b) by whom and at what cost?

Hon. William Rompkey (Minister of National Revenue): 1. Yes.

(a) Only to Customs and Excise employees located in the Ottawa area.

(b) See reply to question No. 1,356 answered this day.

(c) Mr. J. P. Connell, deputy minister, Customs and Excise.

2. Yes.

(a) 1800 copies.

(b) The newsletter was printed by the personnel branch at the request of the public relations branch. The cost: $37.

Question No. 1,366—**Mr. Cossitt:**

1. Was a letter dated June 19, 1980, issued to all employees of the Department of Energy, Mines and Resources and signed by Deputy Minister M.A. Cohen and, if so (a) was the entire content devoted in both official languages to urging employees to donate funds to the University of Ottawa and, if so, does this contravene Treasury Board Regulations in regard to charitable campaigns and what is the government's intention concerning this situation (b) what is the name and job designation of the highest ranking official authorizing the letter?

2. Was the letter published at the taxpayer expense and, if so (a) how many copies were printed (b) by whom and at what cost?

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): I am informed by the Departments of Energy, Mines and Resources and Treasury Board as follows: 1. Yes.

(a) See reply to question No. 1,356, part 1, answered this day.

(b) Mr. M. A. Cohen, deputy minister of Energy, Mines and Resources.

2. Yes.

(a) 4,000 copies printed on recycled map paper.

(b) Canadian government printing office, $331.95.

Question No. 1,369—**Mr. Cossitt:**

1. Was a letter dated May 30, 1980, issued to all personnel of the Public Service Commission and signed by chairman Edgar Gallant and, if so (a) was the entire content devoted in both official languages to urging personnel to donate funds to the University of Ottawa and, if so, does this contravene Treasury Board Regulations in regard to charitable campaigns and what is the government's intention concerning this situation (b) what is the name and job designation of the highest ranking official authorizing the letter?

2. Was the letter published at the taxpayer expense and, if so (a) how many copies were printed (b) by whom and at what cost?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): I am informed by the Public Service Commission as follows: 1. Yes.

(a) See reply to question No. 1,356, part 1, answered this day.

(b) See part 1 above.

2. Yes. The cost was charged to the information directorate, corporate systems and services, Public Service Commission.

(a) 2,275 copies distributed to the employees of the National Capital Region.

(b) Canadian government printing office, $34.94.

CONCORDE LANDING RIGHTS

Question No. 2,391—**Mr. Wilson:**

1. Were arrangements made to provide for landing rights for the Concorde aircraft at airports in Canada?

2. Were discussions held with British Airways, Air France or Japan Air Lines regarding Concorde flights to airports in Canada?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): 1. No.

2. No discussions were held with British Airways, Air France or Japan Air Lines regarding Concorde flights to Canadian airports.

* * *

[*Translation*]

STARRED QUESTION

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, would you be good enough to call the starred question?

[*Text*]

*TRANSPORT OF DANGEROUS GOODS—EMERGENCY CALLS

Question No. 2,315—**Mr. Knowles:**

1. Did the transport of dangerous goods branch of the Department of Transport receive 13 emergency calls between July 3, 1979, and November 30, 1980, and, if not, what was the number?

2. What were the emergencies and into which categories did they fall?

3. How many of the emergencies occurred in urban centres?

4. In each case, what substance was involved and which railway company was involved?

5. In the case of any of the emergencies that occurred in Manitoba, was the government of Manitoba notified and was the Emergency Measures Organization advised?

6. Was the Canadian Transport Commission asked to investigate any of the emergencies other than the MacGregor spill and the methanol spill of April 6, 1980 in CP Rail's Winnipeg yard and, if so, did the commission make any recommendations and what were they?

[*English*]

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): 1. Yes; 13 calls were received from Manitoba from July 13, 1979, to November 30, 1980. Five were transport emergencies, six non-transport emergencies and the other two calls were from Manitoba agencies simulating an emergency for training purposes.

2. The 11 actual emergencies were: a leaking tank car of flammable liquid, Class (3); a leaking tank truck of flammable gas, Class (2); a tank car fire of flammable liquid, Class (3); a box of radioactive material found on the highway, Class (7); a leaking container of the poison in a truck, Class (6); a burst bottle of chlorine, a poison gas, Class (2); a grain elevator fire involving herbicides, Class (6); a leaking storage tank of poison gas, Class (2); a grain elevator fire involving fertilizer, Class (5); a forest fire being reported; and a request for information on handling a poisonous product, Class (6).

3. Eight.

4. The products involved were methanol, liquid nitrogen, hexene, radioactive material, cresol, chlorine, herbicides, anhydrous ammonia, fertilizer. The CPR was involved in two of these incidents; the other incidents did not involve a railway company.

5. Two were reported to the environment agency in Manitoba, five to the provincial EMO and four were not reported to any provincial agency.

6. The Canadian Transport Commission was not asked to investigate any emergencies other than the MacGregor spill and the spill of methanol on April 6, 1980.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Mr. Evans: Madam Speaker, I ask that the remaining questions be allowed to stand.

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

[*English*]

Mr. Beatty: Madam Speaker, I apologize to you and the House for rising again with regard to question No. 1,852 which I put on the Order Paper on December 9. As you will be aware, prior to the Easter recess, on April 23, I brought this question to the attention of the parliamentary secretary who responded as follows:

● (1520)

Madam Speaker, following my conversation with the hon. member this morning, I am checking on the matter. I fail to understand why an answer had not been transmitted through the Privy Council office to be presented in the House. I will do my best to have it as soon as we return from the recess.

That was on April 23. It is now May 21. A month has gone by and we still do not have an answer to that question.

On Thursday of last week, I again rose on a point of order bringing this matter to the attention of the government House leader, who gave this undertaking, as reported on page 9586 of *Hansard:*

Madam Speaker, I shall take notice of the recommendation made by the hon. member concerning his question. I shall consult the parliamentary secretary and ensure that he can provide the hon. member with an answer as soon as possible. There are undoubtedly very valid reasons to justify this delay, and we shall try to give them to him as soon as I have talked with the parliamentary secretary.

I placed this question on the Order Paper on December 9. It deals with the government's conflict of interest regulations,

those requirements dealing with conflict of interest as they relate to the chairman of the Canadian Film Development Corporation. The chairman of that corporation indicated publicly over a month ago that he transmitted the information to the government many, many weeks before that. Yet, Madam Speaker, we have still not received an answer.

Since that time one of the appointees to the Canadian Film Development Board, who was appointed earlier this year by the Minister of Communications (Mr. Fox), has resigned because of a conflict of interest not noted at the time of his appointment. Second, the chairman of the Canadian Film Development Corporation has himself indicated that clients of his law firm in the film business come before the CFDC to request financial assistance and he benefits financially because they are clients of his firm.

This is a question of considerable importance, particularly in view of the fact that, if the government delays any further, the chairman of the CFDC will have resigned—his term runs out at the end of this month—before I get an answer to my question.

In view of the assurances given in the House on numerous occasions that an answer would be given to my question, can the parliamentary secretary tell me what the answer to the question is?

Mr. Evans: Madam Speaker, I was not in the House when the hon. member inquired of the President of the Privy Council about this matter last week. This matter was checked. We know the answer is being prepared in the department but we have not received it yet. I expect the hon. member will receive his answer in very short order.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—NON-CONFIDENCE MOTION—INTEREST RATE POLICY

Mr. Edward Broadbent (Oshawa) moved:

That this House condemn the government for following a made-in-Washington interest rate policy and for breaking its promise to the Canadian people in the Speech from the Throne that "it recognizes the need to protect those Canadians most affected by unacceptably high interest rates".

He said: Madam Speaker, during the past hour two significant statements have been made. One revealed to Canadians that we now have an interest rate which has jumped beyond 19 per cent, the highest interest rate in the history of Canada. The second statement came some time earlier from the Prime Minister (Mr. Trudeau) in response to my question concerning precisely the same interest rate problem. The Prime Minister said that he was finding questions on interest rates raised by the New Democratic Party to be repetitious. I want to say through you, Madam Speaker, to the Prime Minister that the questions on interest rates coming from the New Democratic Party are repetitious because the problems are still there. They are not going away. The people of Canada keep asking us questions and we intend to keep asking the Government of Canada questions about interest rates until the government changes its high interest rate policy.

The Liberals made-in-Washington high interest rate policy is a high interest policy which reveals low interest in the needs and concerns of working Canadian men and women. It is a policy of little interest indeed to the concerns of home owners and families who want to buy their first home. It is a policy showing no interest in small business, those men and women who want to expand and rely on the banking system to provide reasonable costs for such expansion. It is a policy which lacks any interest at all in the farmers of Canada. It is a policy that is indifferent to the needs of fishermen and others who rely on reasonable credit costs. In short, the high interest policy of the Liberal Party of Canada totally ignores the interests of the vast majority of Canadians.

Let's face it, the Liberals have an interest policy with only two interests behind it. The first is a policy which is determined to go on giving what can only be described as immorally high profits to the banks and the other lending institutions of Canada. Second, I would stress it is a policy that clings blindly to the misguided economic notion that our high interest rate policy must be made in Washington, not in Ottawa. I will come back to that in a moment.

Consider first the banks. The average increase in first quarter profits in 1981 of our seven chartered banks over the same period last year was 58.3 per cent. But with every new interest rate increase like the one we have experienced today, and the added hardship it provides to Canadians, shouts of joy can be heard in the banks' head offices from one end of the corridors to the other. Nonetheless, the Liberals remain with what can only be described as a doctrine attitude on monetary policy. And while they let Washington lead them around in circles, it is the working men and women of Canada who find themselves dizzy from this unstable economy the Liberals have created.

Despite overwhelming evidence, whether from the United States, the United Kingdom, or previous Conservative governments, the Liberals still retain a policy which cannot be justified by any rational consideration of the facts. Even former finance minister Walter Gordon is telling the present Minister of Finance (Mr. MacEachen), a former Liberal colleague, that the MacEachen monetary madness has gone far enough. And Mr. Gordon, surely, is right.

Consider Mr. Gordon's points. He demands that the government take action "sooner rather than later so more people won't lose their home and most small businesses don't go bankrupt". He adds that the current high interest rate policy is fuelling rather than fighting inflation. He says the banks' present course is damaging to people and rather than providing a solution it is exacerbating the problem. I say, and I am sure that I speak not only for New Democrats in this House but for Canadians all across the land, that Mr. Gordon is surely right.

I say the government's failure to force the banks to reduce their interest rates is the major cause of Canada's current economic difficulty. That policy must be changed and it must be changed now.

Let us look at some aspects of ordinary existence by ordinary people in this country as they find themselves living in the midst of this monetary madness. First, let me deal with home owners. Two years ago a mortgage could be obtained in Canada for 11 per cent. The increase to the current level of 18.5 per cent—and it will go up again after today's announcement—means an increase in carrying costs in terms of monthly payments of 65 per cent. That means a mortgage of $70,000 will now cost $1,052 per month to carry compared with a former cost of $673 per month.

• (1530)

Home ownership is now out of reach of everyone but those earning beyond $50,000 a year. Put differently, for the first time in my life as an adult and for the first time since the great depression, 90 per cent of Canadians cannot afford to buy their own homes. That is surely the most glaring statistic of all in terms of the government's high interest rate policy. The government says it is pleased with the statistics which show that housing starts have increased recently, but what good is a housing policy that produces houses which only 10 per cent of Canadians can afford?

What about the farmers in Canada? During the past year farm bankruptcies were up 78 per cent over the year before; that is, 1980 over 1979. In the first three months of 1981, farm bankruptcies have continued to climb and this time they are up 70 per cent over the same period last year. Farm bankruptcies are only the tip of the iceberg. Not included in these figures are foreclosures and sell-outs that have been forced upon the farmers of Canada.

What about our small business people? The federal government's failure to understand the interests of small businessmen is profound in its implications, not simply for the people directly involved as owners of small businesses, but for the majority of Canadians because the majority of men and women who work in Canada work for small businesses, not large corporations. When a small businessman goes belly up, the ordinary men and women of Canada also go belly up in terms of losing their occupation. Whether we are talking about farmers, small businessmen, home owners or fishermen, the problem of inflation directly relates to the high interest rate policy and its effect on the majority of Canadians.

Having listed in a very brief way the problems faced by Canadians in these particular occupations, I want now to deal with the government's response to this profoundly serious situation. What has been the government's response when confronted with the evidence? There certainly have been pious expressions of concern. Beyond that, they have said two things. First, they said that high interest rates are needed to bring down the level of inflation. The second argument, whether in the words of the Minister of Finance or the Prime Minister, has been that opposition suggestions, all nicely lumped together, would exacerbate the inflation problem rather than reduce it.

Last week in a debate on a similar topic, I noted that it was once the practice of the Liberals to refer to the Conservative party when they were in government as a non-government. At that time I said that the Liberals, given their present attitude on interest rates, were providing Canadians with what could only be described as a "con" government. I want to say precisely what I mean by that in terms of the two arguments I just said they make, first that the high interest rate policy is needed to bring down the level of inflation, and second, that opposition suggestions would be counterproductive when it comes to inflation. It is exactly the reverse of the truth.

A con government, like a con artist, likes precisely to do that. He likes to take black and pretend it is white or take white and pretend it is black. The minister dismisses a good argument if it is from the opposition and maintains a bad argument simply because it has come from the government.

Let me deal with the first argument, the interest rate policy being good for inflation. The record is clear. The record of Margaret Thatcher's government in England is clear. The record of Carter's performance, followed by his successor in the White House in the United States, is also clear. The record of the Conservative party when they were in power, followed by the Liberals when they came back into office, is clear. Every time you have had an interest rate increase, rather than leading to a reduction in the rate of inflation it has led to an increase in inflation. Surely that message will get through to the Government of Canada. They should stop paying attention to an ossified, rigid theory which emanated some time ago from Milton Friedman of the University of Chicago and has been accepted holus-bolus by too many governments in the western world, start looking at the evidence, ignore abstract theory and begin paying attention to the real problems in Canada.

The second point concerns their suggestion that the NDP proposals in themselves would contribute to the problem of inflation. I want to take that on particularly this afternoon in this important debate. Our central suggestion when it comes to the interest rate policy has been to force the banks, through direct action by the Minister of Finance and the Bank of Canada, to bring down interest rates in Canada step by step to the level of inflation.

It has been suggested that the results of this would be entirely negative, would inevitably lead to an outflow of capital and exacerbate the problem. I suggest that reducing the interest rate would have early tangible, positive effects. It would enable Canadians to own and maintain their home. It would enable farmers, instead of having to sell, to maintain their farms. It would enable all those I talked about earlier to cope with their economic situation and in some cases, such as small businesses, to more than cope and be able to expand. Those would be some of the positive, tangible effects on the economy and on people of a change in interest rate policy.

Let me consider the one negative possibility which the government has raised time after time on this issue, the

possibility of an outflow of capital. We in this party have considered that question, just as governments in western Europe have considered it in the past and as two different governments of the United States not only considered it but dealt with it in recent history. If necessary, and I underline those words, if there is to be an outflow of capital which causes problems, we can learn for once from some of the positive actions taken in the United States.

We should look at the experience of President Kennedy in the early sixties and his successor, Richard Nixon, in the seventies. Both presidents were confronted with the problem of an outflow of capital. What did they do? Did they bring in some extreme, radical, totally unheard of idea? Not at all. In both cases the then American president put on, on a temporary basis, a negative taxation to discourage the outflow of capital from the United States. I stress that it was temporary, to deal with a particular problem. I stress that under present circumstances, given the ravages that high interest rates are having on the Canadian economy, it is time we considered such a measure in Canada in order to bring down interest rates. I hope the government will have the intellectual integrity to reply that instead of ignoring it.

I now want to go to another specific aspect of the interest rate policy that we think could be effective and which was not dealt with by the Prime Minister today in response to questions on housing. We did not raise today, although it is appropriate in a different context, the question of an excessive profits tax on banks. We did not consider a second alternative to which the Prime Minister alluded today. We did not mention, and I repeat here with emphasis, the necessity to force the banks of Canada to not simply live up to profit maximization. They are private sector institutions and, of course, they have to make profits. We in this party believe that the banking system has social obligations as well as the right to make profits, and it is up to the Bank of Canada to make sure the banks live up to those social obligations.

● (1540)

Some hon. Members: Hear, hear!

Mr. Broadbent: Therefore, we say that when we have a situation in which Canadians are selling their homes off at the rate of 1,000 a month because they cannot renew their mortgages, and in view of the current prices of houses vis-à-vis incomes, leaving 90 per cent of Canadians—not simply the poor, though that is bad enough—for the first time in my lifetime as an adult beyond the pale when it comes to being able to purchase a house, then something ought to be done with the banking system, especially when the profits of the banks are at the kind of levels I have already indicated.

What do we say—and I want the government to reply to this? We say that, in addition to forcing through the Bank of Canada a reduction in the general level of the interest rate, categories for lending money ought to be imposed directly on the banking system, and one category should be that of home ownership. We say it may be fine for the banks to reap substantial profits on genuine luxury goods, but we also say in this party that a home is not a luxury good but a necessity, and the banks are not entitled to reap fantastic profits off the backs of home owners in Canada.

Some hon. Members: Hear, hear!

Mr. Broadbent: In this context we say very directly that the Bank Act should be changed. The banks should be forced to have a special lower interest rate for mortgages, because mortgages are simply a form of interest. That rate should be adjusted to enable the average family to obtain a mortgage to buy a house in Canada. Let the profits be made in other sectors, and let the banks use some of their excess profits made in 1977, 1978, 1979, 1980 and 1981 to enable more Canadians to buy their own homes.

I want to conclude by raising and then answering this question. In our judgment, something can and ought to be done about shifting the monetary policy of the government. I have indicated what that should be in terms of a general lowering of the interest rate. Something can and ought to be done about a specific act we have talked about today, and my colleagues will talk about other items.

I want to ask through you, Mr. Speaker, why the government is not doing this? I want to suggest that the reason it is not acting is that the banks are in fact the government's friends. The banks represent, as no other institution in Canadian society, the traditional Liberal view of profit maximization, and it is only with the most extreme reluctance that the government will ever move against such a powerful vested interest. It would almost take a depression before it would move.

We in the social democratic movement do not take that approach at all. We do not wait for disaster to inflict itself upon the people of Canada. We do not regard the banks or any other institution as sancrosanct. We believe the common good to be sancrosanct. Therefore, I say that the Government of Canada is not taking the action it ought to take on interest rates, because that would impinge upon the profits of the banks, and because changing the Bank Act would impinge upon the power of the banks to make their own decisions.

This really is a matter of social philosophy. We in this party believe the Government of Canada should be acting in the interests of the people of Canada, not in the interests of the banks of Canada. We in this party are going to continue day after day to pressure the Prime Minister and the government on the other side of the House finally to live up to the commitment made in the throne speech last year to act for those who are negatively affected by the high interest rate policy of the Government of Canada. We are going to continue to put pressure on the government until it finally abolishes the high interest rate policy which is doing untold damage to the people of this country, wherever they live.

Some hon. Members: Hear, hear!

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, we in this party certainly join with the NDP, to use the words of

their motion, in condemning the government "for following a made-in-Washington interest rate policy and for breaking its promise". We join them in condemning, disparaging, deploring and criticizing, indeed, even weeping over, this Liberal government's interest rate policy, and in particular over its record of broken promises.

The motion deals just with the promise made in last year's throne speech but in fact the record of broken promises by the Liberal party extends much beyond last year's throne speech. This is the same party headed by the same Prime Minister (Mr. Trudeau) which in virtually every throne speech and every budget speech over the last decade and longer promised to increase growth, reduce unemployment, reduce inflation and keep interest rates low.

Remember the famous commitment that the Prime Minister was going to wrestle inflation to the ground. Remember the promise not to impose wage and price controls and then the flip-flop to do exactly that. Remember the promise that after controls were phased out inflation would decline to about 3 per cent or 4 per cent by 1981. Remember the first ministers' meeting in the summer of 1978 when the Prime Minister declared confidently that, as a result of Liberal party economic policies, by 1981 inflation would be at 3.5 per cent. As we know, inflation in 1981 is at 12.7 per cent, higher than at any time since 1948 when the war-imposed wage and price controls came off. Remember the promises and commitments of the Minister of Justice (Mr. Chrétien), when he was Minister of Finance, in his budget of 1978. He predicted quite confidently that that budget would reduce inflation to 6 per cent.

Let us consider what the Liberals had to say when they were in opposition and during the election campaign. Remember The Minister of Industry, Trade and Commerce (Mr. Gray), when he was finance critic for the Liberal party, saying in the Commons finance committee on October 25:

> We of the official opposition, while recognizing concern about inflation, are also very concerned about the impact of these increases in interest rates to record levels on the economy as a whole, and particularly on small business, farmers and consumers.

I wonder what the Minister of Industry, Trade and Commerce is saying now as he sits around the cabinet table?

What did the Prime Minister have to say on February 10, 1980? He said:

> I would want to manage the economy in such a way that interest rates would in fact come down . . . because the economy would be administered in a sounder way.

It was just pointed out to me that this subject so interests the Liberal party that, while the Minister of Finance (Mr. MacEachen) is in Gabon, we have two members present in the House of their caucus of 145.

An hon. Member: That's how much they care.

Mr. Andre: I wonder if the House remembers the statement reported in *The Toronto Sun* on February 4 by the Minister of Industry, Trade and Commerce, then the finance spokesman for the Liberal party, who said:

> It is my belief we can manage the economy in a way that would allow us to have lower interest rates than we have now and I think we can have greater independence in interest rate policy.
>
> I don't think that allowing the dollar to have some downward adjustment would do as much harm to our economy as our present high level of interest rates.

Then he said the same thing on "The Watson Report" on October 15, 1979; he said the same thing in the Standing Committee on Finance, Trade and Economic Affairs on October 30, 1979; and so forth.

● (1550)

Those were the promises and commitments of the Liberal party with regard to interest rates. There have been more broken promises than just those in the throne speech which were made and broken, which we condemn along with the New Democratic Party. There is a long trail of broken promises. In fact, based on what the Liberals have promised and what they have delivered, only a fool would believe anything a Liberal says, and only a party of fools would so quickly and unashamedly jump in and out of bed with them.

The reality of the Liberal government is that promises, commitments and goals are political instruments to be used to manipulate public opinion, and they have little or no relationship to performance or to the programs which are devised and implemented in virtually complete isolation.

For example, let us look at the last so-called budget, or budget-cum-energy statement. The intent of the programs and policies contained therein are very clear. The intent is to increase federal control over the oil and gas industry, to give the federal government access to more revenue, to increase state ownership and to sacrifice, if necessary, the conventional oil and gas industry in order to promote offshore and high Arctic exploration, which is under federal jurisdiction. Those are not particularly politically palatable, so while that is the reality of the program, the stated goals and promises are to attain self-sufficiency by 1990, to Canadianize the industry to 50 per cent Canadian ownership by 1990 and to have a fair revenue share. The goals have no relationship to the program. I concede that part of the program has been operated with some success, but the fact is that the promises, the commitments, the goals and the objectives are PR fluff. They are put out by Mr. McLaren and Dr. Goebbels' department through his advertising campaign, but they have nothing to do with the reality of the program.

At least I will say that the government has an energy program, wrong-headed, dumb, disastrous and damaging as it is. In the Department of Finance there is not even a program. There is no program at all. The subject seems to interest neither the Prime Minister nor the Minister of Finance. After being re-elected last February on a platform which had to do with energy, inflation and interest rates, the Prime Minister then devoted virtually the entire next year to a personal crusade to impose on this country his own version of what our Constitution should be, in spite of the damage this might do to the country. Now that he apparently has done as much damage as he can do in that regard, he is traipsing around the

world trying to impress people with his knowledge of global problems and with his perception of what needs to be done to cure those world problems. Having wrecked Canada, he has now set his sights on the rest of the world.

When the Minister of Finance stops in Ottawa in between Hawaii and Gabon, where he apparently is now, he produces about as much substance as a fog machine. In spite of being in his portfolio for over a year, he has failed so far to produce anything resembling an economic policy. Even that fine Liberal institution, the *Toronto Star,* was forced to conclude about the Minister of Finance and the general state of the economy in its May 2 editorial that, and I quote:

> The state of our economy is, in a word, miserable.
>
> Our economic growth is stagnant.
>
> Throughout all this, the Minister of Finance—the man with fundamental responsibility for steering the nation's economy—has been acting like a passive and barely interested bystander.

Then at the end of the editorial the *Toronto Star* said:

> The time has come for MacEachen to either begin meeting those responsibilities much more convincingly than he has done so far, or to step aside. At this crucial and difficult point in our economic development, the finance portfolio cannot be merely a place to hide until something more interesting comes along.

With respect to that editorial, at least, I agree wholeheartedly with the *Toronto Star.* I wonder about a Minister of Finance who so glibly and unashamedly refuses to accept his responsibilities, and I wonder about a Prime Minister who seems to care not at all about the economic state of the nation and who occupies his mind on much loftier concerns than the mere jobs of Canadians, the mere payment of mortgages by young people trying to buy homes and mere attempts to maintain small businesses when small businessmen are looking at interest rates of 20 per cent plus. I wonder about the morality of that kind of government. The reality is that this government has no policy. The Minister of Finance really has no policy.

The motion of the New Democratic Party today accuses the government of following a made-in-Washington interest rate policy. To some extent that is true. In fact, based on the performance of the Bank of Canada in the last little while with respect to interest rates in Canada, I think we could disband the bank and replace it with a clerk. We could instruct him once every week to telephone Washington to find out what the interest rates are and then declare that those are the appropriate interest rates for Canada.

But in fact we are not following Washington strictly. We are leading Washington. According to the latest data, Canada now has the highest interest rates of any western industrialized nation. The central bank discount rate in the United States as of May 5 was 14 per cent. As of March 18 in Japan it was 6¼ per cent. As of May 2 in Germany it was 7½ per cent. The latest figure for France is 9½ per cent. That terrible pariah, Mrs. Thatcher of the United Kingdom, has managed to maintain a central bank discount rate of 12 per cent. In Italy the figure is 19 per cent. In Canada today, as we know, it is 19.06 per cent. We have the dubious distinction of not following the United States or any other country but of leading them all. We have the highest interest rates of any country in the western world.

With the exception of Canada every one of those countries pays the world price for crude oil, so the statement that the Minister of Finance continually makes in this House that we have high interest because of high inflation and high inflation because energy prices have gone up is absolute nonsense. Every one of these countries pays the world price. Japan imports 100 per cent of its oil and gas and has a 6¼ per cent interest rate. It is simply an unacceptable and intellectually dishonest argument for the government to make to say that we have to endure high interest rates because of high inflation which in turn is attributable to high energy prices. The fact of the matter is that every other country in the western world has been able to deal with world energy prices in such a way as to maintain interest rates within those countries at lower levels than in Canada. The only country which comes close to being as bad as Canada in this regard is Italy.

Mr. Evans: And the United States.

Mr. Andre: The Parliamentary Secretary to the Minister of Finance (Mr. Evans) says the United States, yet as of May 5 the central bank discount rate in the United States was 14 per cent.

Mr. Evans: That is irrelevant and you know it. What is the prime rate?

Mr. Andre: The prime rate is 18 per cent, as opposed to 19.06 per cent in Canada. That is as of May 5. The latest figures are published in the May issue of *World Financial Markets,* which is a publication of Morgan Guaranty. Those are the figures I am using. I suppose the Parliamentary Secretary to the Minister of Finance must be living in the same kind of airy-fairy world as his mentor, the Minister of Finance, and must not really be aware of the true situation.

• (1600)

It is tragic in the extreme, Mr. Speaker, that for over a year the Minister of Finance has been in his portfolio and has yet to come up with anything vaguely resembling an economic policy. In fact, the only policy he has now is to let the Bank of Canada pursue its tight money policy. The Bank of Canada has for several years been operating on the theory that if you control the money supply, keep it within certain limits, this will eventually bring down the rate of inflation to that level. Well, that policy has been in place for several years now and during that time inflation rates have in fact climbed, and we now have enough experience to make the empirical judgment that that is a bad policy.

However, Mr. Speaker, one does not need just to make that empirical observation; in fact, examining the policy for what it is raises all kinds of questions about its validity. For example, there is the mere question of the kind of money, if you will, that the Bank of Canada is controlling. Their policy is to control the so called M1, which is currency and demand deposits, within a limit of 5 to 9 per cent and they have now

dropped that down to 4 to 8 per cent. In fact, Mr. Speaker, there was a raging argument several years ago, and it continues in this country, the United States and Europe, as to whether M1 represents an adequate definition of money, and many suggest that M3 should be used, which is currency and all chequable notices and term deposits plus foreign currencies. If we look at M3 over the last few years, we see it has been growing at a rate more closely analogous to the inflation rate. It has been growing at 12, 14, 16 per cent, while M1 has been growing at between 5 and 9 per cent. So perhaps those who argue that the Bank of Canada is controlling the wrong type of money have a pretty valid argument based on the performance that we have observed so far.

Moreover, M1 merely represents transactional money. The theory is that if you control and limit that, you limit the transactional ability of the economy to progress by limiting the ability of people to spend and invest, thereby taking some of the steam out of the economy and producing a lower inflation rate. Well, one of the experts in regard to interest rates, I suppose on a global basis but certainly in the United States, is Henry Kaufman, chief economist with Salomon Brothers, a very well known and highly reputed Wall Street firm. He has consistently and very accurately predicted high interest rates over the last decade and dismissed the impact of money supply on interest rates. He points out in an article in *Fortune* magazine of May, 1981:

"One of the great wonders of the world", he says, "is the American credit market." In his view, bankers over the last two decades have been dismayingly creative in attracting new types of deposits and finetuning "spreads" between their cost of money and their selling price, so that they can turn a profit no matter how much they pay for deposits.

The net result is that there is no discount rate that the Central Bank imposes which will affect the profits of banks. In fact, as the leader of the New Democratic Party (Mr. Broadbent) points out, profits tend to go up under those circumstances. He then goes on to say that what really matters in terms of money and inflation in the economy is the credit involved; not the currency or the transactional money, but use of credit. He gives examples of the kind of creativity shown by modern bankers and financial officers with corporations. I quote:

"The financial markets are very innovative, and we're going to find some more substitutes for money," says Kaufman. "We can drive that credit mechanism very hard." Thus he forsees an increase in the velocity of money far beyond past experience.

The net effect of that, as he says here, is that not only have high interest rates not dampened the creation of credit and therefore the flow of money, but it has merely added to the cost.

Now, Mr. Speaker, I see you are trying to get to your feet, but before I step down I wish to put on the record an amendment to the motion. In view of the fact that the government has no policies, I think it behooves them to look at ways in which perhaps some of the damage can be ameliorated at no great cost to the treasury. Therefore, I move;

That the motion standing in the name of Mr. Broadbent be amended by deleting the final period and adding thereafter:

"and calls on the government to introduce measures to make property taxes and mortgage interest tax deductible and to extend the provisions of the small business development bond to cover farms and non-incorporated businesses for working capital as well as fixed capital financing."

In conclusion, Mr. Speaker—

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but he has exceeded his time.

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Mr. Speaker, I am happy that the leader of the New Democratic Party (Mr. Broadbent) has given the members of this House the opportunity to discuss an extremely important and topical subject that concerns most Canadians. However, I would like to tell him that I am disappointed that he has imputed the economic problems facing not only the Canadian society but the whole western world to one type only of financial institutions, namely the banks. He will probably accuse me in return of simplifying the tone and substance of his speech. However, that is how I perceived his comments, and I cannot believe that the leader of the New Democratic Party would allow himself to make such a simplification. I shall blame partisanship for his having ascribed the economic problems of our country to the activities or operations of only one type of financial institutions, namely the chartered banks.

• (1610)

I would also like to remind the leader of the New Democratic Party that when he speaks of the profitability or the profitability rate of our chartered banks, he should be aware of the data he uses for comparison purposes. For instance, he has compared the first quarter of 1981 to the first quarter of 1980. Yet, we know that, because of certain economic conditions, there was a high profitability rate during the first quarter of 1981, while because of other economic conditions, the rate for the first quarter of 1980 was lower than usual compared with the quarterly rate of previous years for the same period. I believe therefore these two figures alone do not allow us to draw firm conclusions since the economic conditions during the periods involved were exactly the opposite. Any conclusion must therefore suffer from this distortion, and a much longer period should be considered to determine real profitability rates. On the other hand, I would like to point out to him that the Minister of Finance (Mr. MacEachen) has undertaken that his department will look fully into this sector and monitor profitability rates, and that the minister would take appropriate action if there were excessive profits.

I also noted in the comments of the hon. member for Calgary Centre (Mr. Andre) that he was making a comparison between the bank rates from country to country. This is not in every case an indication of consumer interest rates. In certain countries, the bank rate directly reflects consumer interest rates, while there might be a significant difference in others. For instance, in the United States, the bank rate of the central

bank is now at 14 per cent while the prime rate is at 20 per cent. There is therefore a difference of 6 per cent between the bank rate of the central bank and the prime rate of American banks. It is therefore an unsound argument to draw inferences from the bank rates of various countries and that consumer interest rates are related to the bank rates since the difference between the bank rates and the rate structures are not the same in every country.

Mr. Speaker, the New Democratic Party condemns the government and suggests that interest rates for Canada are set in Washington. It is quite obvious that Canada has important commercial and financial ties with the economy of the United States. It is also true that Canada and the United States are both facing serious inflationary problems. In view of the similarity of the economic conditions in both countries, a certain analogy in the evolution of interest rates in our two countries should not come as a surprise. Nevertheless, there are significant differences between the American policy and the Canadian policy as concerns interest rates. In the last 18 months, interest rates in Canada have been far less volatile than in the United States. While American interest rates reached record highs temporarily both in April and in December of last year, interest rates in Canada remained significantly lower.

In the United States certain short-term interest rates went up by as much as ten percentage points in as brief a period as five weeks. Although certain movements have been relatively significant in Canada they have been less noticeable than those which occurred in the United States. At the same time we went through periods during which the exchange rate was under strong downward pressure. During the spring last year, for instance, when the American interest rates were at record levels, the Canadian exchange rate dropped by more than four cents. When the American interest rates reached unprecedented heights in December of last year, the Canadian exchange rate stood at its lowest mark since the first years of the depression.

In recent days the dollar exchanged at close to $0.83, whereas interest rates in the U.S. compared favourably with those of Canada or were slightly above Canada's rates. When looking at those differences in interest rates we must recall that historically the American interest rates have usually been much lower than Canadian prevailing rates. Those changes in the interest rates and in the financial situation of the United States created a problem of a general nature for Canada's monetary policy because we had to decide either to go along with a similar volatility of our interest rates or again accept very sharp fluctuations in the value of the Canadian dollar. The policy adopted by the Bank of Canada and strongly endorsed by the Minister of Finance is to steer an intermediary course, in other words, as far as possible, to reduce to a minimum the volatility of the Canadian interest rates while at the same time resisting undue downward pressure on the exchange rate. Even though external factors did have a significant impact on Canadian interest rates, Canada's economic situation is also a major element of the pressures which are brought to bear on interest rates.

Since the budget speech of last October several developments originating abroad as well as in Canada changed the course of our economy in 1980 and the outlook for 1981. After the decline recorded in the first half of 1980, the Canadian and the American economies did not remain in a state of recession as it had been expected. In fact, the strength of the upswing was even surprising. Economic activity in Canada increased at an annual rate in excess of 8 per cent in the last quarter of 1980, which offset the drop recorded at the beginning of the year. On an annual basis the real gross national product hardly changed in 1980, but investments did increase very rapidly that same year. A real growth of 8.5 per cent was reported. On the other hand, the housing sector was very weak, particularly in the first half; our trade balance surplus reached $8 billion, more than double that of the previous year. That enabled us to cut down from $5.8 billion to $2.8 billion our current operations account deficit with foreign countries.

Let us now consider what happened in the field of employment. The number of jobs rose by 286,000, an increase of 2.8 per cent. A record level of 59.2 per cent of the Canadian population was employed. Incomplete data for the first quarter of 1981 lead us to believe that we will witness the same strong growth as the one recorded in the fourth quarter. A real growth of roughly 1 to 1.5 per cent, which means 4 to 6 per cent on an annual basis, appears likely. Employment went up by 1.3 per cent in the first quarter and that led to a slight decline in the unemployment rate to 7.3 per cent. The growth in employment continued through April and the unemployment rate dropped to 7 per cent, the lowest it has been since June 1976. In April, the cumulative increase in employment for the twelve previous months was 3.3 per cent, which means 346,000 new jobs. The economic recovery which has begun in the second half of 1980, both in Canada and in the U.S., forced us to revise upwards our forecasts for real growth in 1981. A rate of growth of between 2.5 and 3 per cent is now generally accepted, compared to the one per cent that was expected when the budget was brought down.

● (1620)

This improved picture for real growth is dimmed, however, by less encouraging prospects as far as inflation is concerned. The increase in expected growth for the goods, services and manpower markets combined with the downward pressure of the rate of exchange will only exert more inflationary pressure. Price increases for goods are also expected to be greater than what was forecast last fall. Provincial tax increases as well as energy price hikes will only worsen our inflation rate projections.

Furthermore, to compensate for Alberta crude oil cutbacks, the federal government has imposed a levy in order to avoid increasing subsidies for imported oil. In April, the CPI was 12.6 per cent higher than for the previous year. Price increases in the last few months are due in large part to energy costs. These increases are necessary and during the adjustment period we can expect the general rate of inflation to be relatively high. What is cause for even greater concern in the long run is the increase in non-energy and non-food components of the consumer price index. We must also be mindful of the rate of salary increases.

Recent increases, Mr. Speaker, show that inflationary expectations are entrenched in the minds of employees, workers, as well as employers. Increased housing starts in many areas of the country, for example, despite record level mortgage rates, also show that this inflationary psychology is firmly entrenched in our views and in our outlook on the economic future of our country. The vigour of our economic activities and the strength of these inflationary expectations could by themselves explain the upward pressures on interest rates. But we must also consider that for the last few weeks another factor has been influencing this trend. Indeed, the increase in interest rates in the U.S. which exerts pressure on the rate of exchange also greatly affects the interest rate situation in Canada.

High interest rates do not seem to have greatly slowed down credit buying in this country. Save for a few weeks in March, the rapid increase in bank loans, which started in the last quarter of last year, continued. According to recent data published by the Bank of Canada, general loans by chartered banks now amount to more than $100 billion, which means an increase of $14 billion over the last seven months. Alternatives to bank credit have also increased. All this points to the fact that the demand for credit in Canada is under terrific pressure.

Considering the context which I have just described, we concur in the interest rate policy advocated by the Bank of Canada to support the Canadian dollar. One can hardly argue that a depreciation of the dollar is required to maintain the competitive advantage of Canadian products on world markets as it has been suggested. On the other hand, this very same depreciation could add to the direct inflationary pressures such as those resulting from the increased price of imported products. This same depreciation could also play upon the indirect inflationary pressures which result from the increased capacity of Canadian firms to grant inflationary salary increases.

Mr. Speaker, I would like to turn briefly from the monetary policy aspect to the financial standing of the government. The statement of financial operations for March as published yesterday gives a first indication of the financial requirements for the fiscal year 1980-81. The initial estimate was set at $10.3 billion, that is almost $2 billion less than provided for in the budget. This figure would be moderately altered. The preliminary figures on the components of the financial standing for 1980-81 will not be available before July. However, we can now estimate that the budgetary deficit will be about $1.5 billion lower than expected in the budget.

Mr. Speaker, present monetary and fiscal policies are aimed at checking inflationary pressures. They will not cause instant changes, but they can be expected to slow down the growth of expenditures and thus create an atmosphere in which inflation can be reduced further. It is absolutely illusory to believe, Mr. Speaker, as the hon. leader of the New Democratic Party does, that higher interest rates will have an immediate or concurrent influence on inflation rates.

The impact of a monetary policy compounded with an interest rate policy that conforms to inflationary pressures is a medium and long-term process. Any attempt at finding a wonder solution that would bring down interest rates overnight to something like 7 per cent while dispelling inflationary pressures, would be altogether illusory. On the contrary, such a policy would only add oil to the flames of inflation. By and large monetary and fiscal policies that do not contribute to inflation are recognized as absolutely necessary if sustained progress is to be made in wrestling down inflation. A marked decline in the inflation rate is known to be a prerequisite to relatively low interest rates.

However, Mr. Speaker, it is also generally agreed that the speed and ease with which those policies will reduce demand, and consequently decrease inflationary pressures, are subject to many factors which are in turn extremely variable. As a rule, if all decision-makers in the field of economics were immediately and totally convinced of the need to pursue the policies I have just described, the path to a lower inflation rate and lower interest rates would be short and relatively smooth. But actually we will probably have to take a much rougher road. The strength of the demand for expenditures and credit may initially push interest rates still higher, especially if inflationary expectations persist, and all the more so if they are compelling. It is very important to stress, Mr. Speaker, that the fight against inflation cannot be waged by the government alone; to win the fight against inflation the efforts of each and every economic agent must be co-ordinated.

The government has an important part to play in directing the fiscal and monetary policies in order to draw up a consistent strategy to fight inflation. However, economic agents from the unions to the employers, the corporations and even the individuals must also be convinced of the need to fight inflation, and also, as economic agents, to take the necessary steps to ease inflationary pressures. Yet, the co-operation of all these agents of the economy is of vital importance and should complement, as I said, the efforts made by the government to contain rising production costs and inflation.

The Conservative spokesman has moved an amendment to the motion of the leader of the New Democratic Party. The purpose of his motion is to call on the government to introduce

measures designed to ease the burden of high interest rates on various sectors of our society, more specifically on farm producers, manufacturers, small businessmen and home owners, by subsidizing interest rates in some way. Mr. Speaker, I have just stated that these high interest rates were due to the over-all economic situation in Canada and in particular to the strong inflationary pressures that are presently at work. If, through government intervention we tried to cushion the negative effects of these interest rates, we would totally cancel the expected results, namely to reduce inflationary pressures and expectations. This would be tantamount to cancelling the desirable effects that are hoped for. I think, as I said earlier, that there is a price to pay and that all economic agents and all citizens must band together if we really want to improve the situation in the long run; that is, to actually reduce the inflation rate, inflationary pressures and, hence, interest rates. It is such an effort of co-ordination and commitment on the part of economic agents and all citizens that the Minister of Finance has asked us to make in his last budget when he created the conditions designed to reach this objective.

Mr. Speaker, in this difficult economic context, the government has tried, in keeping with its basic philosophy, to protect those who are hardest hit by these economic hardships and rising interest rates. It is a fact that the Progressive Conservative opposition made a big issue of the idea of retaining the indexing of exemptions in our tax structure before the October budget was brought down. It stressed the importance of going on indexing the personal income tax in the trying times we were going through. Well, the Minister of Finance acknowledged that it was appropriate to retain indexation with regard to personal income tax in order to alleviate the burden of low-income groups in a period of economic hardships, high interest rates and high inflation. The retention of income tax indexation meant that an additional $1.6 billion was left in the pockets of taxpayers. Furthermore, Mr. Speaker, large families are aware, for instance, that the indexing of family allowances has enabled them to be compensated in some measure for the hardships they experience as a result of these inflationary pressures and high interest rates.

There are other groups which are also seriously affected, namely, elderly people. The basic allowances paid to elderly people are also indexed. It is also well known that the government increased the guaranteed income supplement as soon as it returned to power, precisely because the economic situation was difficult and because it knew that those people were the most affected. Those guaranteed income supplements are also indexed.

Mr. Speaker, if we want lower interest rates, we must fight inflationary pressures together and reduce our inflationary expectations. Then the population may be sure that the government is determined to carry on the fight and to protect the most sorely tried in our society.

• (1630)

[*English*]

Mr. Bill Kempling (Burlington): Mr. Speaker, I want to add something to this debate about the effects of high rates of interest, particularly on small businesses. I particularly choose that aspect because I have a personal connection with small business and know how it is affected.

Reviewing how the rates have jumped around in the last few months, I see a great danger that if this problem is not resolved, thousands of small businesses will not survive. When I speak of small businesses I include farmers and fishermen. We face the danger of their not surviving the high interest rates that are before us today.

A 19.06 per cent central bank rate is shocking, Mr. Speaker. It means that most small businessmen will probably be paying in the 25 per cent bracket for funds from chartered banks. In this situation most small businessmen find that they are bracketed as far as gross profit is concerned. They sell something and make a gross profit, but the price at which they sell is pretty well set by the marketplace. They are not in the position where they have an exclusive product with no competition so that they can set the price at will and make an unusual gain. That is not the situation. Their gross profit is bracketed.

In the meantime costs go up. Costs that they cannot control, such as Bell Canada, municipal taxes, provincial taxes, federal taxes, workmen's compensation, are increasing and gross profit gets slimmer and slimmer, until the profit available at the bottom line is equal to the rate of interest paid to the bank for the use of money. That is the position they are in today.

Some measures must be adopted to ease the pressure on the small business sector. A mechanism must be developed to follow venture and operating capital into small business. It should not be a single instrument such as the small business development bond, which is welcome relief but is too limited in application.

Who is the largest employer in Canada, Mr. Speaker? It is the small business sector. Who is the most stable employer in Canada? It is the small business operator. Who keeps his employees on when the market turns down? It is the small businessman. Why does he do this? Perhaps because he is a little more human and is closer to his workers. Another reason may be that he has to compete with the large employer and one of the levers he has is to keep his employees on when the market turns down. His employees know they have a steady job so that is one of his levers. He imparts a tremendous stability to the economy which is not imparted by any other entity. We must never forget those basic principles, Mr. Speaker.

The concept of the small business development bond is good, but the repayment terms should be extended to ten years. There should be a series of variations to the small business development bond to allow it to be used for refinancing small business.

• (1640)

Aside from that, we also require a venture capital instrument which will offer, say, a non-taxable return or an exemption from capital gains tax, or perhaps an instrument which can be completely written off against income tax by the lender when issued, with the tax payable on earnings from the repayment or when anything is received. There are a hundred variations to this; I have outlined only a few. Something like that, however, must be put in place. Regardless of the method chosen, a venture capital instrument must be found. Small business must be refinanced. Small business must be recapitalized and the problem must be attacked on an urgent basis.

The reality of running a small business is that you must deal with the frustration of research and development and the financing thereof. Good ideas are not restricted to large companies which have researchers, engineering department and R and D facilities funded by the corporate treasury and by public funds. There is a great deal of inventiveness and innovation in the small business community.

The tragedy small business faces is that when an R and D project is closed down, the guy who usually has to close it down is the comptroller. It is not for lack of ideas, lack of innovation, lack of market sense, product design or anything of that nature; it is lack of cash which causes a close down. That is a reality which must be brought home to the government opposite. I can hear these people who have the job of closing down R and D projects saying the prime rate has just gone through the 19 per cent level and the bank is now charging 25 per cent, so we cannot afford to keep the R and D venture going. I have been there and I know all about it.

R and D projects have to be closed down because there are the payrolls to meet or accounts payable have to be paid or whatever happens to take precedence over R and D. Those are the situations we face now that R and D projects will be closed down all across the country. Even in my own business these projects have been closed down. I ordered that done today as soon as I heard what the rate was. Small businessmen just cannot afford to keep projects going with rates this high. As a result, all of those good ideas are gone from the system while the situation continues the way it is.

I know that it is very easy to criticize in these debates. We are told by members opposite that all we do is criticize, that we never come up with any solutions. However, I have some solutions to suggest. I have already suggested that the small business development bond be extended, that it be allowed to be used for recapitalizing a small business, which I think is a good thing. I do not see that it will cost all that much. I have also suggested that repayment terms be extended to ten years.

However, with respect to research and development, I propose that we put in place a registered research and development fund for small business. Small business should be allowed to contribute a portion of their tax payable to this fund, somewhat similar to the way an RRSP works and so on. In other words, out of the tax payable a businessman could take a sum of money, put it on one side into a research and development fund, and when that fund was at its optimum he could begin his research and development project by having enough money to complete it.

It think that is a good idea, it is workable and it is simple. It is not something that will call for a government subsidy, such as programs worth $250 million or $300 million. It would only affect those who would want to get into this sort of venture. This is a program which would allow many small companies to get on with their research projects and so help us down the road with future employment.

By a simple amendment to the Small Business Loans Act we could allow money to be used to complete a research and development project, because none of these things is complete in itself. A business might get going on something and suddenly find that another $25,000, $30,000 or $100,000 is needed to complete it. An amendment such as that would certainly be of benefit to small business.

The same act could be amended to allow for the registering and purchasing of a patent, a trademark, a registered design or even for the purchase of existing technology. I know it is popular today in business to use the buzz words "high technology", "innovative designs", and all that sort of thing, but most people employed in Canada today and who will be employed in the foreseeable future will be using reasonably common technology. There will be things such as the Telidon deal, announced either last night or today, which by 1985 or 1986 will create 10,000 new jobs. That is fine, but I say 200,000 jobs could be created in the small business sector by allowing some mechanism to get research and development projects going. As I said, if we could amend the Small Business Loans Act to allow people to purchase a patent, register a patent, a trademark, a registered design or existing technology, tools, jigs, fixtures, methods and so on, that would be of tremendous help. I am talking about low and common technology which is used every day. This may hurt some of the upwardly mobile people who like to bounce from one high technology cloud to another, but the reality is that the jobs are in small business at the present time. Much imported machinery comes into Canada that could be made in Canada. But what it comes down to is that old devil money and the high interest rates we have to pay if we are going to get on with projects like that.

Each time we talk about something the government should do involving money, each time members talk about high inflation or high interest rates and how these things are hurting small business or the consumer, there is a cry from the government side that we are asking for subsidies that will only add to the deficit, fuel inflation further and make things worse than they are. I have put forward three valid workable solutions that will help set straight some of the problems faced by small business. I challenge the government to take up those ideas and put them in the next budget. The government should put them into operation. They could be modified. The important thing is the thought. In the long run these proposals will pay dividends for business, the labour force and finally for the government.

I shall stop here because I know there are other hon. members who want to speak. I like to be constructive in this type of debate. I know we are going through a very difficult time and that we have to find solutions. If we do not, we will have an awful mess in Canada. Our employment rate will zoom to double what it is if we do not solve these problems.

I put these ideas forward in the hope that the government will take them seriously and consider them. I will be pleased to sit down with government members to expand on these ideas and give any other help I can in this regard to assist in putting these things in place, because I know they will pay dividends down the road.

● (1650)

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, at the outset I want to commend the chief opposition whip for the very constructive ideas he put forward, especially with regard to research and development. They are ideas he and I have discussed before. I want to assure him that I am certainly looking very carefully at what he has suggested. Hopefully, something can be done to respond to the concerns he so rightfully raised, especially in the area of research and development. We are all aware of the problem. He has some very interesting proposals that deserve serious consideration.

With regard to the motion before the House dealing with the interest rate situation facing this country, in the last week we have had at least two opportunities to discuss this question and the causes of the difficulties we now face. We heard a great deal of opposition comment with regard to policies the government should adopt in trying to respond to the situation we face.

My opportunity to discuss the subject today will be used to indicate why those alternatives that have been put forward thus far in this debate and on the previous two opposition days are simply not workable and why the current government policy is the appropriate policy. It is the only policy that holds any hope of eliminating the problem we face and not exacerbating the problem. It does very little good to discuss the concept of interest rates or basic economic concepts using the tool of rhetoric as opposed to the tool of logic and understanding and the basic economic forces that face this country today, trying to respond to those basic economic forces with policies that deal with the problem and not just the symptoms.

As hon. members know, we are facing a very difficult situation. As the Minister of Finance (Mr. MacEachen) indicated in his May 6 speech, if you analyse the last five to six months, inflation is running somewhere in the range to 13½ to 14 per cent. That is an unacceptably high rate of inflation. That factor alone is the prime driving force behind high interest rates.

There are two other factors that I will mention that are exacerbating the problem and creating additional upward pressures on interest rates. The main driving force behind high interest rates is the high rate of inflation and the expectation that the inflation rate will either continue at these high levels or in fact get worse. It is those expectations we have to deal with in addition to the fundamental causes that are driving up that rate of inflation.

If we look at the most recent month, as the Minister of Finance indicated the other day in the House during question period, there was a reduction in the rate of increase in inflation. In the first quarter of this year, we had monthly inflation factors of 1.3 per cent, 1 per cent and 1.3 per cent. In the month of April we saw a decline to .7 per cent which, if you annualize it, will be in the range of 8.7 per cent. That could be a temporary anomaly. We certainly hope not. We hope it is a sign that finally inflationary pressures are being brought under control. If that is the case, we will see lower inflation and lower interest rates. It is too early to say whether that is the establishment of a long-term trend. We certainly know it is a hopeful light.

In addition to the inflation factor that is so very important in establishing the level of today's interest rates, there are two other factors. The first is the fact that the federal government and Bank of Canada are into a policy that, in my opinion, is the only policy that promises any hope of success in dealing with inflation. It is the only policy that I am convinced will work, and that is to bring the growth rate in purchasing power more into line with the growth rate in real output in the economy.

The Bank of Canada recently reduced its target for the growth rate of the money supply, defined, as the hon. member for Calgary Centre (Mr. Andre) indicated, as M1, into the 4 to 8 per cent range. In fact, the bank is holding the money supply growth in that range. In so doing, the bank is reducing the relative growth rate in money below the level of inflation. As a result, the relative effect is to create a reduction in the supply of purchasing power in the system below that which is demanded, even at the current inflation rate, and even at stable demand levels.

On the other hand, we have a fire of expectations in the system, as I indicated last week and as the minister also indicated, which has led to an increase in the demand for credit to buy now before prices go higher later, up some 20 per cent in April. Therefore, we have two forces operating here, the constraint on the supply of credit by the central bank, the government, at the same time as a major increase in the demand for credit. These two forces are going to cause an escalation in the real rate of interest above inflation. It is going to cause that gap between inflation and interest rates to widen.

The final factor we are faced with, one that is also very important, is the level of interest rates in the United States. The hon. member for Oshawa (Mr. Broadbent) stated that the federal government has, first, a high interest rate policy and, second, that it is a made-in-Washington interest rate policy. Neither statement is true. The policy of the government is not to have high interest rates. The policy is to deal with the fundamental factors that are causing inflation, to bring down the rate of inflation, and part of the transition we are going through is temporarily higher interest rates than would normally be the case.

One of the factors, not a major factor, involved in those high interest rates is the fact that interest rates are very high in the United States. All of the dynamics involved in flows between Canada and the United States, requiring that our rates be in very close relation to their rates, means that when rates go up in the United States there is additional upward pressure on our rates to stay in line. Therefore, there are three major factors or forces driving up interest rates in this country today, and I have just outlined them.

If you are going to deal with the problem of high interest rates, there is no alternative but to deal with the factors that are causing them. To say that the federal government should reduce interest rates is to say nothing. Neither the federal government nor any other government can step forward and with a wave of a magic wand say that interest rates tomorrow will be 5 percentage points lower than they are today.

Mr. Broadbent: That is precisely what the Bank of Canada does.

• (1700)

Mr. Evans: It cannot be done, and it is not what the Bank of Canada does or is doing. If the hon. member for Oshawa believes that, then he is more misguided than I thought.

With regard to the U.S.-Canada rate situation, the hon. member for Oshawa in his opening comments correctly noted that if we let our interest rates fall appreciably below those in the United States there will be an outflow of capital from Canada which will put downward pressure on the exchange rate. If we do not allow the exchange rate to go down it will put upward pressure on interest rates. So that flow of capital is a factor with which we have to deal.

The hon. member for Oshawa indicates what we could do, and that is put on exchange controls. There are some definite problems associated with exchange controls and I will deal with those in a minute.

Let me ask this question. If we were to have a drop in the dollar and we were to say that interest rates are not going to be related to U.S. rates, and if they go up we will allow the outflows to take place and allow the dollar to drop, what would be the effect of that? Immediately we would have a major inflationary surge caused by the drop in the value of our currency, and the effect of that drop on prices of all the goods we import, food, and at the moment energy and a number of fundamental commodities, would be that they would go up automatically.

People say yes, but that would mean foreign goods would be less competitive and as a result our manufacturers would be able to move in and produce those things. The fact is that in the short term—and by "short term" I mean five years—we are not going to be in a position to replace in any major sense imported oil, and we are not ever going to be in a position to replace fresh fruits and vegetables imported during the winter. These things cannot be replaced in the short term, and in the short term we are not going to replace the importation of machinery or equipment that we bring in which is necessary for the development of the tar sands and other natural resources in Canada. Those things cannot be replaced in the short term. Over the longer term perhaps that could be done.

My contention here is that if you are talking about a major investment expenditure the exchange rate is not going to be the determining factor that causes a businessman to decide to go into a line of business, because in a flexible exchange rate world exchange rates change. If the only reason you are investing in Canada to produce machinery and equipment is because the exchange rate in Canada happens to be 20 cents below the equivalent in the United States, then you are basing your profitability on a factor that is totally unpredictable and one which could be wiped out tomorrow. So that is not a major factor in investment decision-making; there are many other factors.

We are not going to get the kind of import replacement some members believe would occur. The question is, would you get a major stimulus in demand for domestic products and would the prices for those domestic products produced here in Canada be unaffected by the increase in the competitive position and the decrease in the value of the dollar? The answer to that is that if those products are exportable then we are going to have upward pressure on the prices of those commodities, just the same as you have upward pressure on the prices of imports. Because a manufacturer who can sell those goods outside the country at much higher prices will raise the price in Canada as well. You get upward pressure on prices of both imported products and products that are exportable but are made here in Canada. You must have some means of offsetting that effect.

The hon. member for Oshawa has put forward the possibility of exchange controls. It is rather interesting to note that others have suggested this. There was a commentary in a recent editorial in the Regina *Leader-Post*. It is not an eastern paper, not a Liberal paper. It is the Regina *Leader-Post* and it talks about this particular issue.

Mr. Broadbent: It is not an NDP paper.

An hon. Member: It sure isn't a Conservative paper.

Mr. Evans: In any case, it clearly indicates that the impact of this particular policy—

Mr. Broadbent: We just had a vote, John, and it is a Liberal paper.

Mr. Evans: The hon. member for Oshawa says it is a Liberal paper. If it is, thank you very much.

An hon. Member: It is the last Liberal on the prairies.

Mr. Evans: It states:

> Among the possible cures for the high interest rate dilemma is exchange controls, intended to insulate Canada's rates from those abroad.

Then it goes on to say in relation to the possibility of controlling the outflow of oil, for example, which was just

recommended by Premier Blakeney who suggested you could regulate the outflows of oil:

> But controlling the flow of oil through a finite number of cross-border pipelines is surely a lot easier than stemming an almost infinite number of currency channels, whether they involve stashing money in suitcases or funnelling it via sophisticated corporate bookkeeping manoeuvres.
>
> In a country as large and heavily dependent upon foreign trade as Canada, it is hard to see exchange controls accomplishing much more than creating a burgeoning bureaucracy, black markets and other assorted economic distortions.

That is perhaps the best, most concise statement of the major problems this country would face with a policy of exchange controls as any statement I have heard so far to date.

We could go on with this. The policies of the government have been recently disputed by Mr. Walter Gordon, the ex-finance minister, for whom I have a great deal of personal respect but with whom I disagree rather strongly on his economic philosophy.

I think we can deal with the particular set of arguments put forward by the Canadian Institute for Economic Policy rather quickly. Its commentary starts off on the basis of a totally erroneous set of hypotheses about the Canadian economy. If you read from the institute's own document you will note it is said that we have interest rates at record high levels, which is true. It then goes on to say that we have a slow rate of growth in the economy. In the last quarter of 1980 the economy grew at an annualized rate of 8 per cent. In the first quarter of 1981 it grew at an annualized rate of 4 per cent to 6 per cent. That is not slow growth by any standards.

The institute goes on to say we are currently running at very high levels of unemployment. We now have the lowest level of unemployment since 1976, just 7 per cent. We would like to see the unemployment rate go even lower, but we are talking about the lowest level it has been at in the last five years. The Canadian Institute for Economic Policy says we have to change the policy because the government's economic policy that is in place is causing stagnation of growth, which is not true, and excessively high levels of unemployment, which is not true. Based upon false premises such as this what good can come from considering much further the analysis by the Canadian Institute for Economic Policy? It has been known to be wrong often in the past and I am afraid its trend has not changed.

● (1710)

We have heard much from the hon. member for Oshawa with regard to the question of bankruptcies as well. None of us in this House wants to see any firm face bankruptcy, but I think the hon. member distorted some of the figures he quoted. He said that bankruptcies were up 70 per cent in the farming community. We had a meeting the other morning with the Ontario Federation of Agriculture, and at that meeting the Ontario Federation of Agriculture gave us a series of documents. One of the documents dealt with farm bankruptcies in Ontario during the first quarter of 1981. I agree that the figure I will quote does represent an increase of 70 per cent over last year, but there are 75,000 farms in Ontario. There were 46 bankruptcies in Ontario in the first quarter of this year compared with 26 last year. That does not sound to me like rampant bankruptcies. There are 75,000 farms, as I say.

In closing, I would like to refer to bankruptcies in the business community. In April bankruptcies were 3.9 per cent higher than they were a year ago in April. That does not sound to me like rampant increases in bankruptcies.

The point is that if we are going to deal with economic issues, I think we have to deal with the fundamentals of the problems we are faced with, and we have to deal with the issues based upon facts. It does no good to distort the facts and to provide this House with rhetoric, because that does nothing to help the government find the solutions all Canadians want to see.

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, I am pleased to join my colleagues in the House in speaking about this very important issue today, particularly as it affects the most critical social and economic problem in Canada, the problem of Canada's housing crisis, which affects people of all income groups and in every province.

For years the Liberals have treated housing not as a basic need, which we believe it is, but as a tool to pump up or slow down the economy. We hear the minister talking constantly about market needs coming before the needs of the Canadian people. As a result, more than ever before home owners and tenants are the victims of a lack of positive housing policy. And, of course, the problems have become much greater because of the high interest rate policy of the government.

Today it is almost impossible to believe that we can still be shocked by changes in interest rates, but today interest rates are up to over 18.5 per cent, which must surely shock most Canadians very severely. As my leader said earlier, according to our calculations this means that only those earning over $47,000 a year will be able to purchase new homes. Can hon. members believe it?

Ninety per cent of Canadian families will be unable to purchase homes, if they are not the lucky ones who have homes already. Who earns over $47,000 a year? Certainly not very many members of Parliament, probably a few highly paid professionals, some corporate bosses, a few movie stars if we happen to have them in Canada, and perhaps one or two football players.

Mr. Mayer: Hockey players.

Mr. Broadbent: And the presidents of banks.

Mrs. Mitchell: And the presidents of banks. These are the only people who can afford new houses today.

Mr. Kempling: Union leaders.

Mrs. Mitchell: Not union people. I can give some facts on that.

Mr. Kempling: How much does Dennis McDermott make?

Mrs. Mitchell: The economic policy of the government is supposedly one of restraint to cool down inflation. As we know, that has resulted in a continuous spiral of interest rates, and there is no restraint at all in view. The latest mortgage interest rates mean that instead of forcing down the price of housing there will certainly be an escalation of costs for both tenants and home owners. We know that most families who have homes and have to renew their mortgages face a crisis simply because they cannot find another $400 up to $700, depending on their mortgage arrangements, per month. The cost of food is increasing every month. There are increases in the cost of fuel and transportation, not to mention increased taxes. How can people possibly find these amounts of money on family budgets? Their only choice will be to sell their homes or face foreclosure. This is exactly what has happened. As we have said before in the House, foreclosures are at an all-time high and have been for the past year. As my leader stated the other day, approximately 1,000 home owners a month are being forced to abandon their homes. This is according to the economic review of the Department of Finance to which my leader referred today. We face a very desperate situation and have for the past year.

However, if we think we have had a bad time this year, just wait until next year. Next year is the year when there will be a record number of short-term mortgages coming due. A lot of five-year mortgages were taken out five years ago in the hope that mortgage interest rates would come down. Many three-year mortgages were taken out three years ago. Very short-sighted but desperate people took out one-year mortgages last year hoping against hope that they would be able to beat the system this year. All these mortgages will be coming due next year. If ever there was a time for government planning, this is the time, but we know that the minister responsible for CMHC has said that we will stand pat, we will not do anything new and we will not do anything to protect the people of Canada who are losing their homes. The Minister of Finance (Mr. MacEachen), supported by the Prime Minister (Mr. Trudeau), has promised that there will be no changes in economic policy, so we can expect that mortgage interest rates will go even higher.

Whenever we speak about mortgage interest rates, we tend to focus on home owners and the effects they face whenever interest rates go up. I would like to stress, however, that tenants in most cities are in a much greater plight than most home owners. Those of us who own homes or have some equity in homes at least have some security for the future. We have something to show for the money we have to pay. Tenants in most cities spend all of their incomes on the high cost of living. They are unable to save for homes. Many of them, at least in my city of Vancouver—thousands of them, as a matter of fact—are paying over 60 per cent of their incomes on rent, yet our minister suggests removing rent control.

Young people—and I am sure we all know many of them—are simply putting off indefinitely or forever having families. How can they have families when they cannot get out of one-bedroom suites and cannot really afford the cost of those? Those who have been saving for houses will be disappointed again unless they have incomes, as I said, of well over $47,000. Who has those incomes? The only ones who have any hope at all—and these are the smart ones, in my opinion—are the people who have had the foresight to try to get their names on co-op housing waiting lists. Let us hope there will be some increases in funding for co-op housing, since that is about the only affordable housing for young people or, for that matter, for anyone today.

As a direct result of the economic policy of this government, and particularly as it affects home owners and tenants, I maintain that we have a two-class society, and the disparities are becoming greater every time interest rates go up. Those who are lucky enough to own their homes, even though they may be modest homes costing a few thousand dollars 20 years ago, are the comfortable elite compared with young people today. This critical situation has come about directly as a result of federal economic policy—and within an astonishingly short period of time, if we look back over the last five years.

• (1720)

High interest rates have not cooled down inflation. The price of housing has not cooled, it is at boiling point, and so are Canadians. It is certainly no wonder at all that Canadians are demanding higher wages just to keep food on the table. Excessively high interest rates have depressed housing starts across Canada as well, discouraged the construction particularly of rental housing despite that famous MURB program. In B.C. it so happens housing starts are up and we do not have unemployment in the construction field, but I can say most of our trades people are moving to Alberta because they cannot afford to own a house in Vancouver. Potentiel home buyers are being kept out of the housing market and those facing renewal are in an impossible situation.

I would mention briefly that housing starts are down in most provinces. Perhaps hon. members would be interested in a comparison of house prices across Canada. Here again we see a direct relationship to high interest rates. Vancouver is in a crisis situation and the disease is spreading to Ontario, so let us hope we are now going to get some action.

If we compare prices in Toronto, Montreal and Vancouver over the last quarter we see that in Toronto house prices for an average family home have gone up from $76,000 to $79,000, an increase of 4.2 per cent. In Montreal, prices have increased from $51,000 to just over $52,000; and I am told that the fastest increases are coming in Montreal and that over the past year increases have been much greater than that. In Vancouver the average price has increased from $133,000 to $156,-521, an increase of 17.6 per cent. So we can see that the average increase in housing prices across Canada is over 12.3 per cent in the last three months, and this jump and the cutback in housing construction are directly related to these completely irrational economic policies.

I would like to mention one bright light on the horizon, and let us hope that the federal government is going to take notice and expand this program. Nova Scotia announced yesterday a

long-term mortgage loan assistance program. We know that in four or five other provinces similiar programs are starting up, but this is a federal responsibility, Mr. Speaker. Provinces, particularly one of our poorer provinces such as Nova Scotia, should not have to be forced to do this on their own.

Housing starts, as I say, are down across Canada, and in Manitoba they are the lowest they have been in 14 years. There have been only 35,000 new housing starts in Quebec, down 6,000 from last year. We know that St. John's, Newfoundland is another crisis area second only to Vancouver. Vacancy rates there dropped from 20 per cent in 1970 to minus 1 per cent in 1980. And we know that with the influx of people related to the oil exploration industry there is a very serious problem coming. St. John's has experienced a 22 per cent increase in housing prices.

I want to mention the situation in British Columbia again as a warning to other provinces. This week we had a briefing from CMHC officials from that area. One third of our households are tenants and to purchase a home one must have an income well over $60,000 a year. Children have to stay with their parents and work to help pay for a house, and only those who have parents or fairy godfathers have a chance of getting a house. Tenants in new housing units are paying well over $650 a month rent. Families are doubled up and there is desperate overcrowding as far as young people and students are concerned. As I said before, over 33,000 tenants pay more than 50 per cent of their income on shelter, and these are mainly senior citizens, the single parent families and handicapped persons who are living in dumps because they cannot afford anything else even if it were available.

Part of the problem is the influx of 56,000 persons into B.C. last year, 17,000 of whom were immigrants. There is an increase in demand for an estimated 25,000 more housing units, yet the government is doing nothing to help the situation. Their high interest rate policies are creating an impasse in the rental housing field and I would think also from the point of view of social housing, although we appreciate very much the non-profit mortgage write-down policy of the federal government. This is one of the best policies going but it is not enough. The cost to the government of those high interest rates for that program is another problem we must face.

We do not want to shut the doors to beautiful B.C.; we want and have a right to expect government help to increase the stock of affordable housing, as does everyone in Canada. So what are we going to do about this, Mr. Speaker? We have mentioned repeatedly a number of very positive programs that the government, if it had the will and it cared about people rather than the market, could institute tomorrow. My leader mentioned several of them earlier today. We must have a made in Canada mortgage rate as well as a general interest rate policy, even if it means that the dollar goes down or exchange controls are needed. We must have a sensible and practical mortgage assistance program through the banks, which make several millions of dollars in profits every time the interest rate goes up one point, and also through the government, particularly for family starter homes. Nova Scotia is an example we have been advocating for some time, with low interest mortgages, preferably over a 25-year period, for families earning under $30,000. This should bring down the cost of shelter to at least 28 per cent of income. This is a federal responsibility and we have the money there to do it; we have the money that the banks have, we have the Bank Act and we should get going.

We also want, Mr. Speaker, CMHC to return to a leadership role in the field of housing. It is time they went back to direct lending for long-term mortgages.

Some hon. Members: Hear, hear!

Mrs. Mitchell: We want CMHC and the federal government, in co-operation with other levels of government, to get back into land banking, assist municipalities in bringing down the cost of land and protect public land for the use of ordinary people for affordable housing. This is most urgent. We want an increase in the stock of affordable housing and the only way to do that in today's circumstances is by government write down of mortgages for non-profit and co-operative housing and for sensible family-oriented, small units of public housing.

We also need to have increased government programs to rehabilitate older homes. This is the only kind of accommodation most people can afford and it improves our cities and makes use of available resources. We should certainly have more innovative housing programs.

Let us look at what the Atlantic provinces did, but which they cannot do now because of mortgage interest rates, in regard to self-help programs in building co-operatives, shell housing, putting one's own labour into one's home, building a few rooms and adding more later when the kids come along. This government is discouraging that kind of thing.

• (1730)

My hon. colleague, the hon. member for Winnipeg North Centre (Mr. Knowles) tells me that I still have two minutes left—a most unusual situation.

I would like to elaborate and give some examples of some of the things people can do themselves if they have some sort of government assistance, particularly the non-profit sector getting into affordable housing. In my riding of Vancouver East groups in the Chinese community have been organized for over ten years which have not only rehabilitated the older homes in the community but which have used 25-foot inner city lots on which to construct two or three housing units. This is innovative and attractive housing which people can afford. In some cases the land is leased and in others it is strata title housing which people can own. There are other groups which are building co-op and other forms of rental housing. We need more housing which is accessible to the handicapped, and there is no better year in which to construct that type of housing than in the Year of the Handicapped.

I will conclude at this point, Mr. Speaker. I repeat, I support the motion which my party has put forward. We must have a made-in-Canada interest rate policy. We need it for the

number one economic and social problem in Canada—housing.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Pierre Gimaïel (Lac-Saint-Jean): Mr. Speaker, once again and for the second week in a row, we are having a debate in this House on the economic effects of high interest rates in North America, and I should even say the entire world. I agree with my hon. colleagues opposite that the present interest rate is far from ideal and obviously affects people throughout our country. I have to agree that, as far as economic growth and people's ability to pay are concerned, the interest rate has a negative impact on the wealth and purchasing power of individuals. However, we must recognize, Mr. Speaker, that economic conditions in the western world have changed enormously since 1973. One major reason was the increase in energy and oil prices which on two occasions caused mini economic crises in these countries and required extraordinary imagination on the part of the government to save individual consumers undue hardship because the situation or price increases were hard to justify as they were based simply on the oil supplying countries' desire to acquire more wealth.

Of course, the opposition parties now rise to blame the government for breaking its promise to protect Canadians who must bear the brunt of high interest rates. It is easy for the opposition parties to make such an accusation now, especially as they conveniently forget several things when they talk about the situation. First, they claim the government did not make good its commitment to protect those people who suffer the most from those high interest rates. This is completely false. I can very easily prove it by mentioning some policies which specifically aim at protecting those in the lower income brackets. Of course, interest rates are one of the factors which can cause poverty, but it is not the only one. Is it not a fact that Canadians who are now paying higher interest rates are also paying only $1.80 or so for a gallon of oil compared with about $5 in every other industrialized country? I heard a member of the opposition say earlier that co-operatives could no longer build in Canada. I find this extremely surprising because the Canada Housing and Mortgage Corporation now lends money to co-operatives at an interest rate of 2 per cent for housing projects. I find it extremely difficult to explain why they cannot build when the interest rate is 2 per cent; if they cannot do it now they never will.

As far as I can see, the proposal made by the opposition party is just about the same song we heard from the official opposition last week. Members opposite would rather have lower interest rates in Canada. I would too, of course. But in what context? If it is in a context where the world interest rate hovers around 10 per cent, then the Canadian interest rate should also be 10 per cent for the well-being of all of us, but if conditions are such that the U.S. prime rate nudges 20 per cent, what is the meaning of the position taken today by the opposition parties? It is very easy to define. It means that the dollar is weakening. It means that the value of our Canadian dollar is going down, so what does that imply? It implies that the price of all imported goods is going up. The price of oranges is going up, the price of coffee is going up, the price of sugar is going up, the price of energy is going up, the price of oil is going up, the price of cars is going up, the price of car parts is going up, the price of each and every consumer goods will go up tomorrow morning.

So who is undergoing the effects of all that? Mr. Speaker, I agree that it is important to stand up in this House and speak for those who can borrow because, thanks to everything that has been done in our country over the past 20 years, Canada ranks first in terms of single-family dwellings per capita. Canada is where residents own the largest number of goods, Canada is where people can borrow more than anywhere else, because no other country offers better borrowing opportunities than Canada does.

Of course, any member who rises in this House and attempts to defend those who can borrow is making friends with a great many people. But one thing that should not be forgotten is that there are people in Canada who cannot borrow even when the interest rate is 5 per cent. I am referring to Canadians who draw unemployment insurance benefits, people who depend on social welfare to survive, the elderly in many cases and widows in many others who are facing problems. There is one very simple aspect which we ought to keep in mind, namely that in any money-lending system, be it Canadian, Russian or American, no person can borrow unless he or she already has money or property. If a person does not have anything there is no way he or she can borrow even when the interest rate stands at 5 per cent.

When I hear our so-called socialist party lecture this House on the need to bring down interest rates, which would necessarily lead to a weaker dollar and force those people who have barely enough money or an income hardly decent enough to safeguard their pride, to pay more for the bare necessities of life, for sugar, salt and coffee, as we often say, then I really wonder what kind of socialism they profess. I have great difficulty in—

Mr. Nystrom: Mitterrand!

Mr. Gimaïel: —Mitterrand, indeed! That party seems to think that we would be better off with Russian style policies, even though Russia has trouble feeding its 300 million people spread out over a huge landmass. That is the kind of socialism you are advocating. No, Mr. Speaker, the New Democratic Party in this motion of theirs is simply asking us to help multinationals and big corporations borrow still more money.

As a government we are naturally much concerned with the fact that the medium and small businessman, the farmers, the home owners have to pay more to borrow money. But was it

not a member of this government who announced today that pork producers would receive substantial amounts of money to help them meet their costs? This government has taken all sorts of measures to offset these high interest rates and thus to aid those who need help the most and not the multinationals whose case the hon. member for Oshawa (Mr. Broadbent) is now arguing.

I remember that last year I called that party a non-development party and I still hold that to be so. I think that the reason why the leader of the New Democratic Party is paying so much attention to underdeveloped countries is that he is realizing that the policies he wants to apply here are already being applied over there. Maybe that is his basic problem. Because above all, this so-called socialist party has overlooked a very important segment of our population which belongs to the future of this country, and I am referring to our young people who do not own homes, or cars, who often do not have any money in the bank, who cannot borrow, who have to face serious difficulties. These socialists have forgotten that these young people need to have sugar, bread, milk, and butter. They need imported oranges, imported salt and many imported goods for the daily necessities of life. If the Canadian dollar loses value, who will bear the brunt? Young people, the handicapped and people on welfare. If this is what members of the New Democratic Party want, let them say so. Let them say publicly to all Canadians: "We want to help the multinationals, the borrowers, we don't want to help those people who cannot afford to borrow. We don't care if interest rates are higher, in other words, if the Canadian dollar is weaker and prices higher. Such is not our concern.

Well, I for one, say as a member of a party that for years has been defining itself as the party of economic liberalism, as the party of individual liberties and defence of the individual, I say that the individual who cannot afford to borrow deserves more help than the one that can. That is essential to the future of our country because if our young people who are now confronted with unemployment-related problems cannot afford or have to pay too high a price for essentials, we are going to experience major problems in this country such as some other countries are presently going through.

In the same line of thought, I think that those who would like to make Canadians believe this government and preceding Liberal governments have not tried to help Canadian workers improve their lot, are simply distorting the facts and misleading the Canadian people. What is the result of all the work that has been accomplished? As I was saying, in this country people own more goods than anywhere else in the world. Some Canadians now reap the benefits of our forefathers' toil. We the young people, we who are 30 years old and over, 30 to 55 or even 60 years old can enjoy many luxuries. We own houses, cars, summer cottages, TV sets. Many of us take trips, own expensive fur coats and jewelry. Not all countries in the world have been able to provide so much for their people. Granted, today we have to make sacrifices.

I heard the hon. member for Calgary Centre (Mr. Andre) suggest a miracle solution, an amendment. I worked it out quickly, Mr. Speaker, and came to the conclusion that the amendment of the hon. member would cost $3 billion to the Canadian taxpayers who would be affected. Considering the fact that this extraordinary suggestion comes from the party that has been condemning the government for a whole year now for spending too much, for wanting to spend too much, that has been asking the government to cut down expenditures, I feel that this is asking for more inflation; this amendment would dig into everyone's pocket directly, because even the person who receives unemployment insurance benefits pays income tax. In other words, everyone is affected.

Mr. Speaker, personally, I do not believe in miracle solutions. However, there are solutions and this government applies them. Is it not in Canada that people pay less for energy? Yes, indeed, it is. Is it not in Canada that people have access to more goods? Yes, indeed. Are not Canadians the ones who travel the most around the world? Yes, again. In that context, how can anyone accuse the government of not doing its job? Is it not in Canada that the gross national product has increased by 8 per cent over the last three months, and that on a yearly basis? Yes, we are talking again of Canada. Tell me of another country which does as much, even a socialist country such as Yugoslavia, the U.S.S.R. or any other, whose broad general policies may be based on state control. There is not one. Is it not Canada with a population of 26 million which feeds hundred millions of people throughout the world? Yes, it is Canada. Is it not a fact that the wheat produced by western farmers who seem now to have difficulty borrowing money is sold five years in advance? Is it not true? Yes it is. Those are the parties, Mr. Speaker, which come up with miracle answers. Where would those miracle answers take us? Nowhere. Another $3 billion in loans or a dollar dropping to 70 or 75 cents, this is left to one's imagination. And who will foot the bill? The small wage-earner who is earning nothing or next to nothing. The government in power has assumed its responsibilities. It has reduced unemployment by 0.7 per cent and increased the gross national product from 4 to 6 per cent over last year. What more can we ask? I think that the government is doing its duty and those who are blaming it are doing so because they lack the necessary imagination to bring positive input into this debate to help Canadians.

In conclusion, Mr. Speaker, there is one fact that I should like to emphasize: the miracle workers in this country have never built anything, contrary to the patient men who have taken advantage of economic circumstances to liberate our people and help those who needed help. In this context, the government of Canada is indeed assuming its responsibilities when it asks Canadians who can afford to borrow to pay a little more for a year or two perhaps while protecting those in

our society who need protection. You must protect your children and your parents who supported you for a great many years, because they will be facing difficult times for awhile, by paying interest rates which are a little higher, but do not let our dollar deteriorate completely; do not ask us to lower the interest rates you pay because our dollar would collapse and all those essential goods we are importing would cost more.

In that context, Mr. Speaker, this is what I say to my fellow Canadians and especially to those in my riding of Lac-Saint-Jean: Make an effort for a year, maybe a little less, maybe a little more, and pay high interest rates. Make this effort because the President of the United States, who was received with very loud applause by the official opposition for over two hours when he visited us some time ago—such loud applause in fact that we, on the government side, were wondering why—has decided to raise interest rates in the United States to 20 per cent. This is a direct attack against the Canadian dollar. We are going to support the Canadian dollar and I ask my fellow Canadians to do likewise: help the young, work for the future of our country, and everything will be back to normal within the next few months, the unemployment rate will come down and inflation which is so hard on the low wage earners will not hurt quite as much. Thank you, Mr. Speaker; I hope opposition members will see the light and understand that beyond home owners, lands, houses and corporations, there are in Canada people who have just the bare essentials to live on.

● (1740)

[*English*]

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, I listened with interest to my colleague, the hon. member for Lac-Saint-Jean (Mr. Gimaïel), and I had to agree with him when he started his speech. I want to congratulate him, as well, on at least having the decency to admit that the 20 per cent interest rates in this country are causing problems and that it is not all milk and honey. However, as he progressed in his speech, I think he got lost in some of his rhetoric. At the end he said that we are going to help our young people. I do not see how we are going to help our young people by having interest rates at such prohibitive levels. First of all, it will drive them out of business. We all know that the people who are hurt the most are those who are the most vulnerable in business and, by and large, those are new and young Canadians trying to get started in business and those who have recently gone into business and borrowed money at lower rates. So when he talks about helping young people and at the same time defends 20 per cent interest rates, he is contradicting himself somewhat.

● (1750)

I agree with the hon. member for Vancouver East (Mrs. Mitchell) who said that we have only seen the tip of the iceberg. If these interest rates continue, a lot of people who have to renew mortgages in the coming year at prohibitively high interest rates, will lose their equity in their home and will be out on the street.

If the hon. member opposite intends to support the young people in his constituency as well as those in the rest of the country, he should prevail upon the government of which he is a member to pursue policies to bring down interest rates. The young people he is concerned about would then have the chance to participate in the development of this country which has so many opportunities to offer.

In the last month all of us had an opportunity to spend time in our constituencies. One of the reasons for having this time is to find out from our constituents what their concerns and problems are. Those of us who have been in our constituencies know that interest rates are the greatest problem facing Canadians today. They realize that there are no easy solutions to the problem. Most members on this side have presented some short-term and long-term solutions to the government and have suggested methods to alleviate the problem, but none of these have been acted upon.

Our constituents are justifiably concerned about high interest rates. While most people realize that there are no easy solutions, they do not see any benefit coming from the situation. It is one thing to go through a trying time in a business, to cut back on expectations and the standard of living and still face the possibility of going out of business if there is the prospect of better days ahead, but that is not the situation today. The government does not offer any long-range policies or solutions.

I should like to list four or five things that the government could do that would bring about lower interest rates and a more productive economy within two or three years. These have been stated many times before but I think they need to be stated again.

First of all, there should be a genuine willingness on the part of the government to negotiate with the provinces which produce oil and gas so that an agreement can be reached that will make Canada self-sufficient. This would create jobs and generate economic activity in the country. It would also stop the massive hemorrhage of Canadian money going out of the country to establish trust funds in places like Saudi Arabia, Venezuela, and Mexico. People become excited about the heritage fund in Alberta, but I would much sooner see a fund established within the borders of Canada than one outside the country. This is something that the government cannot seem to get through its thick skull, that we are much better off to keep that massive amount of money—something like $4 billion this year, which is—approximately equal to the total budget of Manitoba and Saskatchewan together—and at least have a chance to recirculate it and generate jobs and economic activity in this country. Instead, the government chooses to subsidize the price of oil and pay foreign producers more than Canadian producers.

In addition to sending the money outside the country, there is another unfortunate effect. That money has to be recirculated and it comes back in the form of foreign investment in this country. Provincial governments are engaged in the legislative

process of trying to prevent foreigners from buying Canadian farmland. This seems to me to be silly considering that we are sending money out of the country because we cannot reach an agreement on oil prices in our own country. Our countrymen are not asking for world price but for a percentage of it. At the same time as this is refused we are, in effect, paying foreigners to buy our farmland with Canadian dollars used to buy foreign oil.

For a long time those of us who come from western Canada have been concerned about transportation. I would argue that it is part of our heritage and should have special attention. If there were some leadership forthcoming from the federal government, we would not face the prospect within two or three years of insufficient transportation facilities to move our raw products. If we could ensure transportation, it would help our foreign exchange problem, our balance of payments deficit, interest rates and the value of the dollar. We see no leadership in this area whatsoever.

I am puzzled why the government would give top priority at this time to buying Petrofina which will add nothing to our production capacity. It simply buys out a bunch of gas stations, a refinery, some real estate and some reserves already in the ground. The $1.5 billion will be taxed away in the form of a 3.5 cents per gallon increase in the cost of gas at the pumps and in the form of an increase in taxes on natural gas.

I have in front of me a letter from Union Gas which points out that a further $18 per year increase will come into effect on July 1, in addition to the $18 per year increase to the consumer which came into effect on May 1. That means that the average consumer of natural gas in Ontario will pay an additional $36 per year—not to make Canada more self-sufficient or to increase the supply of natural gas or tar sands oil or any kind of synthetic oil in this country, but to let the government buy Petrofina.

It seems to me that if the government were genuinely interested in making the economy more productive and thereby keeping down the rate of inflation instead of adding to it and to the burden on consumers, this money would be spent on increasing production in Canada.

My constituents do not understand why the government persists in trying to attack inflation only from the demand side. That is precisely what the government permits the Bank of Canada to do when it allows the governor and the board of directors of the bank to pursue the fight against inflation through monetarism. The Minister of State for Finance (Mr. Bussières) said something that I took down as best as I could, so it is close to a quote. He said: "High interest rates have not had a major impact on slowing down growth and credit". I am pleased to see the minister is in the House. He quoted statistics to back up his statement. If that is the case, can the minister not see that the monetarism which he supports adds to inflation? This is certainly a possibility. I see the minister shaking his head.

I should like to give the minister an example, Mr. Speaker, one which affects all small businessmen and farmers in this country. Many small businessmen are not in a position to carry inventory at interest rates of 25 per cent. We now have a prime rate very close to 20 per cent in this country, that is compounded monthly. On an annual basis, that approaches 22 per cent or 23 per cent. Small businessmen cannot afford to carry inventory at those rates, so when a customer comes to buy something, it has to be ordered from the factory. That accounts for two or three months of supplies that the business would normally carry and in turn, this puts people out of jobs. It does nothing to fight inflation; it hurts on the supply side. This would apply to a furniture dealer, a clothing dealer, a lumber yard or any business that has to carry much inventory. There is a limit to how much interest a businessman can pay. He has to pay interest costs out of profit, and if he does not have enough profit to carry inventory, he simply cuts back.

This is the planting season in Canada, but many farmers will not be able to obtain a line of credit, and so they will not plant or buy feeder cattle to put on pasture. They are not going to plan on planting the kinds of crops which will have to be marketed through livestock. The results will show up in the food the consumer buys next fall because there will be less food around and that hurts on the supply side. That is exactly what the government is doing deliberately by simply supporting straight monetarism and not doing anything to take account of the very serious effects which these ridiculously high interest rates have on the supply side.

• (1800)

I see that you are on the edge of your chair, Mr. Speaker. I do not think it is because of my speech; I suspect it is because it is getting close to six o'clock.

May I call it six o'clock?

The Acting Speaker (Mr. Blaker): Agreed.

It being six o'clock I do now leave the chair until eight o'clock this evening, at which time the Chair will recognize the hon. member for Portage-Marquette (Mr. Mayer) if he is present in the chamber.

At 6.01 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Blaker): When the House rose at six o'clock, the hon. member for Portage-Marquette had the floor.

Mr. Mayer: Mr. Speaker, as I was attempting to point out to the Minister of State for Small Businesses and Tourism (Mr. Lapointe)—and I repeat we all appreciate his presence in the House—the Canadian economy is in a very serious situation. I contend, and I am sure many others do as well, that interest rates above a certain level, certainly over 20 per cent, on an annual basis add to inflation more than they help to prevent it. I was using the examples of farmers and small businessmen.

I wish to go back and relate some of the concerns I have with regard to small businessmen. Small business in this country is responsible for the creation of more permanent jobs than any other sector of the economy. It is not only small business, but farmers and new businesses who are particularly hurt by high interest rates.

Not only can small business not afford to carry the inventory which would have created jobs in order to produce it, it is also losing sales. When a potential customer is not able to make a purchase, not only is the sale lost and, therefore, revenue, but the high interest rates are draining that small business of any profit it may be making.

In the case of the farming community, as the hon. member for Medicine Hat (Mr. Hargrave) pointed out, this is an added cost in terms of farm machinery and whatever else is required in order to be productive. When there is a breakdown of machinery, more time is required to get replacement parts and eventually the whole system is affected, and this hurts the economy.

I urge the minister to take these matters into consideration. Rather than support strictly a monetary approach, which is the demand side of our inflationary concern, he should take into consideration current interest rates as they affect production. Many small business people know that the present interest rates add to inflation rather than prevent it. In his speech this afternoon, the minister, to paraphrase him, said he did not want us to cancel out what we were doing with the right hand by doing something else to counteract it with the left hand. That is exactly what the national energy policy is doing. The figures I have in front of me indicate that by mid-1981, that would be in August, approximately 20,000 jobs will be lost to the oil industry and the service industry connected to that industry. These figures also show that about 139 oil rigs will have left the country, and this represents approximately $1 billion in capital cost. As a result of the government raising interest rates to attract capital, our dollar is helped and inflation is kept in check, particularly if we keep our dollar from falling any further. On the other hand, the National Energy Program is actually driving capital out of the country. I would argue very strongly that if the minister looked at some of the statements he made, he would see that the policies his own government is pursuing are cancelling out what the government is doing.

● (2010)

Again I would urge the government to proceed as quickly as possible, with as much good will as possible, and with a genuine attempt at negotiation to reach an energy agreement with the producing provinces.

When we pursue a monetary policy, as we are doing in this country, strictly by trying to slow down the rate of expansion in the money supply by simply using interest rates, we are not fully realizing what has happened to money as a commodity. Money is no longer simply a medium of exchange as it was 300 or 400 years ago. I forget my history in respect of the development of the medium of exchange, but money, it seems to me, has now become a commodity. It is needed in terms of production in the same way that farmers need fuel, seed and fertilizer, and in the same way a small businessman needs an office or a premises in which to do business. If we think of money in these kinds of terms, I think it would be easier for us to realize, when we raise the cost of that commodity dramatically, what this does to the productive process in this country.

This country was originally settled so people could come here, have some economic freedom and make the country productive. Yet, when we see interest rates at what I would call an "Al Capone" level, it is obvious that is what prevents us from being productive. I am sure if interest rates were at 20 per cent or 25 per cent as recently as three years ago, they would have been referred to as "Al Capone" interest rates. In spite of this, we see speakers from the government side standing up to defend what I would call those "Al Capone" or exorbitant interest rates.

I would like to touch upon the amendment moved by my colleague, the hon. member for Calgary Centre (Mr. Andre) in the time left to me. It sets out that our party supports the extension of the small business development bond, and I heartily endorse that suggestion. I see the Minister of State for Small Businesses and Tourism has joined us in the House this evening. This is something to which he should pay close attention because it is an interesting concept in the sense that the small business development bond allows the incorporated small business person in this country to borrow at half of prime plus 1 per cent or two per cent. At today's rates, that would mean the incorporated small businessman could borrow at something like 12 per cent.

The reason banks are able to make these loans is that they can treat this income as dividend interest rather than straight interest and they are taxed on it at a lower rate. On the other side of this very interesting concept is the fact that the small business which borrows this money cannot claim it as an expense.

It seems to me this is precisely the kind of program that is needed. Most small businessmen are not now really concerned about making a lot of profit. They are not concerned about deductions when they file income tax returns. They are simply concerned about staying alive from one year to the next. The people who would make the most use of this are those people who are not taxable. That is a very interesting idea and a very useful concept. I would urge both ministers whom I see in the House to consider extending the small business development bond, making it available to unincorporated businesses and for things other than straight capital items, for instance, making it available to small businesses for financing the purchase of inventory and the expansion of premises. It could also be made available to farmers for the purchase of livestock and for lines of credit during a planting and growing season. If that could be done, it would certainly go a long way toward alleviating the interest problems of small businesses. Small businesses are more responsible for the creation of jobs in this country than any other sector of the economy.

The other part of the amendment moved by my colleague has to do with the concept of mortgage interest and property tax credit. This is an interesting concept with which I would agree. It really relates to a principle which I think is valid. It simply means that once a tax is paid, it should not be paid again. If we are in fact paying a tax, that tax should be allowed as a deduction on a person's income tax return. That is something that would be very useful to people who are renewing their mortgages and will meet all kinds of problems, as pointed out by the NDP hon. member for Vancouver East.

I would urge the government to consider the suggestions made by the three speakers from my party in order that we can do something about the very serious situation of our economy as a result of extremely high interest rates. Thank you very much.

Mr. Roy MacLaren (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I am pleased to participate in the discussion this evening of the specific question of inflation and broader economic problems. Today we have heard the government attacked because inflation has recurred as a persistent and pernicious problem. Clearly the prime cause of inflation in Canada, as in all industrialized nations, has been the two major oil price increases triggered by the OPEC petroleum cartel.

During the 1973 oil price hike, for example, the average rate of inflation in industrialized nations jumped by six percentage points. The effect of the 1979 oil price increase, the second of the major OPEC increases, was to add a further five percentage points to the average rate of inflation in industrialized countries.

Today we have been hearing from one faction of the Conservative Party which favours a lower rate of inflation. Yet there is another faction of the Conservative Party which presses for a rapid escalation of oil prices in Canada. There is obviously a contradiction in those two positions.

For example, the hon. member for St. John's West (Mr. Crosbie) somehow manages to be a member of both those factions. He advised the Alberta government not long ago to hang tough in its negotiations with the federal government and to press for higher and higher oil prices. Yet last week in this House he piously expressed concern for Canadian consumers who must cope with oil-fuelled inflation. I do not see how he can have it both ways.

If this government were to follow in Canada the Conservative policy of a "made-in-Saudi Arabia" oil price, who would win and who would lose? Where would the impact of inflation fall? The winners would obviously be the large foreign-controlled petroleum companies, petroleum companies which reported a profit of almost $30 billion in 1979. Our Conservative friends evidently think that they need more. Who loses if we permit OPEC to set oil prices in Canada, or if we tie Canadian oil prices to those set by an international cartel? Certainly rapid increases would cause yet more inflation in Canada. Rapid increases would have an especially severe effect upon those in our society who live in rural or isolated areas and those who depend upon petroleum for travelling long distances, and certainly consumers in the poorer regions of Canada would suffer more. Certainly the poor people in our country would become poorer because energy costs play such a large role in the household budgets of the poorer segments of our society. An important American study, for example, recently concluded that for families with incomes in the lowest 10 per cent bracket, energy took fully one third of their expenditures. For families, however, in the top 10 per cent bracket, energy took only one twentieth of their total expenditures. The Economic Council of Canada has estimated that for every one dollar increase in the price of a barrel of oil in Canada, the consumer price index—in other words, inflation—will jump by 0.5 per cent.

● (2020)

For that and for many other reasons we do not have in Canada an OPEC-made oil price policy. We have a made-in-Canada oil price policy, but that is not to say an unrealistically cheap oil price policy. Certainly prices will rise. They will rise gradually, but substantially, over this decade, and they will rise in a manner which is controlled, predictable and known to consumers and producers alike. We are actively working toward an agreement with the principal producing province on that basis.

We recognize that oil prices in Canada must increase. However, unlike the previous government, we have moved to ensure that the beneficiaries of those increases are not the "seven sisters" of the international petroleum industry but, rather, Canadians. In terms of revenues received, foreign-owned petroleum companies in Canada in 1979 still represented 72 per cent of the total industry. Moreover, the involvement of foreign corporations is greatest among the integrated companies—the large, foreign-controlled companies—and lowest amongst our junior producers which are, typically, Canadian-controlled.

In those terms it was evident to all of us on this side of the House that we had to allow Canadian oil and gas prices to rise, but we also had to continue a program of attractive incentives for exploration and development of new supplies from within our own borders. However, if we had done just that, we would inevitably have increased the revenues and the assets of largely foreign-controlled firms, thereby making it yet more expensive for Canadians to purchase a greater share of the ownership of our own petroleum industry. We would also have seen the largely foreign-controlled industry reap substantial windfall gains. In addition, higher prices would have meant either increased dividends to the foreign parents or greater foreign ownership through the reinvestment of profits in the petroleum industry and diversification into other sectors of our economy.

We have been concerned in this discussion and, indeed, earlier in this session of Parliament about capital outflows from the petroleum industry. Let me underline that since

1974, the Canadian petroleum industry has supported net capital outflows of $2.1 billion. If dividend and interest payments are added, the net outflow over the 1975-79 period was about $3.7 billion, contributing to inflation in Canada and contributing to the lack of control of this most dynamic sector of our economy.

Our preference in those circumstances has been a policy to accelerate the process of Canadianization with three specific goals. We aim to achieve a 50 per cent Canadian ownership of petroleum production within ten years. Second, we want Canadian control of a significant number of larger petroleum firms. Third, we look for an early increase in the share of the gas and oil sector owned by Canadians.

The achievement of those three goals will go a long way toward retaining the benefits of greatly increased oil and gas revenues in Canada. It will reduce our vulnerability to the fiscal and monetary policies of our powerful neighbour to the south. Greater Canadianization will stimulate more activity by Canadian-owned firms, with resultant energy and employment benefits. Greater Canadianization will also mean that more and more of the highly technical research work will be carried out here so that both the quality and the quantity of jobs for Canadians will improve.

The renewed role for Petro-Canada will mean that the benefits of Canadianization in terms of equity ownership and control will accrue not only to larger Canadian firms and wealthy individuals but also to every Canadian taxpayer.

I was pleased to note recently that the Right Hon. Leader of the Opposition (Mr. Clark) has reversed his position on the privatization of Petro-Canada, but in that policy, as in so many other cases, there seem to be several factions within the official opposition. Another part of that same party seems to be led by the hon. member for Calgary Centre (Mr. Andre), from whom we heard earlier. According to *The Calgary Herald*, the hon. member for Calgary Centre stated recently that "Petro-Canada is here for the moment, but we will see what the situation is if we are back in power". Despite what his leader has said, he added, "There are already more than 400 Crown corporations, and that is just far too many. Petro-Canada would be one place to start cutting that number".

If there is confusion among the factions within the official opposition, the situation does not seem to be much different in the New Democratic Party, where we see some of the same lack of consistency respecting energy policy in Canada. One of the factions in that party calls for greater federal spending to aid Canadian consumers, but another faction demands that the provinces have all resource revenues from east coast development and that we slow or cease exploration and development in northern Canada.

One faction demands greater revenues from the petroleum industry, yet another faction in the same party rejects the 8 per cent petroleum gas revenue tax. The New Democratic Party certainly seems to have a surplus of suggestions on these matters, but on oil pricing its members are strangely silent.

Interest Rate Policy

Since inflation is basically a structural phenomenon, it can best be abated by structural remedies. Much has been made during the course of the debate today and earlier about what is seen as the economic interdependence of Canada and the United States. The long-term solution of the New Democratic Party to our problems is to declare our economic independence, but what do members of the New Democratic Party advocate with such a vague phrase? Surely they favour our very successful efforts to export goods and services. The United States accounts for two thirds of our exports. In 1980, for example, our total receipts from trade with the United States alone amounted to more than $55 billion.

● (2030)

Now in this sense Canada cannot and will not withdraw from the international marketplace in search of some ephemeral economic independence. We are a trading nation. We are a winner in international trade. In terms of merchandise trade alone, the 1980 balance was in our favour by some $8 billion. However, in terms of our service account, Canada suffers a large and growing deficit which last year was more than $10 billion and which more than eliminated our merchandise surplus.

I believe the implication is clear, Mr. Speaker. Canada must continue its vigorous trade efforts to sell abroad while allowing our competitors fair and equal access to our domestic market. At the same time we must strive to reduce our dependence on foreign investment which contributes substantially to our current account deficit. However, if the NDP means economic independence in terms of controlling foreign investment and providing incentives for Canadians to invest in and own the dominant Canadian industries, then indeed they are supporting many recent government initiatives, of which the NEP is an outstanding example. The government, Mr. Speaker, has moved recently to patriate the Constitution. We are gradually moving to patriate significant sectors of our economy.

Let me allude for a moment to other structural causes of inflation, having touched on the major impact of world oil prices and our immensely important connection with the international trading community. In part, high inflation is a symptom of economic inefficiency which reduces Canada's competitiveness and productivity. One such inefficiency is the lack of a strong indigenous research capability and specialized technology. Canada has a secure resource base, a fairly strong secondary manufacturing sector, but we add little value to the resources nature has so generously bestowed on us. Borrowing someone else's technology or even just copying the products of other countries and producing them on a world scale was enough perhaps at one stage. However, the day that someone else's technology will give a country a major lead in international trade is fast passing. Major technological events are the reordering force behind changes in market competition.

The industrial strategy of Japan and several European countries has been forged through government leadership and co-operation with industry. Public policy has become a major factor in the traditional concept of competitive economic

advantage. Public policy can serve either to support the development of a viable long-term position or, at worst, add to the costs of an industry. Although we have been slow to encourage research and development in Canada, and despite the fact that a good deal of innovation is controlled by foreign corporations, we can build on our limited domestic base. Our investment in technology must relate in large part to the specific market opportunities in the future which should be undertaken with a sense of urgency and an expectation of significant achievement. The success of Telidon is an outstanding example.

I have spoken of one or two of the factors in our economy making for inefficiency and hence, by extension, contributing to inflation. In conclusion I want for a moment to touch upon the fact that here in Canada provincial governments have erected economic barriers which frustrate the realization of the full benefits of the Canadian common market. We must be economically integrated. We must not be the victims of balkanization if we are to prosper in a highly competitive world. Most Canadians, for example, would assume they have the right to travel, live and work anywhere in our country, but because of actions that provincial governments have mistakenly taken in the past, we have had to guarantee that right in the constitutional proposals before this House.

There have been other examples of obstacles to the free flow of capital, goods and services. These obstacles to production must be reduced and eliminated if we are to compete in a difficult world and ensure that our industry is as efficient as it can be and, as a result, we shall reduce and eventually eliminate inflation.

To conclude, Mr. Speaker, I have touched on one or two of the longer term possibilities for combating inflation. I have alluded to some of the major components of this government's industrial strategy and touched on the benefits for all Canadians in the National Energy Program. I have also drawn attention to several significant contradictions in the opposition arguments which I believe indicate once more that they have been unable to convince the Canadian people that they have any constructive alternatives to offer.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, it is indeed time that this House devoted itself to a debate on the economic affairs of this nation. Under the guidance of this government we are moving into a state of economic feudalism. It was in the middle ages that feudalism bloomed and prospered in a different way than today. It was a matter of armed force under the lords or ladies of that day that controlled society in every way. It was then that we had restricted ownership, share croppers, tenants and peasants. Over the years we grew out of that structure only to find that under the leadership of this government, in an economy which may be approaching a state of uncontrollability, a different type of feudalism is emerging.

We have small storekeepers being bought out by larger ones and the owner may be installed as manager. We have small plants being bought out by large plants and the former owner installed as manager. We have people who are going to leave their farms by virtue of bankruptcy and they may or may not be employed by the next owner as manager. The feudal system of our economy is frightening, fearful, devastating and unacceptable.

Some hon. Members: Hear, hear!

Mr. McCain: Small business cannot survive in this environment. It is our largest employer and covers a wide area of our economy, and it is the patient who suffers most in the economic malaise in which we find ourselves. Fishermen, farmers, storekeepers and home owners cannot stand the punishment government is dealing out by virtue of its fiscal and monetary policies. They do not have the power in the marketplace that big business, the feudal barons of today's economy, have. They do not have the market power, the buying power or influence with government. They do not have the power, period. They are therefore caught in the trap of the economy which has been generated by this government. They do not have the pleasure or the luxury of the protection which should be afforded them by law, and which at one time was afforded to them.

● (2040)

Today, for instance, if one has the good fortune to have $100,000 in loose change one can place it with a financial institution on a 30-day basis at 18.1 per cent. This was one quote I received. I do not have that kind of money, but I wanted to find out what an investment of that sort would be worth. On the other hand, let us take a look at what would happen to the guy who renewed his $40,000 mortgage today—and this did happen. He was advised by the man who advanced the money that his monthly payment would go up $240. Let us assume that this guy who arranged his mortgage pays 18.1 per cent interest to the mortgagor. He will pay $7,200 a year—$600 a month in interest alone, with no capital improvement in his position. What has happened to this guy is that he is now of little use to the economy of Canada, except as he serves himself to pay his interest to stay under his own roof. He has nothing left over to take to the marketplace to make a demand, which in turn creates employment. This is what is happening to the economy. What else can he buy? What contribution can he make?

What about the farmer who must borrow to put in a crop? If he is compelled, as many are, to borrow all his working capital for planting, a combination of inflationary history of the last ten years, plus the increased rate of interest he must pay, this will cause—and this is what I want to draw to the attention of the last speaker—a ten to fifteenfold increase in interest costs for an acre of crop. That is he must pay ten to 15 times more in interest in 1981 than he would have paid in 1970-1971. That is a real inflationary pressure.

Let us take a look at what it might cost a potato farmer to get into business this year. The following are a few remarks made by Joe Drozdowski of the New Brunswick Potato

Agency on farm debt problems for New Brunswick potato producers:

In 1980 total cost of production per acre amounted to $1,063, of which interest charges were $70. Higher interest rates should force that figure higher this year.

I submit to you, Mr. Speaker, that I would like to show you the position of the seed producer who will finance and plant a crop in late April or early May and who will, in turn, put that crop on the market in March or April. His costs on the basis of cost-per-acre will be in excess of $200. This is what is happening to the price of food. To get crops in the ground, producers will have to borrow $80,000 to $100,000 for a moderate-sized potato crop. They will have to pay 20 to 22 per cent interest. If a young man wants to buy a farm of 150 acres, for example, he faces an initial capital cost of $300,000. At that price, and at this interest rate, he cannot enter the agriculture business and the potato industry of this land anywhere and hope to survive. Joe Drozdowski also says that interest rates are keeping total acreage at a low level. Farm machinery dealers and fertilizer companies will not offer credit beyond 30 days, so the farmer is forced to go to a lending institution for all his operating costs. Mr. Speaker, these are pretty dire consequences.

Recently the Canadian Federation of Agriculture put a very special plea to the Minister of Agriculture (Mr. Whelan). The Federation sent an urgent bulletin to all members of Parliament requesting immediate emergency relief for farmers facing bankruptcy or foreclosure due to exorbitant interest rates. The CFA called for extra funds under the auspices of the Farm Credit Corporation, which has the staff and administrative capability to provide loans at deferred rates. Those most in need, said the CFA, were hog and beef producers, as well as cash crop producers, and that includes potato producers. The Federation also noted that it is high interest rates and not poor management, as had been implied by the members of cabinet to your right, Mr. Speaker, which has driven farmers into this unfortunate position.

As well, the CFA pointed out that these loans would not be a government expenditure but might well prove to be an investment in Canada's future from which the government would reap good dividends. It was also pointed out that in the first quarter of 1980, there were 44 bankruptcies and that in 1981 there were 75.

It was pointed out that in 1979 there were 125 farm bankruptcies in Ontario and in 1980 there were 224. Farm bankruptcies were up 80 per cent over the 1979 level. In the first quarter of 1981, it was pointed out that farm bankruptcies are up nearly 70 per cent from the first quarter of 1979. If present trends continue, farm bankruptcies could reach 400 by the end of this year. These are serious trends which involve small businessmen who are being brought to heel under the economic feudalism generated by inflation, extravagance and debt brought on this country by this government.

Mr. Whelan stated that it was really only beef and pork producers who were facing bankruptcy. Perhaps pointing out the plight of the potato industry is good.

Interest Rate Policy

The Minister of Agriculture also said in the House yesterday that only a small percentage of farmers faced bankruptcy—

Mr. Blais: Order!

Mr. Baker (Nepean-Carleton): The hon. member is quoting from a document.

Mr. Evans: What is unparliamentary is unparliamentary.

Mr. McCain: It is obviously a sore spot for hon. members opposite. Even an economist would have to realize that there is an element of logic and argument against this government. The more you wail and complain over there, the more you emphasize how short you are on tender feelings, as you sit in the city and abuse the farmer about whom you know nothing. And you still want to interject. Mr. Speaker, I might add that that demonstrates the intelligence of the government as a whole.

The minister also tried to lay blame at the foot of the provincial budgets, Ontario in particular, stating that it only spent $200 million on agriculture in Tuesday's budget. Let me tell you, Mr. Speaker, and those tender-nerved individuals to your right, that the federal government in a single year, in ordinary administrative and research expenditures since 1980, has not made a real increase in the moneys allocated from its treasury to agriculture for the services which this government should perform. There has been an element of change in some departments and some additional emphasis placed on research in the last year, which shows previous neglect of this government. That is not all, Mr. Speaker. The government has tried to transmit to the provinces and the provincial taxpayers historic responsibilities that the Government of Canada has carried since Confederation, since this minister was willing to accept less from the government.

I have heard members of this House complain about the cost of food without saying anything about production costs. What about the fisherman whose fishing gear has risen in price five, six and sevenfold? The cost of boats has more than tripled. The fisherman, too, is paying ten to 15 times as much in interest as he was paying over the last ten years as a result of inflation. Interest alone may have reached as much as 15 per cent of the total cost of food—that is inflationary and cannot be interpreted otherwise.

There is no relief. Even the historic crutches which have been extended to agriculture by the government of this nation have been withdrawn. They have said: "Let us get the provinces to do it." Yes, food is costing more. Farmers and fishermen have had bad years, as they live in a cyclical situation of return in price; but rather than reaping exorbitant profits, they have actually subsidized the food consumer of this nation for years. The cattle feeder, for instance, is losing $150 per head in spite of the high price of meat. Just think of the subsidy he has extended to the food consumer of this nation. The hog producer is facing bankruptcy and, in spite of the price stabilization payment being paid by this government,

which comes late but nevertheless is welcomed, he still finds himself subsidizing the consumer of Canada.

● (2050)

What does one want from the farmers and the fishermen? They have given their blood in 400 bankruptcies; and we are going to complain about the price of food in this nation? If anyone wants to complain about it, let him examine the distribution system and examine the mark-ups, and if there are troubles there, fine. However, agriculture is far from prospering in this nation today. The government wants the provinces to look after these bankruptcies and the hon. Minister of Agriculture, to the satisfaction of hon. members over there—I cannot read it any other way—is willing to abide by all these things which have been passed out by this government. Yes, there are predictions of 400 bankruptcies in agriculture in Ontario this year.

Let us take another instance. A dairyman has advised hon. members of this House that he has an investment which has been a family heritage, and he has an estimate of its value. At no time in the last three years has he been able to realize five per cent on his investment. Why does that farmer not sell that farm and deposit it with one of the borrowing or lending institutions of this nation and get 18 per cent? He is farming for less than nothing, and we are going to complain about the price of food? Yes, it is high, I acknowledge that. However, it is no higher, relatively speaking, than are automobiles, dishwashers, clothes driers or any other requirement of a consumer.

Let us examine the situation of the fishermen in a little more detail. I think it is rather interesting to note that the United Maritime Fishermens Co-op showed a surplus in sales of over $100,000 in 1978. In 1979 they had a deficit of $500,000. In 1980, their sales deficit rose to over $3.5 million. Although sales rose quantitatively, the price per pound stayed low due to poor domestic and foreign markets. In spite of the rising costs due to interest rates and cost of equipment, fishermen could not get a better price. Prices were kept low by the fact that the consumer demand dropped off both here and abroad, as stated in *The Globe and Mail* of March 19.

I have to stand up for the food producer in this nation because he is having a rough time under the structure that this government has established. The government, at this time, should not be opening new offices. It should not be taxing the people of Canada to support them or to employ more people. It should, instead, be looking for ways and means to use the people which it presently has in such a way as to reduce the tax burden and deficit. This is essential. Business and labour cannot be expected to exercise savings in view of the example set by this government. They cannot improve productivity and effect savings. They cannot be penny pinchers in the face of excessive taxation, excessive borrowing, and ridiculously heavy spending. When I read that executive salaries sometimes exceed $500,000, I must say that I find that to be a little high. I must acknowledge that that salary will have to be paid by the consumer of the goods that that company produces. I would say to you that social responsibility in such an instance and in such difficult financial times as these has evidently gone out of the window.

I want to give one example of this. Let us take as an example the village of McAdam in the province of New Brunswick, in my constituency. It was established by the CPR as the railroad was built. It became a booming town in which that company employed some 500 or 600 people at its peak. Now this corporate giant has decided to remove virtually all employment from that community. If left to its own resources, it will become a ghost town. After creating it, it abandoned the village, in the certain knowledge that it will become a ghost town. By not restoring employment historically extended by this company to the residents of that village, I submit that it has not demonstrated a sense of social responsibility. It worries not about the hardship that has been imposed upon these people, nor about the social expense—and this is what concerns me—which will be foisted on the taxpayers of the province of New Brunswick and the Government of Canada as a result of the abandonment of that community.

It is difficult, indeed, to be a free enterpriser under these circumstances, and to exercise a reasonable degree of responsibility when excesses such as this exist. I have to say, though, that the free enterprise system has, in the main, served this country extremely well. There are just a few examples in this structure which, I must say, deserve severe criticism.

The fiscal and monetary problems of this country today may appear to be similar to those which we read about in history. They appear to be simple, as to make us think that there is too much money after too few goods. Even when too much money chased too few goods, policies, now practised by this government, of heavy borrowing, heavy spending and heavy taxation, were self-defeating as happened in Germany after World War I. That kind of inflation could not be controlled that way. Even worse, this is not an historic inflationary period. The shelves are burdened with goods, but people cannot buy them in quantities which will encourage production or employment because the costs are too high. Yet this government is operating at high interest rates, with exorbitant spending and massive deficits, as if these were the cure. There is no immediate panacea.

The economic world today has three virtually equal parts in strength. They are government, management and labour. Until such time as each, with all its power, is prepared to sit down with the other to discuss the problem and evolve a solution, there is no hope for this nation. This government has shown that it lacks both the courage and the leadership capability to supply leadership and face the realities. It is high time that leadership and perhaps some unpopular political moves were applied. A co-operative triumvirate could triumph, but a stubborn government will not create the triumvirate or provide the leadership which could save this country with moves which might not be politically apparent. Let us go after it!

Some hon. Members: Hear, hear!

Hon. Paul J. Cosgrove (Minister of Public Works): Mr. Speaker, I would like to begin my remarks this evening by saying how impressed I was with the hon. member for Calgary Centre (Mr. Andre) who, this afternoon, rose from a sea of empty Conservative seats behind him to propose that this government should ignore the needs of about 70 per cent of Canadians, those who rent and those people, chiefly the elderly, who have little or no mortgage debt. That would be the effect of the amendment proposed by the hon. member which calls for the introduction of mortgage interest and property tax deduction.

In its April 14 Speech from the Throne, this government stated that Canadians would accept economic sacrifice to meet economic challenges, provided it was done on an equitable basis. I would like to know where the equity is in the proposition which would be so targeted, as in the amendment proposed by the Conservatives. In contrast to the previous administration, which, in opposition still sticks to a program to help a minority of Canadians, this government said the following in the throne speech: "We will help first those who need help most." The speech also stated that the government "recognizes the need to protect those Canadians most affected by an acceptably high interest rate". It goes on: "The government will act to assist those ordinary Canadians unable to bear the burden of renegotiating their home mortgages in the present abnormal situation so that the spectre of foreclosure will be avoided . . . without the government embarking upon a major subsidy program."

● (2100)

To this end we have taken positive action on two fronts. First, we have met with lenders to determine the methods they would use to ease the impact of mortgage renegotiation. We have seen that those discussions have been successful in facilitating renegotiation. The practical result of this approach by the lenders has been a steadily declining rate of mortgage arrears in Canada.

In January, 1980, for example, there were 0.78 per cent of accounts under administration. This spring the number has dropped to 0.6 per cent, despite the number of roll-overs which occured in that period.

Second, some Canadians previously received aid for home purchases through various subsidy programs. They face a particularly sharp difference between the old and the new mortgage rates. They were often people of modest incomes; their incomes were of modest growth. We provided particular help on an equitable basis.

Let me report to this House exactly how much aid we have had to provide under the special arrangements I have referred to. Of the Assisted Home Ownership accounts reviewed so far, only 5.9 per cent, just 52 accounts to the end of last month, required the special help offered by this government. Very few complaints have been received to date from those served under the program who received only loans as opposed to subsidy aid; in fact just 11. The government has increased social housing by 5,000 units. These are the non-profit and co-operative dwellings serving people of modest income who receive from the Government of Canada interest write-downs to 2 per cent under Section 56.1 of the National Housing Act. This is in addition to the 25,000 units committed annually by the federal government under its social programs. In British Columbia, for example, one in ten homes is assisted by the federal government. This is important assistance to many people in this country.

The Speech from the Throne states that "Canadians want more effective government, not necessarily less government." In line with this promise, I am pleased to say that cabinet approval has now been given for CMHC mortgage insurance operations to be made more streamlined, more efficient and more competitive. This entails realistic inspection fees for a look at applicants, and somewhat higher premiums. We will have an improved Crown corporation operating on a fully commercial, cost recovery basis for its mortgage insurance, but clearly committed to serving the social needs of the country. Much of this depends on legislative amendments for which I hope to receive the support of the House.

Mr. Speaker, the message I have attempted to impart with these remarks is that this government has kept its promises, it is keeping its promises, and it will keep its promises.

Switching now to other matters in the housing market today, a study has recently been completed for CMHC by Vischer Skaburskis, planners on speculative activity in the most active housing market, namely Vancouver. It reports these interesting findings: out of 17,960 residential transactions studied, it was revealed that approximately 14 per cent appeared to be purely speculative in nature—so about 86 per cent are not. That applies to residents of the province. Another study brought to my attention by the CMHC general manager for the British Columbia region, shows that only about 1.2 per cent of properties bought by individuals in British Columbia, were bought by foreign investors. I know that people have been concerned about this. We will continue to watch closely in conjunction with other concerned agencies, the various trends which have the potential to pose significant problems.

We are monitoring the situation in the housing market very closely. In contrast to the position outlined earlier by the hon. member for Oshawa (Mr. Broadbent) of large numbers of foreclosures, I have indicated that claims have been dropping steadily, Mr. Speaker. In January of 1980, 711 were received, both rental and ownership. By December of last year, despite the rise in interest rates and with the large turnover, this had dropped to 557 claims. By April, again, despite the higher interest rates, the trend continued—441 NHA claims on 808 units.

The fact is that Canadian housing production is growing. Indeed, housing starts have turned around remarkably. The rate in the first quarter of this year was the highest since the fourth quarter of 1979. The seasonably adjusted annual rate for April was 242,500 new homes to meet the needs of Canadian families, compared to 158,000 in 1980, a record rate for the last five years.

Some may ask, Mr. Speaker, why this could be the case if people cannot afford to buy, as the hon. member for Oshawa has suggested. It is simply not true as he has alleged, that 90 per cent of Canadians cannot afford to buy a house. He should consider who is buying homes at record rates.

There are undoubtedly problems for those young first-time buyers entering the market with a small down payment and trying to buy a home with no existing mortgage on it. The facts are that the majority of Canadian homebuyers in today's market are buying with substantial equity from the home they currently occupy. We know that this equity has increased remarkably in the last few months. Many purchasers of houses are able to assume existing mortgages with interest rates stuck since the time when they were lower. Many others, by shopping around, are able to secure builder "buy down" mortgages. Some, and this is not new, will need to save longer or secure equity from relatives or employers. It would be interesting to know how many members of this House were assisted in their first home purchase and were able, on their own, to manage the down payment. We know that in many cases home purchase has been a family or company affair.

If interest rates were lower than they are, there is no guarantee at all that the faith of the leader of the NDP that increased access would result, would be realized. Interest rates are one of the few factors restraining a heated market. We do not know what would happen if interest rates were lower than they are. I would agree with the hon. member for Vancouver East (Mrs. Mitchell) that the brunt of the housing situation in the critical market area is undoubtedly being borne by renters. Statistics show that 34 per cent of British Columbia tenants are spending more than 30 per cent of their income on shelter. The situation is difficult. Since the easing of rent controls, rental increases have been running at about 20 per cent, outpacing the growth in real incomes.

I am pleased to say that British Columbia is expected to have 45,000 housing starts this year, 8,000 over the previous record year. Over 2,500 private rental housing units will be of great help to the easing of the rental market situation there when they come on stream. These units are part of the government's initiative under the MURB program and part of the corporation's activities in B.C. in realigning its underwriting provision to encourage rental housing starts in that very difficult market.

● (2110)

We are doing a great deal to help Canada's rental households. We provided last year alone, for example, subsidies totalling $297 million for about 400,000 homes directed toward lower and modest income Canadians, natives and people living in non-profit homes and co-operatives. That is a continuing and significant contribution by this government toward the shelter needs of Canadians.

I would add that far from being inactive, I intend to meet early next month with my provincial counterparts for what I am sure will be a very productive session on the issues that we face inherent in the motion before us this evening. The first priority concern I take with me to that meeting—and I might add that I am quite surprised that I have not heard mention of it in the debate today—is to bring attention to those Canadians who are the worst housed. I am speaking about the Indian, the native and the rural population of Canada.

During the year that I have held this portfolio, the corporation, in conjunction with organized people from these groups, has reviewed the policy and presented recommendations to the ministers involved, and we in turn have presented, and are in the process of presenting, those changes to our cabinet. I hope that with the co-operation and input of provincial ministers at the conference I have mentioned we can address that concern which should be a concern, not only to people in this House, but to all Canadians who, even though they are faced with problems in their daily lives, should share the concern for the neediest in our communities.

I am sure we will have co-operation and I look forward to meeting my counterparts in the provinces and from the territories as we address, not only the needs of the worst housed people in our communities, but the short-term as well as the long-term challenges that we have in housing today. We do have to plan and address the longer term problems in order to take advantage of what we have learned over the past decade. Housing is always a challenge, not only to the federal government but also to provincial and municipal governments.

In comparison, the previous government did little in the housing field. It authorized a study under the aegis of CMHC. The recommendations of that study were in effect to cancel and to withdraw from areas under the CMHC social program. In just a year we have taken action to get the housing market moving again. We have brought back the rental stimulus under the MURB program which was left to die by the previous government. We have provided additional social housing in addition to the 25,000 annually committed by this government over the years. That is opposite to the claim that this government is doing nothing in the area of social commitment to housing—

Mr. Deans: What you are doing is harmful.

Mr. Cosgrove: —and nothing for those people who need the assistance of this government for affordable housing. We have fostered a free housing market. That market is at last beginning to see a little bit of light in contrast to the darkness that it experienced under the previous administration.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I have enjoyed listening to those members opposite who have spoken this afternoon and this evening. As a result, a number of things have become very clear to me. While we in the New Democratic Party were preparing for this opposition day, I am proud to say that our caucus was unanimous that the high interest rates in the seemingly mindless policy of the Liberal government needed to be criticized and brought to the attention not only of government members but to the people of Canada. We were unanimous about the seriousness of the high interest rate situation. We were serious about the devastating

nature of the increasing cost of living. Yet the Prime Minister (Mr. Trudeau) told us the other day that home owners have never had it so good.

I listened to the Parliamentary Secretary to the Minister of Energy, Mines and Resources (Mr. MacLaren) speak. Implicit in his comments was that everything was quite fine, that the government was handling the problems of the day very well and things were going along quite nicely. Then, somewhat appalled, I listened to the minister responsible for housing suggest again that in the housing industry across Canada accessibility to decent housing is not the serious problem Canadians think it is.

I wonder why this dichotomy of viewpoint exists. Why do people on one side of this House have a certain feeling about the state of affairs while those opposite feel something quite different.

Mr. Skelly: That is politics.

Mr. Riis: It became clear to me that while we talk of tax credits, fiscal policy, monetarism, the M1, deferred taxes, bankruptcies, 21 percentile ranges, prime rates and the Bank of Canada, we are not talking about human beings.

We have a very interesting jargon we use to attempt to understand what is happening in our economy. We do not mention people. We do not mention that people are out there struggling just to keep alive, that they are struggling to keep running shoes on their children's feet. Instead of saving for a holiday this summer, they are struggling to keep their small business going and their farm productive. Human beings are out there being severely devastated by the policies of this government.

I do not want to dwell on the human side to this question, but it does seem to me that it has been absent from our discussions today. Within the last two weeks I had the opportunity to visit a small farmer in my constituency who had gone bankrupt. Here was an individual, a young man in his early forties, married with five children. He had purchased a farm a little over five years ago and had worked literally around the clock for 12 months of the year to attempt to get that farm on track. I had to witness a family packing up all of their worldly belongings in two vehicules and having to drive away. They will likely now find themselves on government dole as they join the ranks of the more than one million unemployed in Canada. That is the story of just one small farmer in central British Columbia.

I also had the opportunity of visiting a shop where the people had just closed the door and put plywood over the windows. This was a small welding shop in central British Columbia. Here again it was a family effort to develop a small welding and manufacturing industry to service the mining sector of central British Columbia. For the last three years the husband, wife and children worked 16 to 18 hours a day. They had to walk away from that dream.

An hon. Member: The Liberal dream.

• (2120)

Mr. Riis: The Liberal dream resulted in an absolute nightmare for many farmers and small businessmen.

I want to talk about the home owners. I suppose there is a grain of truth in what the minister of housing suggests. I would not for a moment say that he was intending to mislead the House. In some way or another, most Canadians today are trying to make do. How are they attempting to make do and what is the human cost? I am sure all of us know of many examples of households where, in an effort to make the mortgage payments, which are getting worse every week, the spouse has to work outside the home. The mother who wants to stay home, raise a family, be with her children after school or take care of preschool children, no longer has that opportunity. That individual is now forced into the marketplace as two incomes are required to meet the mortgage payment.

How often is the other spouse in the situation where after finishing work at the end of the day, he must go out that evening and do a little moonlighting on the side in order to meet the interest payments on their exorbitant mortgage? One could go on and on and talking about the real side of high interest rates and the damage it is doing to the fabric of Canadian society.

Today one sees more and more a situation of hopelessness. If one did a survey asking parents whether they had the same optimism for their children that they had when they were that age, and will their children's lives be the same as theirs at their age, in terms of what they can hope and dream for, I suspect that 100 per cent of the parents would say no, the Canada of the future under present conditions is bound to be worse. Who do we thank for that? Our friends sitting opposite, the Liberal government of Canada which is taking us so quickly to the brink of economic and financial disaster.

The governor of the Bank of Canada, Mr. Bouey, and the Minister of Finance (Mr. MacEachen), whom our spokesperson called Allan in Wonderland for obvious reasons, told Canadian farmers, fishermen, home owners, business people and consumers that high interest rates, which are obviously made in the United States of America, are necessary for Canadians in order to bring inflation under control. Canadians are not dimwitted persons. They know there is more to it than that.

For the year ending November, 1980, the rate of inflation was 11.2 per cent and the prime rate fluctuated between 12.25 per cent and 13.75 per cent. Since then the rate of inflation has moved up to 12.6 per cent, but the prime rate has skyrocketed into the 20 per cent range, and indications suggest that next Thursday it will be 22 per cent, eventually moving on to 25 per cent plus.

An hon. Member: Then Herb Gray will resign.

Mr. Riis: All of us in this House recall the words of the Minister of Industry, Trade and Commerce (Mr. Gray) when

he was playing a role in opposition. He promised that if he was in government and interest rates were as high as those under the Tories, he would resign. They are much higher today. We hope the minister will live up to his promise. We will have to wait and see.

The government's efforts to fight inflation with ever higher interest rates have not, to use the words of the governor of the Bank of Canada, been of limited success. It has been an utter disaster. In fact, the short-term objectives have not really centred on inflation at all but rather on supporting the value of the Canadian dollar relative to that of the United States.

This objective has more or less been achieved. The exchange rate has moved within a fairly narrow range, from 82.5 cents U.S. to 86 cents since the beginning of 1979, but the price of exchange rate stability has been very high.

No country has experienced a continuous and unstable deterioration in the value of its currency and yet has been considered to be well run or well managed. However, the true value of a nation's currency depends on the health and vitality of its economy. It depends on the productivity of its citizens and a nation's ability to develop a sound and efficient manufacturing base to enable it to pay its way in the world economy.

Countries that have strong currencies have strong economies. The national productivity and world trade performance of West Germany, Switzerland and Japan are unexcelled and certainly must be considered exemplary in today's society. The Canadian economy, on the other hand, under this government and previous Liberal and Tory governments has been mismanaged on a plane unparalleled among western industrialized nations, with the possible exception of Great Britain over the last two or three years.

No country in the world has allowed the vital sectors of its economy to become so dominated by foreign economic interests. The National Energy Program bears testimony to this in our key energy sector right from the beginning, and the trend continues today. First it was the fur trade, followed by the squared timber trade, and now in the automotive and food industries we are still hewers of wood and drawers of water. No western industrialized nation has allowed its research and development effort to fall to the level tolerated in our country.

We hold up our head with a great deal of pride and say we have the same level of research and development as Greece and Portugal. With no reflection on Greece and Portugal, they are not considered to have the potential of the dynamic country that Canada ought to be and would be if it were not for the retarded policies of this country.

No other advanced industrialized nation with any sense at all has pursued the kind of bankrupt, short-term, get-rich-quick policies that have left Canada with a fundamentally unsound structure to its balance of international payments. Contrary to what the Parliamentary Secretary to the Minister of Energy, Mines and Resources indicated about Canada's trade balance being fine, we are looking at a chronic current account deficit in the amount of $5 billion. We have a chronic service account deficit of over $9 billion resulting from the outflow of profits, dividends, interest and other payments to the foreign owners of the Canadian economy. We have a staggering deficit of over $16 billion in our trade on fully manufactured goods.

These are the real underlying sources of weakness in the Canadian dollar. Under the mismanagement of the present Prime Minister and his Minister of Finance over the past 13 years, the value of the Canadian dollar has fallen by over 20 per cent with respect to the United States dollar and by more than 40 per cent in relation to the stronger currencies of western industrialized nations. If I can paraphrase a familiar quote from Pogo, indeed "we have found the problem and they is" the Liberal government.

Our dollar would be much lower if it was not for the massive interventions in the foreign exchange markets since 1977 by the Bank of Canada to support the Canadian dollar and, of course, the bank's policy of maintaining high and rising interest rates, but exchange rate stability has been achieved over the last few years at a very high price.

There is the myth that our Canadian dollar is floating. We then must ask why we have to regularly support its value artificially in the 80-cent U.S. range.

Mr. Deans: It's not floating, it's sinking.

Mr. Riis: It is not a floating dollar but a sinking dollar and going down fast. Interest rate instability resulting from the Bank of Canada's monetary policies has made our financial institutions reluctant to extend fixed rate loans. This in turn has compounded business's task of planning ahead and financing long-term investment projects. When one cannot tell what the interest rate is going to be from one week to another, one is obviously reluctant to plan for six months in the future, let alone six years or 30 years down the road. In fact, a recent survey of over 10,000 small and medium-sized businesses disclosed that high interest rates were the most important factor in the decision for them to curtail planned expansion.

• (2130)

High interest rates contribute to a decline in our national productivity by forcing planners to discount projects in which they have invested heavily and which may result in broad based economic benefits, but over a long period of time. Thus a greater part of our economic activity is focused on rearranging industrial assets rather than increasing their size; that is, investing in new productivity, new capital creating new jobs and new opportunities for our communities.

One of the best illustrations of this type of distortion created by both high inflation and high interest rates is the growing wave of corporate takeovers resulting in increased business concentration in our economy. This is surely not at all in the best interest of Canadians.

Interest paid by one corporation on funds borrowed to finance a takeover is tax-deductible in our system. This lowers dramatically the after-tax cost of a merger, and in the present

environment of high interest rates and inflation many corporations are more interested in buying other businesses than they are in producing and selling products to customers. We are not seeing, then, our economy expanding, developing and growing. We are simply seeing mergers and monopolies evolving.

In fact, the value of mergers in both Canada and the United States rose from $12 billion in 1975 to $22 billion in 1977, and from $34 billion in 1978 to $40 billion in 1979. In fact, Canadian companies last year spent more on acquisitions than they did on research and development.

These are only a few of the consequences of this government's misguided monetary policy. The death knell is being sounded for Canadian business, especially small Canadian business. The death rate is certainly greater than the birth rate for Canadian small businesses, which obviously means that the end is very close.

Inventory growth has a powerful influence on how the economy performs. In 1980, cutbacks in inventories made the difference between a positive economic performance and a negative one. Our present high interest rates have dramatically increased the cost of carrying inventories for all businesses, but this burden falls especially hard on small businesses. As a result, they must cut back on their type of investment which reduces their ability to carry adequate inventories. It reduces their ability to compete effectively with larger corporations, with the national chains and with the multinationals, again causing difficulties for the small business.

Small businesses, by their very nature, must be flexible and responsive to changes in market conditions if they are to survive and prosper. Uncertainty and instability undermine the effectiveness of business, especially small business, to make sound investment decisions, create new jobs for Canadians and contribute to our future prosperity.

A prime responsibility of government, then, is the establishment of policies that contribute to a stable, well managed economic environment, and encourage confidence in the future. Unfortunately the legacy of policies adopted in the 1970s, and now in the 1980s, under this government, is a climate of uncertainty and an economy in decline.

Mr. Jack Shields (Athabasca): Mr. Speaker, I treasure this last ten minutes in the evening for the opportunity it gives me to outline just a few thoughts. I have listened with a great deal of interest to the debate that has gone on today, particularly those speeches from the government benches and from my socialist friends to the left.

We heard the socialists say they blame inflation on high interest rates, on multinationals, the money-grubbing, profit-hungry banks, big business and the greedy speculator. Then we heard from the government side that everything is going well, we are all living well in this country, and the government cannot do anything about interest rates because our economy is so closely tied to that of the United States.

Time after time we hear stories about small business firms going under. We hear about farms and others going bankrupt. We hear about people losing their homes. All this is denied, of course, by members on the government benches. The fact is that all these things are happening.

The Liberals in their speeches about high interest rates and inflation say it is a result of that little bit of greedy push by Alberta which wants oil prices and commodity values to go up to something comparable to what is being paid elsewhere in the world.

All this distresses me because it becomes very obvious that this government is not only bankrupt financially, and obviously has nowhere to file its bankruptcy, it is bankrupt of ideas and solutions. It is very clear that if a business or a wage earner goes into debt by overspending and then begins to borrow funds to pay that debt, the business or the individual will go bankrupt. This government has declared personal bankruptcy but it has no place to file. This shows up in the strength of the Canadian dollar.

To make a case to the world that we are doing all right here in Canada and that Canada is endowed from coast to coast with riches galore, while countries like Japan and Germany are doing without, we prop up the Canadian dollar which is not worth the 83 cents indicated on the foreign market. This is the direct result of the system we are operating.

There is one cause, and one cause only, for inflation, and that is government spending and waste. The more government gets involved in the day to day operations of people's lives, the more it is going to spend and the more inflation will increase. The government does not have the income, and it is is not getting it in taxes. What is the government after? It is after more money to run the system. The government does not say it has to get its spending in line. If the government would say it was going to cut back on expenditures this year and next year and balance the budget, then I would humbly submit that the investment community around the world would look at Canada and begin to see immediately that Canada is the place to invest. The Canadian dollar would then strengthen and interest rates would go down because we would have something attractive for the investor. They would have confidence in the Canadian economy.

What are they saying about us in other countries? We become very incensed when we look at things around what we call Parliament Hill. We read editorials about our own words day after day and we begin to think that maybe this is the centre of the world. What are some of the others saying about us? Let me just tell you. The California business research firm, Environmental Risk Limited, has ranked Canada 29th on a list of 45 nations as a place to invest. We are preceded by places such as Singapore, Switzerland, Taiwan and South Korea. That feeling is being expressed not only in the United States but also in other countries. Why? Look at the idiotic and absolutely asinine national energy policy introduced last October. What did it do? This government moved in on the one industry which is healthy and strong and creating jobs and activity right across Canada and, with its national energy policy, killed the goose which was laying the golden egg and keeping the economy humming. Now the government is beginning to sweat because it sees that the national energy policy

will defeat everything the government wanted to do. The government wanted to bring about energy self-sufficiency by 1990. Let us be honest about it; there is no way that will happen. Hon. members opposite know as well as I do that there is no way we will have oil self-sufficiency by 1990 because of the delay caused by their national energy policy.

● (2140)

There is pressure at the present time in the manufacturing sectors in Quebec and Ontario. Why? Because there is a downturn. The golden goose has nearly been killed because this Liberal government took its arrow, shot it and said, "We want more; we are going to take it over". Hon. members opposite killed the golden goose, and where did it go? It took off.

Mr. Kelly: How can it take off if we killed it?

Mr. Gray: We know what you Conservatives did to the "Arrow".

Mr. Shields: Hon. members opposite know exactly what I am saying, although I may not be able to express it as well or as glibly as some others.

There are small businessmen who are prepared to invest in this Canadian community of ours. Companies are ready to invest in Canada. Literally $20 billion are waiting to be invested in two major tar sands plants, one at Fort McMurray and one in the Cold Lake area. That would create in the neighbourhood of 60,000 jobs across the country and greater activity in the manufacturing sector in central Canada, thereby creating more jobs. When there are jobs, wage earners can pay taxes. When there are no jobs, they cannot pay taxes, and federal government revenues begin to decrease substantially.

I ask members of the government to consider very carefully the bankrupt policy they are following, and have been following for the past 12 years, with the complete support, through marriage, of the New Democratic Party, whose members now have a holier-than-thou attitude. They are the ones who have kept this government in power for the past 12 years.

The first realistic budget presented to the people of Canada was defeated by members of the Liberal party through their very convenient marriage to the absolutely immoral socialist New Democratic Party.

The Acting Speaker (Mr. Parent): Is the House ready for the question?

Some hon. Members: Question.

[*Translation*]

It being 9.45 p.m., it is my duty, pursuant to Section 9 of Standing Order 58, to interrupt the proceedings and put forthwith every question necessary to dispose of the business of supply.

[*English*]

The question is on the amendment. Is it the pleasure of the House to adopt the amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Parent): All those in favour of the amendment will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Parent): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Parent): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Parent): Call in the members.

The House divided on the amendment (Mr. Andre) which was negatived on the following division:

● (2150)

(Division No. 61)

YEAS

Messrs.

Andre	Gamble	McKenzie
Baker (Nepean-Carleton)	Hamilton (Qu'Appelle-Moose Mountain)	Munro (Esquimalt-Saanich)
Beatty	Hargrave	Murta
Bosley	Howie	Neil
Clark (Yellowhead)	Huntington	Nickerson
Clarke (Vancouver Quadra)	Jarvis	Oberle
Cook	Kempling	Patterson
Cooper	Kilgour	Shields
Crouse	Lawrence	Speyer
Dantzer	Lewis	Stevens
Darling	MacDonald (Miss)	Taylor
Dick	MacKay	Thomson
Dinsdale	Malone	Towers
Ellis	Mayer	Vankoughnet
Fretz	McCain	Wenman
		Wise
		Wright—47.

NAYS

Messrs.

Allmand	Corriveau	Fisher
Axworthy	Cosgrove	Flis
Bachand	Cousineau	Foster
Baker (Gander-Twillingate)	Cullen	Fox
Berger	Daudlin	Francis
Blackburn	Dawson	Fulton
Blais	Deans	Garant
Bloomfield	De Bané	Gauthier
Bockstael	de Corneille	Gendron
Bossy	Demers	Gimaïel
Broadbent	Deniger	Gingras
Bujold	Dingwall	Gourd (Argenteuil-Papineau)
Bussières	Dion	Gourde (Lévis)
Caccia	Dionne (Chicoutimi)	Gray
Campbell (Miss) (South West Nova)	Dubois	Guilbault
Campbell (Cardigan)	Duclos	Harquail
Chénier	Dupont	Henderson
Corbin	Dupras	Hervieux-Payette (Mrs.)
	Erola (Mrs.)	Hovdebo
	Evans	
	Ferguson	

Messrs.

Hudecki
Isabelle
Ittinuar
Jewett (Miss)
Joyal
Keeper
Kelly
Killens (Mrs.)
Knowles
Kristiansen
Lachance
Landers
Lang
Laniel
Lapierre
Lapointe
(Charlevoix)
Lapointe
(Beauce)
LeBlanc
MacBain
Mackasey
MacLaren
MacLellan
Maltais
Manly
Massé
Masters
McCauley
McRae
Murphy
Nystrom
Ogle
Olivier
Ostiguy
Ouellet
Parent
Parker
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid
(Kenora-Rainy River)
Riis
Robinson
(Burnaby)
Rompkey
Rose
Rossi
Savard
Schroder
Simmons
Skelly
Smith
Stollery
Tardif
Tessier
Tousignant
Trudeau
Turner
Veillette
Waddell
Watson
Young—123.

● (2205)

Madam Speaker: I declare the amendment lost.

Amendment (Mr. Andre) negatived.

The question is therefore on the motion of the hon. member for Oshawa (Mr. Broadbent). Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Madam Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Madam Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Madam Speaker: In my opinion the nays have it.

And more than five members having risen:

Madam Speaker: Shall we dispense with the ringing of the bells?

Some hon. Members: Agreed.

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

● (2215)

(*Division No. 62*)

YEAS

Messrs.

Andre
Baker
(Nepean-Carleton)
Beatty
Blackburn
Bosley
Broadbent
Clark
(Yellowhead)
Clarke
(Vancouver Quadra)
Cook
Cooper
Crouse
Dantzer
Darling
Deans
Dick
Dinsdale
Ellis
Fretz
Fulton
Gamble
Hamilton
(Qu'Appelle-Moose
Mountain)
Hargrave
Hovdebo
Howie
Huntington
Ittinuar
Jarvis
Jewett (Miss)
Keeper
Kempling
Kilgour
Knowles
Kristiansen
Lawrence
Lewis
MacDonald
(Miss)
MacKay
Malone
Manly
Mayer
McCain
McKenzie
Munro
(Esquimalt-Saanich)
Murphy
Murta
Neil
Nickerson
Nystrom
Oberle
Ogle
Parker
Patterson
Riis
Robinson
(Burnaby)
Rose
Skelly
Speyer
Stevens
Taylor
Towers
Vankoughnet
Waddell
Wenman
Wise
Wright
Young—66.

NAYS

Messrs.

Allmand
Axworthy
Bachand
Baker
(Gander-Twillingate)
Berger
Blais
Bloomfield
Bockstael
Bossy
Bujold
Bussières
Caccia
Campbell
(Miss)
(South West Nova)
Campbell
(Cardigan)
Chénier
Corbin
Corriveau
Cosgrove
Cousineau
Cullen
Dawson
De Bané
de Corneille
Demers
Deniger
Dingwall
Dion
Dionne
(Chicoutimi)
Dubois
Duclos
Dupont
Dupras
Erola (Mrs.)
Evans
Ferguson
Fisher
Flis
Foster
Fox
Francis
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd
(Argenteuil-Papineau)
Gourde
(Lévis)
Gray
Guilbault
Harquail
Henderson
Hervieux-Payette
(Mrs.)
Hudecki
Isabelle
Joyal
Kelly
Killens (Mrs.)
Lachance
Landers
Lang
Laniel
Lapierre
Lapointe
(Charlevoix)
Lapointe
(Beauce)
LeBlanc
MacBain
Mackasey
MacLaren
MacLellan
Maltais
Massé
Masters
McCauley
McRae
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid
(Kenora-Rainy River)
Rompkey
Rossi
Savard
Schroder
Simmons
Smith
Stollery
Tardif
Tessier
Tousignant
Trudeau
Turner
Veillette
Watson—101.

● (2220)

Madam Speaker: I declare the motion lost.

[*Translation*]

It being ten o'clock, the House stands adjourned until tomorrow at 11 a.m.

At 10.22 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, May 22, 1981

The House met at 11 a.m.

• (1105)

ROUTINE PROCEEDINGS

[*English*]

POST OFFICE

POSSIBILITY OF STRIKE—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I rise on a matter of some urgency, under the provisions of Standing Order 43. Added to the growing list of horror stories being compiled in this country as our economic situation worsens daily, comes news of a possible postal strike. In light of the fact the Canadian Union of Postal Workers may be in a legal position to strike in one month, and given the fact that such a strike would result in serious consequences to the general public, and the now-struggling business community in particular, I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the Postmaster General recognize the extreme gravity of the situation and take every immediate and possible step to ensure that such a strike is averted.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

DIEFENBAKER GOVERNMENT INFLATION FIGHTING METHODS—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I rise under the provisions of Standing Order 43. Since 1948 only four governments have had the economic policies necessary to keep the inflation rate below 2 per cent. West Germany did it in 1948; Eisenhower did it in 1953; de Gaulle did it in 1958, and the Progressive Conservative government under the Right Hon. John Diefenbaker did it between 1957 and 1963. I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the present Liberal government launch an immediate investigation into the methods by which the Diefenbaker government was able to maintain a world record low inflation rate of 1.2 per cent, and then go back to the drawing board with their present inflationary budget and disastrous National Energy Program.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL HYDROLOGY RESEARCH INSTITUTE

SUGGESTED REMOVAL FROM OTTAWA TO SASKATOON—MOTION UNDER S.O. 43

Mr. Bob Ogle (Saskatoon East): Madam Speaker, I rise on a matter of urgent and pressing necessity to bring to the attention of the House some recent pearls of wisdom from the Minister of Industry, Trade and Commerce (Mr. Gray). According to the Canadian Press, the hon. minister told an audience of eager young Liberals in Saskatoon that the University of Saskatchewan campus there would be the most logical place for the National Hydrology Research Institute because of long-term water management problems on the prairies, to which the chief young Liberal added that money for the move could come from the Axworthy slush fund. I therefore move, seconded by the hon. member for Prince Albert (Mr. Hovdebo):

That this House call upon the cabinet to make good immediately on Liberal promises, dating back to 1976, to move the Hydrology Institute from Ottawa to Saskatoon, without, however, resorting to the typically "back-Axworthy" move of bribing western Canadians with their own money.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INTERNATIONAL MONETARY FUND

SUPPORT FOR ATTENDANCE OF MINISTER OF FINANCE AT GABON MEETING—MOTION UNDER S.O. 43

Hon. Bud Cullen (Sarnia-Lambton): Madam Speaker, I would like to move a motion under Standing Order 43, of urgent importance.

In view of the selection by members of the International Monetary Fund, which numbers some 140 countries, of the Minister of Finance of Canada (Mr. MacEachen) as chairman

of the important interim committee of the IMF which advises all member countries on the management and adaptation of the international monetary system, and since the economic well-being of Canada will depend to a large extent on the solving of world economic problems through agencies like the IMF, I move, seconded by the hon. member for Niagara Falls (Mr. MacBain):

That this House urges the hon. member for York-Simcoe to withdraw his frivolous, foolish and insulting motion questioning the attendance of the Minister of Finance at important international gatherings such as the current IMF meeting in Gabon.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1110)

ENERGY

IMPORTATION OF MEXICAN OIL—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas the heavy sulphur content of Mexican oil is causing severe problems at our refineries, as well as increased sulphur emissions into the atmosphere and, in addition, this so-called oil is costing the people of Canada millions of dollars more than Alberta oil would cost even at 75 per cent of the Chicago price, therefore I move, seconded by the hon. member for Edmonton-Strathcona (Mr. Kilgour):

That this House deplores this waste of taxpayers' money and this shameful discrimination of this Liberal government against the province of Alberta.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSING

APARTMENT VACANCY RATES—MOTION UNDER S.O. 43

Mr. Doug Lewis (Simcoe North): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Recent CMHC figures show apartment vacancy rates down to the unacceptably low national average of 1.8 per cent, a drop of 1 per cent from one year ago. Some provincial governments, however, have moved to alleviate the problem through interest-free loans to developers. I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That this House call upon the government to implement a program that will assist private developers to construct apartments for Canadians who are now having difficulties finding a place to live.

Madam Speaker: Is there unanimous consent for such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

WAGE AND PRICE CONTROLS—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, under the provisions of Standing Order 43 I wish to introduce the following motion. Whereas both the Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. MacEachen) have been extremely evasive and prevaricative on whether or not they plan to implement wage and price controls, or exchange controls, I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the Minister of Finance be immediately recalled to Canada and that he be obliged to make a clear statement, if that is at all possible for the hon. gentleman, as to whether or not the Liberal government again plans to impose wage and price controls on Canadians.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PENSIONS

CALL FOR INCREASE IN SURVIVOR BENEFITS—MOTION UNDER S.O. 43

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, under the provisions of Standing Order 43, and seconded by the hon. member for New Westminster-Coquitlam (Miss Jewett), I move:

That this House notes that under various government superannuation plans, if the wife dies first the surviving widower's pension is 100 per cent but that if the husband dies first the surviving widow's pension is only 50 per cent, and this House calls on the government to bring in the necessary legislation to correct this situation on an interim basis by raising the widow's pension in all such cases to 75 per cent, and to declare that the eventual goal is pension equality between men and women.

If we believe in equality, let us practise it.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

NATIONAL ENERGY PROGRAM

SUGGESTED TALK BY AUTHORS OF POLICY—MOTION UNDER S.O. 43

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Noting that since the announcement of the so-called "National" Energy Program on October 28, 114 drilling operations and 49 servicing operations have left for the United States; regretting that for each rig that leaves Canada an estimated minimum of $1 million in wages and other economic spin-offs alone is lost to our country on a yearly basis, not to mention the lost opportunities of finding domestic oil and gas with that rig; and acknowledging that the stupidity of the program is perhaps rivalled only in recent times by that of the post war Roumanian agriculture minister, whose politics it seems unnecessary to specify, who ordered approximately two million Roumanian horses killed without bothering to note that there were no tractors available to replace them, thereby causing a severe famine, I move, seconded by the hon. member for Bruce-Grey (Mr. Gurbin):

That the authors of the national energy policy, the energy minister, the finance minister, and the Prime Minister, jointly give this House a talk entitled "the power to tax is the power to destroy".

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1115)

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

EXCHANGE CONTROLS—GOVERNMENT POSITION

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is for the Prime Minister. It arises from an exchange in this House yesterday between our two socialist leaders. Yesterday in replying to the hon. member for Oshawa concerning the possibility of somehow sheltering the mortgage interest rate impact on Canadians, the Prime Minister stated that:

—the alternative, Madam Speaker, is to go into exchange controls, and I have not heard even the NDP in its wildest moments advocate those.

I wish to bring to the Prime Minister's attention that there was such a wild moment on the part of the NDP. It came as a result of an answer given on May 12 by the Prime Minister to the Leader of the NDP. In an answer to a request for lower interest rates, the Prime Minister stated:

—this would mean exchange controls, and until he is prepared to advocate that I would say that we are not prepared to listen to him.

On May 14 the Leader of the NDP came back and stated:

I want to say to the Minister of Finance that if there is a run on the dollar or if there is a concern about a flow of money—

Madam Speaker: Order, please.

Mr. Stevens:

—south of the border in the short run—

Madam Speaker: Order, please.

Mr. Stevens:

—then certain action could be taken.

Madam Speaker: Order, please.

Mr. Stevens:

We do not withdraw from the suggestion of a form of exchange controls.

Madam Speaker: Order, please. That is the third quotation in the course of asking a question. It is a bit much. I urge the hon. member to put his question.

Mr. Stevens: Now that we have the scenario properly set for the Prime Minister, will he bring us up to date on what is the attitude of the government with regard to the possible reimposition of exchange controls, something we have not had since 1950?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I want to point out to the hon. member that I am not leader of a socialist party but of the Liberal party.

Some hon. Members: Hear, hear!

Mr. Nielsen: A rose by any other name—

Mr. Trudeau: We on this side are proud of our Liberal label, Madam Speaker. We do not try to hide it under the Conservative Progressive ticket that they use over there. If the hon. member wants any witnesses, I can call on the Leader of the New Democratic Party. Unfortunately, Madam Speaker, the questioner was so long-winded that you had to cut him off at the point where he was trying to establish what he was trying to establish. I did not hear the quotation of the Leader of the New Democratic Party. Therefore I fail to see his whole point, which was to say that the Leader of the New Democratic Party accepted exchange controls. Then you stood up, Madam Speaker, and we did not hear him any longer.

Mr. Wilson: You heard his question.

Mr. Trudeau: Look, you silly guys—

Some hon. Members: Oh, oh!

Madam Speaker: Order. I think we will have to start that one over again. I do not mean that the hon. member should again cite his quotations, but that he should put a simple and brief question to whomever he wishes to direct it.

Mr. Stevens: Madam Speaker, I am sure the Prime Minister can well understand my reference to his being a socialist

leader. After all, I am judging him simply by his actions. The Leader of the New Democratic Party stated:

We do not withdraw from the suggestion of a form of exchange controls.

Madam Speaker: Order, please. Will the hon. member simply ask his question.

Mr. Stevens: In view of the statement made by the Leader of the New Democratic Party on May 14, will the Prime Minister now indicate to the House the curent attitude of the government with respect to exchange controls?

Mr. Trudeau: Madam Speaker, if the hon. member is asking me "In view of the statement made by the Leader of the NDP", you will have to let him read that statement or I cannot answer the question.

Some hon. Members: Hear, hear!

• (1120)

Mr. Stevens: Madam Speaker, let me put the question in the simplest possible fashion.

Madam Speaker: The hon. member now has to read the statement.

Some hon. Members: Oh, oh!

Mr. Stevens: Madam Speaker, let me put the question in the most direct way to the Prime Minister, who is simply toying with the House.

Some hon. Members: Oh, oh!

Mr. Stevens: Would the Prime Minister indicate whether there is any serious consideration being given to the reimposition of exchange controls in Canada by his colleagues or by the cabinet itself?

Mr. Trudeau: No, Ma'am.

GOVERNMENT POLICY WITH RESPECT TO PUBLIC'S DISCRETIONARY SPENDING

Hon. Ron Huntington (Capilano): Madam Speaker, I would like to address my question to the Prime Minister, if I may.

As he knows, the average Canadian is being squeezed, and the concern in the country among average Canadians in respect of this squeeze is that it is going to get tighter, that real wages are falling behind—that is established by the statistics—and that there has been no energy tax credit and no mortgage interest deductibility to give relief. If the Minister of Finance and the Bank of Canada are correct in saying that higher interest rates can control inflation, is it correct then to conclude that government policy is to squeeze the public until there is no discretionary spending left? I am wondering whether the Prime Minister, in his wisdom, would have any advice for all those people who at this moment have no discretionary spending?

Right Hon. P. E. Trudeau (Prime Minister): The answer to the question is no, Madam Speaker.

GOVERNMENT FISCAL POLICIES

Hon. Ron Huntington (Capilano): Madam Speaker, we can certainly see how serious the government is about the plight of the average person throughout this land. We are continually told that productivity is the answer to the low Canadian dollar, our high interest rates, our imbalance of trade, our continuing demand for higher wages and benefits, and that these things can only be resolved by fiscal policies which will deliver an improved Canadian productivity to our country and our economy. Both the Minister of Finance and the Prime Minister know this, as I have heard them state it so often. Will the Prime Minister advise us as to the fiscal policies the government might have in mind to deliver the incentives necessary to excite and deliver a highly productive, efficient and effective economy, which is ours by right and by heritage?

Right Hon. P. E. Trudeau (Prime Minister): Those policies are contained in the budget, Madam Speaker.

* * *

PUBLIC SERVICE

TERMINATION OF SERVICES OF COMBINES DIRECTOR OF INVESTIGATION AND RESEARCH—APPOINTMENT OF SUCCESSOR

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, yesterday I raised a question about the termination of the services of Monsieur Bertrand. I would like today to direct a question specifically to the Minister of Consumer and Corporate Affairs.

Stories associated with the termination of the services of Monsieur Bertrand included stories that the Department of Consumer and Corporate Affairs was being reorganized in such a way that the autonomy and powers of the director of investigation and research would be curtailed. Those stories were also accompanied by statements that there would be an appointment of a new director, probably one of the individuals appointed by Michael Pitfield. Would the Minister of Consumer and Corporate Affairs give us a description of what reorganization is going on within his department at this time?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, let me first of all say that all of this is part of the very regrettable, wild speculation which took place concerning Mr. Bertrand. There is no reorganization in the department and the successor to Mr. Bertrand will be appointed soon by the cabinet, and not by Mr. Pitfield. The remark the hon. member has made about apparent linkage between reorganization of the department and the responsibility of the director of combines should not be made because the new director of combines investigation will have the same authority and power Mr. Bertrand had previously.

• (1125)

LEGISLATIVE AMENDMENTS

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, we will wait to see the outcome with respect to this matter, but on March 5 the Minister of Consumer and Corporate Affairs suggested that he could place before the House within five weeks the new amendments to the Combines Investigation Act. The minister received from Monsieur Bertrand in his report on the petroleum industry two specific recommendations respecting amendments which should be made to that statute.

Could the minister explain why he has changed the amendments—this was announced in his speech—and changed the procedure by which the Combines Investigation Act amendments will come before this House? Why specifically do we not have that legislation now, so that people can study and comment, and so that a broad segment of Canadian society can provide input? Why has there been a change? Why have we not seen that legislation to this point?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, it is very clear that if hon. members were to co-operate and adopt bills much more rapidly we would very soon be in a position to consider legislation to amend the Combines Investigation Act. I sponsored in the House a few days ago a strictly non-controversial bill, the bankruptcy legislation. The opposition wasted two days debating everything under the sun except the bankruptcy measure. Once again it proves that members opposite engage in filibustering and prevent the government from dealing quickly with the bills it wants to pass.

As to the competition bill, Madam Speaker, I think it would be useful to consult the parties concerned. I sent to all the big national associations in Canada 21 questions having to do with competition. I expect an early reply from those Canadian associations so that I will then be in a position to make specific recommendations to cabinet. Finally, when the bill comes before the House I hope the hon. member and all his other colleagues in the opposition will adopt that bill very quickly.

DEPARTMENTAL STAFFING

Mr. Ray Skelly (Comox-Powell River): From his last comments I believe the minister missed the point I was trying to make in my question, Madam Speaker.

[*English*]

I have one final question in this respect. Over the past few years the minister's department has been depleted in resources in terms of the person-years which have been available to that department, and in terms of adequate financing. The question of reorganization almost appears to be a question of the gutting of that department. We would have much more confidence in the minister if he introduced combines legislation so that we could see a strong determination in that department.

Would the minister confirm that he has in fact begun a process of gutting the department? The confidence of this House would be restored if the minister would submit strong combines legislation now.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, we ought to pay homage to the officials who manage that department. They worked facing restrictions in hiring staff and had to make do with a budget which was not increased other than to follow the natural upward trend in the cost of living. They continued the efficient and uninterrupted operations of the consumer department throughout the country. That is an example of sound administration which can be a source of inspiration for other departments. Too often governments are blamed for inflating budgets and hiring personnel, and we are told that we ought to clamp down a bit on government expenditures, so as an example I cite the Department of Consumer and Corporate Affairs which has been able indeed to cut its expenses and staff procurement while continuing to offer excellent services to the people.

As regards the second part of the hon. member's question, namely, when the bill will be introduced, I can assure him that we are well into the process of drafting, studying and working on bringing amendments to the competition bill. It will certainly be one of the major pieces of legislation of the next session.

* * *

[*English*]

CANADA DEVELOPMENT CORPORATION

DROP IN VALUE OF SHARES—REQUEST FOR COMMITMENT BY GOVERNMENT

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is for the Prime Minister. The annual general meeting of the Canada Development Corporation was held yesterday. At that meeting considerable concern was expressed by a number of small shareholders as to the degree of interference and intervention on the part of the government in the affairs of that company. So far the loss to the public shareholders of the company amounts to some $75 million to $100 million because of the decline in share values since the interference by the government began.

• (1130)

For many of these people, holding shares in CDC is their only investment in the future of Canada, and in order to restore the confidence of these shareholders in the future prospects of the CDC the government must make a clear and unequivocal commitment that it will not interfere in any way with the affairs of that company, specifically, that the govern-

ment will confirm that CDC does not require government approval in the conduct of its affairs and that the government will not interfere with the directors in the exercise of their business judgment.

Is the Prime Minister prepared to make that specific commitment today to this House and the shareholders of the CDC?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if there was a paper loss in the value of the shares I think it could be directly ascribed to the opposition who have tried—

Some hon. Members: Oh, oh!

Mr. Trudeau: Well, hear me out. The opposition have tried to make a big fuss over the fact that the major shareholder was attempting to ensure that the chairman of the company would be a very successful businessman. Now there does not seem to be anything in that, or in Mr. Strong's career as a successful businessman, which would frighten people, so obviously if there has been a fall in the value of the shares it is because there has been the kind of agitation we have heard in the past couple of weeks from the hon. member and his party who have tried to—

Some hon. Members: Oh, oh!

Mr. Trudeau: —scare people into believing that the company would do badly under Mr. Strong whereas they were doing marvellously under some other chairman whose name, I bet, is probably unknown to three quarters of the shareholders themselves.

I have said in this House that this government holds 49 per cent of the shares for the Canadian people, we have somewhere between 75 and 80 per cent of the equity of the company, I do not know of any shareholder in similar circumstances, in private or public, semi-private or semi-public affairs, who would not be interested in the designation of the chairman of that company of which he or she is a major equity holder. That is what the government has tried to ensure, and there is nothing for which we should apologize. The annual meeting was held yesterday. I understand that it was amicable and that the results are satisfactory to all people concerned. The hon. member seems to have a supplementary, and I will be happy to hear it.

NECESSITY FOR COMMITMENT

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I have to ask a supplementary because I did not get an answer to my question.

Let me make one point quite clear. The drop in the value of the shares took place before we raised the question in this House and occurred because the shareholders were aware of the interference by the Minister of Finance on behalf of the government. That is why the shares went down, and for no other reason.

Some hon. Members: Hear, hear!

Mr. Wilson: My question to the Prime Minister is to ask why is he completely unwilling to make that specific commitment, one that was made in the offering memorandum on behalf of the government to the shareholders, which they took at face value when they made their share purchases? Why is the Prime Minister unwilling to make that commitment today because I can tell him, based on my experience in that business, if he does not make the commitment, the future expansion and financing of that company will be put into serious doubt? His alternatives are to make the commitment or buy back today the shares that were sold to the small investors of this country.

Right Hon. P. E. Trudeau (Prime Minister): I am not sure what future financing plans the hon. member is referring to. If he has some information on that I would be happy to have him make it public. I do not know of such future financing plans of the CDC, but I do know that during the first ten years of its existence, a company set up by this government some ten years ago, I was informed and consulted about the appointment of its chairman. The shares, according to the hon. member, continued to increase in value.

I think it was normal when we were not informed, or when the Minister of Finance did not receive the information in time, that the government should have shown some concern. We hold, on behalf of the people of Canada, more than 75 per cent of the equity of that company, and I think it would be a mere courtesy to ensure that the major shareholder and equity holder would be informed of the choice of chairman.

* * *

NATIONAL SECURITY

REVIEW OF TASCHEREAU-KELLOCK ROYAL COMMISSION PAPERS

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, you will appreciate that the retired civil servant retained by the Privy Council Office to review the transcripts and documents of the Taschereau-Kellock Royal Commission on the Gouzenko revelations was to report to the Privy Council Office by May 1, when I understand his mandate expired. I ask the President of the Privy Council if that report has been made, and if the recommendation is to permit public access to all of the papers, as it should, why are inquiries from the public still being denied?

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, with regard to the question of the hon. member and the report to which he referred, I shall certainly check into the matter. I should be able to give him a more detailed answer early next week.

[*English*]

QUERY RESPECTING ESPIONAGE ACTIVITIES IN PUBLIC SERVICE

Hon. Allan Lawrence (Durham-Northumberland): Is the President of the Privy Council indicating that he does not even know if the report has been made to him or not, or what the recommendations are, or what the situation is? In view of this almost unbelievable ignorance of something within his jurisdiction I would ask him whether he could also, while he is checking into it, check into the actual transcripts, papers and revelations of Mr. Gouzenko to ascertain whether or not it is true that a number of public civil servants were incriminated by those revelations and if, as well, there were two other spy rings indicated in this country's public service and that the government, in the intervening years, has done absolutely nothing to try to uncover those two spy rings?

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, my previous answer also applies to the second question.

* * *

[*English*]

NORTH-SOUTH RELATIONS

IMPORTANCE OF AGREEMENT ON LAW OF THE SEA

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, my question is for the Prime Minister and relates to the upcoming Ottawa Summit in July and the Law of the Sea agreement. Assuming that he recognizes and agrees that seabed resource and revenue sharing must be the cornerstone of any redistribution of the world's economic wealth and power, and that a collapse of the Law of the Sea agreement would seriously undermine hopes for a new and more just international economic order, will he not only try to convince the United States of the very great importance of signing the Law of the Sea agreement for the future of the North-South dialogue, but will he also take the initiative at the meeting to have the delegates approve this agreement at least in principle?

Right Hon. P. E. Trudeau (Prime Minister): Well, I would agree with the hon. member, Madam Speaker, that for many of the Third World countries the Law of the Sea agreement and its provisions concerning the seabed are indeed central to their preoccupations.

I cannot give any guarantee to the hon. member as to the results to be obtained, but she is aware that various countries are attempting in various ways to persuade the United States to accede to the conventions of the Law of the Sea, and that we in Canada will continue to try to persuade the United States to that effect.

Miss Jewett: I hope that the Prime Minister will take the initiative at this conference to have the delegates approve in principle the Law of the Sea agreement. Would the Prime Minister assure us that we still believe in the multilateral approach and that in fact, if the United States decided it did not want to go that way, or wanted a mini-treaty of some kind, that we would not go the route of the mini-treaty? Would he assure us that we will continue to go the multilateral route and continue to show a very intimate interrelationship between the Law of the Sea agreement and the possibility of a new international economic order?

• (1140)

Mr. Trudeau: Madam Speaker, I am not aware of the alternative mentioned by the hon. member of a mini-treaty, but certainly I can indicate that the Law of the Sea negotiations which have taken place thus far are the way in which we intend to see the matter continued.

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CANADIAN BROADCASTING CORPORATION

PROPOSAL TO CONSTRUCT PRODUCTION CENTRE IN TORONTO

Mr. Jesse P. Flis (Parkdale-High Park): Madam Speaker, my question is directed to the Secretary of State and Minister of Communications. On last Friday, May 15, the CBC appeared before the Standing Committee on Communications and Culture, and I renewed my question about when the CBC plans to build a central production centre in Toronto. The president of the CBC agreed with me that the existing facilities are appalling, but said he does not plan to do anything until the government makes a definite commitment to the construction of a CBC production centre in Toronto. Would the minister tell the House what steps his department has taken, or plans to take, toward the construction of such a facility, and what kind of expenditures are involved?

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, in response to the hon. member's question, the CBC has a proposal to lease additional space in the Toronto area to consolidate some of its facilities. As to a new CBC facility in Toronto, I am informed that the cost would be somewhere between $235 million and $250 million.

The CBC receives a parliamentary appropriation every year. It is now somewhere around $649 million, which is $70 million more than last year, and $150 million in commercial revenues, which gives them a total budget of close to $790 million. The CBC has a capital component in its budget of approximately $75 million a year which it spends on capital projects. This year the management of the CBC recommended to the government that consolidation take place in a number of places in the country, including Regina where some $16 million will be spent this year on new facilities. It is up to the CBC to make recommendations to cabinet. I understand that in the Toronto area the CBC is looking at a number of other options, including the use of land which it presently owns.

Oral Questions

FINANCE

GROWTH IN MONEY SUPPLY

Mr. Bill Wright (Calgary North): Madam Speaker, my question is directed to the Minister of State for Finance. In the mid 1970s the government informed Canadians that it would have to control the rate of growth in the money supply in order to contain inflation. The statistics of the Bank of Canada indicate that this is a complete failure. In only one year out of the last ten has inflation gone down when the money supply has gone down. Many economists in Canada are telling the government that it is impossible to contain inflation unless the government contains its own spending in addition to controlling the growth in the money supply. Is the minister prepared to admit that the control of the growth in the money supply is ineffective unless we also control government spending?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I am surprised that the hon. member would ask such a question. I would simply suggest to him to read once again the budget speech made last October by the Minister of Finance. He will see quite clearly that the Minister of Finance indicated not only his support for the monetary policy of the Bank of Canada, but also that, for this policy to be effective, he would undertake to reduce the deficit in an orderly manner. He gave an outline of the plan to reduce government expenditures as well as the deficit. He also indicated that the fight against inflation must involve all sectors of the economy. That is the message that the budget gave to all economic agents.

[*English*]

PROPOSAL TO REMOVE TAX ON EXPORTS OF NATURAL GAS

Mr. Bill Wright (Calgary North): Madam Speaker, I find the minister's answer hard to understand since government spending has risen by 16 per cent this year. A couple of weeks ago Mr. Lougheed, the Premier of Alberta, suggested that the government could have some positive effect on interest rates if it allowed more exports of natural gas, simply by taking off the 30-cent per thousand cubic feet of tax which the government imposed on natural gas going from Alberta. He suggested that if the government did this it would no longer have to track American interest rates as it is doing now. Is the minister prepared to consider such a proposal from a financial standpoint, not from the standpoint of the Department of Energy, Mines and Resources?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, the hon. member should know that the policy of this government is consistent and not compartmentalized. As a proof of this, in the last budget, in addition to the financial operation framework of the government for 1981, the Minister of Finance announced jointly with the Minister of Energy, Mines and Resources a new national energy program. In our view, natural gas and oil are first of all resources which must serve all Canadians and every action must be taken to ensure that they continue to do so.

* * *

[*English*]

AIRPORTS

ROLE OF DAWSON CREEK, B.C. AIRPORT IN DEVELOPMENT OF NORTHEAST COAL PROJECT

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, my question is directed to the Minister of Transport. It concerns the development of northeast coal in British Columbia. As he knows, one way to stimulate the economy in the short term would be to get some megaprojects under way. In connection with his responsibilities as minister, I would ask him to put some of the infrastructures in place in northeastern British Columbia to facilitate the shipment of this coal. Apart from his responsibilities in connection with the agreements that have been made with the province, there is a direct responsibility, namely, in connection with the upgrading airports and facilities for air transportation in the region.

I am particularly concerned about the hopelessly inadequate facilities at the Dawson Creek airport which was assigned a very important role as a staging area for coal development. Have the minister's officials as yet examined the role the Dawson Creek airport is to play and whether money has been set aside and planning is under way to upgrade the facility?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, indeed this area will have very substantial growth in coming years. This morning I read in the paper that a CN vice-president announced that more than $500 million would be spent on the CN line in this area. He was talking, I may say to the Prime Minister, in terms of double-tracking that part of it, Prince George to Prince Rupert, by 1995.

On the situation of the airport at Dawson Creek, I must admit I cannot memorize the budget of all airports in Canada; there are close to a thousand of them. I will report to my hon. friend as soon as I can.

Mr. Oberle: Madam Speaker, the minister will discover that it was previously planned to redesignate and upgrade the airport and that with the additional load and role assigned to it by his former colleague, Mr. Basford, the situation is now extremely crucial. Could the minister report to me on whether the upgrading of the airport will be looked at as the sole responsibility of his department, or will it be tied in to the general agreement between the province and the federal government? In other words, are the province and the regional area expected to pay some of the costs of the upgrading of the airport, or will the minister assume that responsibility himself?

Mr. Pepin: Madam Speaker, I cannot be very definitive on the subject. In Canada there are different classes of airports. There are airports of a more local nature where provincial

governments make contributions one way or the other as well. But I will look at it with a very open mind.

* * *

FISHERIES

BLOCKADE OF VICTORIA HARBOUR BY SALMON FISHERMEN—REQUEST FOR RECONSIDERATION OF RESTRICTIONS

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, my question is directed to the Minister of Fisheries and Oceans. Of course he will be aware that yesterday there was a blockade of the Victoria Harbour which caused certain disruptions in traffic and that the strike of the fishermen could very easily spread to other ports in the area. This demonstration of anger at the minister's restrictive practices was brought about because American fishermen, on the breakdown of the Canada-United States negotiations, are fishing in Canadian waters and taking young stock in areas where Canadian fishermen are being denied access.

• (1150)

Having been out there for the first—second time, really, since he reassumed office—and having seen the matter on the site, is the minister now prepared to reconsider the decision which he made about gear, about limited access and limited time? This is taking into account the preservation of the salmon stocks, which every Canadian wants to see; but still fishermen have to live. Is he prepared to reconsider the restrictions he has imposed on the fishermen in that area?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, there is a certain amount of misinformation in the hon. member's question. The fact is that we had test fishing on the Canadian part of Swiftsure Bank, and there were fewer juvenile fish than had been assumed, and we did in fact open it so the trollers could fish in that area. We tried to get agreement from the U.S. authorities to close down if there were too many immature fish. We still hope that they might do so, because we would close down if immature fish were too numerous, as any normal fish manager would do.

On the question of the demonstration, I must say that the regulations which were announced last October followed long consultation with the trollers through their representatives, three of whom sit on the ministerial advisory council set up by my predecessor. At the time it was agreed that six gurdies were a wise conservation measure. At the meeting that I had with the same advisory council last week, again the representatives of the majority of the trollers supported the conservation measures we had announced. The consultations were long and exhaustive.

I am really surprised that the hon. member is advocating a change on a measure which was taken strictly on conservation grounds and which, in fact, if we were to back down before this sort of demonstration, would make any pretence to manage the fisheries exactly that, a pretence.

FINANCIAL POSITION OF FISHERMEN

Mr. Donald W. Munro (Esquimalt-Saanich): In these consultations the minister is talking about, I wonder whether he was able to take into account the financial structure of the fishermen in the area and, particularly, the high interest rates that they are now having to pay to finance their operations. While conservation is the concern of fishermen across the country, and he should certainly not be charging fishermen with failing to take that into account in their enterprise, there is still the matter of the livelihood of fishermen.

I am wondering whether the minister really did get this information about the six gurdies as opposed to the eight. In light of the current interest rates alone, the fishermen are not able to make their payments. Is he trying to drive them out of business? Is he trying to destroy the industry of the trollermen on the west coast? I rather suspect that he is, in favour of the seiners.

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): We offered the trollers what adjustments we thought were reasonable, including the one I have just mentioned, the reopening of Swiftsure as long as there are not excessive numbers of juvenile fish caught. We offered to look at the October fishery, in light of the season, in light of the condition of the stocks, when that time comes. But surely the hon. member is not advocating that we eliminate conservation measures because the interest rate has gone up.

Mr. Munro (Esquimalt-Saanich): Nor are fishermen.

Mr. LeBlanc: Frankly, if I had to manage a fishery on the basis of fluctuations in the interest rate, then I would really hand in my resignation.

Some hon. Members: Hear, hear!

Mr. Nielsen: Let's have it today.

* * *

LABOUR RELATIONS

VOYAGEUR BUS LINE STRIKE—REQUEST FOR APPOINTMENT OF MEDIATOR

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, I advised the Minister of Labour I would be asking this question this morning, and I notice that he has disappeared. I hope he is not too far away.

My question to the minister concerns the long and protracted strike that is developing at Voyageur Bus Lines. As the minister knows, a strike of a bus line is particularly damaging to middle and lower-income Canadians who cannot afford the luxury of air transportation. Also, a small number of communities have become isolated as a result of this strike. Will the minister appoint a mediator to look into this? I have been advised that the unions would like this type of service at this time.

Hon. Gerald Regan (Minister of Labour): I thank the hon. member for bringing to our attention the question of the Voyageur bus strike. This strike, which commenced on April 28, involves some 450 drivers and maintenance workers in the Ottawa and Toronto terminals. It also not only affects service within Ontario but also service to and from Ontario points and Montreal. The mediation branch of the department is available to provide mediation services. The parties are aware of that, but they have not indicated a desire to resume negotiations as yet. If either of the parties does so, then we are prepared to provide the mediation services immediately at this stage.

The hon. member will be aware of the fact that the parties went through extensive negotiations and conciliation services from the time of the expiration of the agreement last November until the strike began on April 28. Our department is immediately available to provide mediation services at the request of the parties.

NEED FOR PROMPT ACTION

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, the minister must be aware that this company has a monopoly on the services in the western portion of Quebec and Ontario. How long must these people wait to have some kind of gathering brought together? Will the minister immediately try to get the two sides together, to try to resolve this situation so that these people can continue to get the service they expect?

Hon. Gerald Regan (Minister of Labour): Madam Speaker, if the information that the hon. member provides to the House is accurate, that the parties now want mediation services and are prepared to sit down again, then I will certainly respond by providing that service immediately. Of course the hon. member, who is quite knowledgeable in these matters, is aware of the fact that in all of these disputes there must be the willingness of the parties to sit down. They must come to that stage, and if they are at that stage, then we are most anxious to provide the assistance.

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FITNESS AND AMATEUR SPORT

FUND RAISING PROJECTS TO ASSIST IN FIGHT AGAINST ARTHRITIS AND CANCER

Mr. Maurice Harquail (Restigouche): Madam Speaker, my question is for the minister responsible for fitness and amateur sport. In view of the discussion which has been going on with respect to Arthritis Month in Canada, I have had letters and inquiries from the Arthritic Association of New Brunswick. I wonder if the minister could clarify this alleged misunderstanding between that organization, and the date set for the Terry Fox fund raising run.

Mr. Nielsen: Why did you say no yesterday?

Hon. Gerald Regan (Minister of Labour): Madam Speaker, the arthritic association has traditionally held its fund raising drive in this country in the month of September, whereas the cancer organization has primarily dealt with its in the month of April. For a variety of reasons, those organizations responsible for establishing the Terry Fox Day, the Cancer Society, the Canadian Track and Field Association, and the Four Seasons Hotels, in consultation with the Fox family, chose the date of September 13 for the Terry Fox Day and the Terry Fox run, in which I hope some two million Canadians will participate.

Of course in the past there have been many instances of the overlapping of various charitable fund raisings. Indeed, during Terry Fox's own run across Canada it was found that, even though it concentrated on the cancer cause, other charities received more than they traditionally did in those time periods.

Some hon. Members: Hear, hear!

Mr. Regan: I am hopeful that the people who have traditionally supported the arthritic cause will do so, at least to the same degree, and perhaps to a greater degree, in the month of September. However, I can assure the hon. member that following the announcement and the choice of that date by those organizations, officials of the arthritic association and the cancer society met together in consultation and have agreed that they should proceed with the September 13 date for this year and then assess the situation after September's experience.

* * *

AIR SAFETY

INSTALLATION OF JOINT ENROUTE TERMINAL SYSTEM

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, my question is for the Minister of Transport. On January 23 of this year I asked the minister some general questions regarding the Joint Enroute Terminal System. It is now crystal clear that JETS, as specified by the Department of Transport, and delivered, fails to comply with the air traffic control operation requirements. I want to ask the minister if he will put a halt to further installation on JETS until a study can be undertaken to determine the safety of the system.

● (1200)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, this is a big question. I recognize that there is a debate now on the adequacy of the JETS, the Joint Enroute Terminal System. On one side you have my hon. friend, whose opinion as a pilot I obviously treasure, and you also have CATCA, the controllers, saying that the system is inadequate; on the other side you have pretty impressive expertise also. You have CALPA, the pilots' union, who were before the committee on transportation the other day saying that Canadian safety standards at airports were far superior to anything in the world.

You also have the opinion of the experts in Transport Canada, which is not unsubstantial, both at the headquarters and the regional levels. They say that indeed there are problems but they are being resolved, that precautionary measures are being taken and remedial measures are being taken, and so on.

In the coming days we will have a report from Mr. Justice Dubin on the subject. He has looked at it extensively. He has heard extensive commentary on it so I think we should await his contribution as an important one in the debate, which is one among very respectable experts.

REQUEST FOR CHANGES IN SYSTEM

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, I am very tempted to phrase my supplementary along the lines of asking when we will hear from Mr. Justice Dubin in this House. Because the other problem is so serious, I want to deal strictly with it. I was before the committee when CALPA was there and I heard their statement. I suggest to the minister that pretence that this system is adequate should be abandoned; that the system be rethought; requirements restated, and changes made at once. Does the minister accept the statement of some of his staff who suggest that they keep their heads down and hope for the best?

Hon. Jean-Luc Pepin (Minister of Transport): I agree that I am no great expert on matters of electronics. But then every author makes the case that the minister should not be, so I am par for the course. But I am told by experts that no system can ever be developed without trial and error, without the experimental aspect to it.

On the subject of the Dubin report, I am pleased to say that I will be tabling the first part of it some time next week. I swear to God that I have not seen it, but I understand that the judge will give a general view on safety matters in Canadian aviation and address them in a succession of reports on specific items, such as this one, most probably.

* * *

FISHERIES

STATUS OF EAST COAST BOUNDARIES AGREEMENT

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I wish to direct my question to the Minister of Fisheries and Oceans. There were five major elements to the Canada-United States East Coast Fisheries Agreement, namely, the management regime, the share of stocks and access for both countries, the fisheries commission, the dispute settlement procedure, and the review procedure.

I wish to ask the minister what linkage there is between the fisheries treaty and the boundary agreement. Now that the United States has unilaterally terminated the treaty, what is the status of the boundary agreement? Are we going to arbitration, or has this agreement also collapsed?

Point of Order

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I understand that this matter is under the responsibility of my colleague, the Secretary of State for External Affairs. The United States Senate has ratified that part of the treaty. I have been away travelling on the west coast so I have no knowledge if Canada has dealt with the Canadian response on the boundaries issue. I have been given a head signal that we have not taken a position yet as a cabinet.

COMPOSITION OF INTERNATIONAL COURT

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I thank the minister for that response. I presumed, since he and the Secretary of State for External Affairs shared joint responsibility for this matter, that he would be knowledgeable of it.

I should like to address a brief supplementary question to the minister. Will there be a Canadian judge on the panel of judges when the Canada-United States fisheries and boundary agreements come before the International Court? If not, could he tell the House from what countries the judges will be selected, and by whom?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I do not think the hon. member is fair when he equates the fact that one does not know the detail of what happened within the last week with a lack of knowledge. On the question of the selection of judges, that would be very much a part of cabinet discussion on whether we are going to approve of going this route. I know that there are views on both sides of the issue of whether there should or should not be national judges. I understand that issue has not been settled yet.

* * *

POINT OF ORDER

MR. COOK—ALLEGED UNPARLIAMENTARY LANGUAGE OF MR. TRUDEAU

Mr. Chuck Cook (North Vancouver-Burnaby): Madam Speaker, I am indignant and take umbrage at the remark of the Prime Minister (Mr. Trudeau). In one of his long answers today, in reply to a question from the hon. member for York-Peel (Mr. Stevens), he stated, looking clearly at the opposition benches, "You silly guys".

Mr. Fox: Oh, you recognized yourself!

Mr. Cook: Madam Speaker, the word "guys" is demeaning, and I might say is out of date slang. The word "silly"—

Mr. Gray: —is relevant.

Mr. Trudeau: Don't be such a silly guy.

Madam Speaker: I am sorry, that is not a point of order. The hon. member did notice that at the time these words were said no one objected to them and neither did I. They are not

unparliamentary. They were not directed to one person in particular. I am afraid that point of order cannot be taken.

Mr. Cook: Madam Speaker, if I may refer you, the word "silly" was declared unparliamentary on January 26, 1961. If he is using it for "idiot", are you suggesting, Madam Speaker, that you cannot defame the whole opposition by an expression?

Madam Speaker: I am just checking that. One point is quite clear; that word was not addressed to one person in particular.

Mr. Trudeau: I really meant goofy.

Madam Speaker: What was declared unparliamentary was "silly reason", not "silly".

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, the following questions will be answered today: Nos. 35, 672, 673, 674, 675, 678, 1,271, 1,272, 1,586, 1,684, 1,685, 1,882, 2,248, 2,287, 2,307, and 2,362.

[*Text*]

MR. JORZY MROCZKOWSKI—EDITOR OF "CZAS"

Question No. 35—**Mr. Cossitt:**

1. Did the RCMP investigate an alleged fraudulent or fake issue of the Polish ethnic newspaper known as *CZAS* in Winnipeg, Manitoba, issued in August, 1978, and, if so (a) what were the results of the investigation (b) were any charges laid officially or are any charges pending in regard to fraud, etc.?

2. Did the RCMP receive complaints from the editor of *CZAS*, Mr. Jorzy Mroczkowski and, if so, what action was taken?

Hon. Bob Kaplan (Solicitor General):

1. Yes.

(a) insufficient evidence to lay charges;

(b) see reply to 1(a).

2. Yes. Action was taken in the form of the investigation referred to in part 1 above.

MR. MICHAEL PITFIELD

Question No. 672—**Mr. Cossitt:**

Did Mr. Michael Pitfield, secretary to the cabinet and Clerk of the Privy Council state that he had returned $10,000 to the Public Treasury calculated on the basis of the time remaining of a 58-week period for which he was being compensated and that this represented "after tax money" and, if so, did the Prime Minister instruct him to commit himself to return the full amount due, including pre-tax money after applying and receiving from the Department of National Revenue a tax rebate in the current tax year and, if not (a) for what reason (b) will the Prime Minister do so?

Right Hon. P. E. Trudeau (Prime Minister): I am advised that Mr. Michael Pitfield, Clerk of the Privy Council and secretary to the cabinet, on April 22, 1980, released the following statement to the Parliamentary Press Gallery: "Mr. Cossitt's motion in Parliament today was not based on fact. I am grateful to members of the Press Gallery who delayed filing their stories in order to give me a chance to correct these inaccuracies. As is well known it is very difficult to get the record straight after allegations of this kind have been disseminated across the country. When, after over 20 years in the public service, my employment was suddenly terminated on June 4, 1979, the previous government agreed that I should receive fifty-eight weeks' salary as damages, in addition to the usual termination payment of one week's salary for every year of service which is provided under Treasury Board regulations for any permanent employee departing the public service. The total amount was about $107,800, not $150,000, and this amount was fully taxable at the highest rate unless transferred to a fund for my retirement twenty to twenty-five years from now. When I rejoined the public service on March 11, 1980, I offered, and the Prime Minister agreed, that I would give back a part of this amount to the Receiver General on a purely voluntary basis. This is an unusual thing to do and I was not under any legal requirement to do so. The amount—approximately $10,000—was calculated on the basis of the time remaining of fifty-eight weeks for which I had been compensated, taking account of the fact that whereas what I received was pre-tax, what I was giving back was after tax. Concerning the holding company in which I have an interest only as a preferred shareholder, all details were disclosed, in accordance with the conflict of interest guidelines, when I was last employed by the government, and they will be reported again in the near future when the rearrangement of my affairs in accordance with the existing conflict of interest guidelines is completed. While one would not normally publicize one's personal affairs of this kind, I trust the foregoing will prevent the doubts that Mr. Cossitt's motion has sown from taking root."

Question No. 673—**Mr. Cossitt:**

1. Did Mr. Michael Pitfield, secretary to the cabinet and Clerk of the Privy Council report under the present government disclosure guidelines, the existence of a holding company which he either controlled or in which he had an interest and, if so, on what date?

2. Is the company still in effect and, if so, what is its full name?

3. Did the company do any business with the government and, if so, what are all the details?

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

1, 2 and 3: See reply to question 672 answered today. In accordance with the Government of Canada's guidelines on conflict of interest, Mr. Pitfield fully declared his interests to the Assistant Deputy Registrar General from the time the guidelines came in force until he left the public service in 1979, and again in 1980 when he was

reappointed as Clerk of the Privy Council and secretary to the cabinet. Conflict of interest statements were deposited in the Conflict of Interest Public Registry with regard to both periods of time. Details of information reported to the Assistant Deputy Registrar General by any person subject to the government's guidelines on conflict of interest are personal and confidential. No private company in which Mr. Pitfield has an interest has ever done business with the federal government while he was a member of the public service.

Question No. 674—**Mr. Cossitt:**

Did Mr. Michael Pitfield state that the payment he received after leaving his position as secretary to the cabinet and Clerk of the Privy Council following the May 22, 1979, general election was allegedly to cover in part damages and, if so, what are all the reasons justifying any claim that he was damaged and what damages did he suffer?

Right Hon. P. E. Trudeau (Prime Minister): See reply to question 672 answered today. The government of the day authorized payment of separation pay to Mr. Pitfield in line with standing government policy established by P.C. 1977-3325, November 24, 1977, which reads as follows: "His Excellency the Governor General in Council, on the recommendation of the Treasury Board, is pleased hereby to approve payment of separation pay, as follows, to

—persons appointed by the Public Service Commission to the senior executive group of the executive category; and

—Deputy Ministers and other persons appointed by the Governor in Council

—whose positions are slotted into the DM/SX structure and whose salaries are fixed or approved by the Governor in Council at rates within the DM/SX salary ranges on the basis of an annual performance review and following consideration by the special Cabinet Committee on the Public Service and the Cabinet; and

—whose non-salary compensation, other than superannuation, is not prescribed by statute or by regulation made pursuant to the statute or by bylaw of the agency in which they are employed,

(a) with the approval of the Treasury Board, in an amount which, together with any severance pay to which he is entitled, does not exceed 104 weeks' pay, when his employment is terminated at the initiative of the Government; and

(b) notwithstanding the provisions of (a) above, and with the approval of the Treasury Board, notice of termination of employment may be given in lieu of, or in combination with, separation pay but such notice, or combination of notice and separation pay, shall not exceed 104 weeks." Mr. Pitfield received separation pay significantly below the maximum amount which would have been permissible under P.C. 1977-3325.

Question No. 675—**Mr. Cossitt:**

1. Did Mr. Michael Pitfield pay back to the Receiver General of Canada any portion of the moneys paid to him at the time he ceased to be secretary to the cabinet and Clerk of the Privy Council following the general election of May 22, 1979, and, if so (a) on what date (b) what was the amount returned and how was it arrived at?

2. What were the amounts and dates of any cheques received by the Receiver General?

3. Did Mr. Pitfield return all the money he received for what he has referred to as "severance", other than the salary he would have received during the nine month period of time before he returned to the same position and, if not, for what reason?

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

1, 2 and 3: See answer to question 672 answered today.

Question No. 678—**Mr. Cossitt:**

With reference to Mr. Michael Pitfield's absence of nine months from the position of secretary to the cabinet and Clerk of the Privy Council raised in the House of Commons on Tuesday, April 22, 1980, by the hon. member for Leeds-Grenville, did Mr. Pitfield state publicly in reference to the hon. member's remarks "it's goddamn unfair . . . it's just not true" and, if so (a) was he stating government policy (b) was he instructed by the government to change his remarks in a written statement made later on the same day indicating the opposite with certain clarifications?

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

I am informed as follows: Yes.

(a) No.

(b) No.

Question No. 1,271—**Mr. Cossitt:**

1. Did the office of Mr. Michael Pitfield, Clerk of the Privy Council and secretary to the cabinet, receive numerous telephone calls from Mr. Ben Tierney of Southam News, requesting to speak to Mr. Pitfield between April 28 and May 1, 1980, as well as a number of other calls and, if so (a) did Mr. Pitfield return the calls and, if not (i) for what reason (ii) is it government policy that the senior public servant does not have to return telephone calls received (b) what was the total number of telephone calls from Mr. Tierney?

2. Was the Prime Minister's press office contacted requesting assistance in making contact with Mr. Pitfield?

3. Did Mr. Pitfield receive a hand delivered letter containing a list of questions from Mr. Tierney concerning the $107,800 he received when he left his position in June, 1979?

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

1. Mr. Pitfield spoke to Mr. Tierney on two occasions in April, 1980, concerning Mr. Pitfield's statement to the press gallery of April 22, 1980. Mr. Tierney's questions on these occasions were of a persistently personal nature. It is not incumbent on a public servant or anyone else to answer a journalist in these circumstances, nor can the degree of a public servant's obligation, willingness and ability to assist journalists be measured by the frequency of one journalist's telephone calls.

2. Yes.

3. Yes. The questions were again characterized by their personal nature.

Order Paper Questions

Question No. 1,272—**Mr. Cossitt:**

Did Mr. Michael Pitfield, Clerk of the Privy Council and secretary to the cabinet, state in April, 1980, that he received $107,800 when he left his positon following the May 22, 1979, election and, if so, to the knowledge of the government was any of this placed in a government retirement fund and, if so (a) what was the amount (b) will this be withdrawn and returned to the Receiver General to compensate the taxpayer for the fact that he was only absent from the job for eight months?

Right Hon. P. E. Trudeau (Prime Minister): See reply to question 672 answered today. The specifics requested in (a) and (b) are of a personal nature.

DORCHESTER PENITENTIARY DEMONSTRATION

Question No. 1,586—**Mr. Howie:**

1. Was it necessary for guards to fire a shot to break up a demonstration at Dorchester Penitentiary, New Brunswick, in the month of June 1980, because the demonstration began to shape up as an escape attempt?

2. In the same month, was there a hostage taking incident at the penitentiary?

3. What was the reason for the demonstration and the hostage taking?

Hon. Bob Kaplan (Solicitor General):

1. At 20.00 hours on June 27, 1980, approximately 105 inmates were in the gymnasium at Dorchester penitentiary, and refused to return to their cells when ordered to do so. During the disturbance the inmates began destroying property and furniture, as well as throwing dangerous objects at the correctional officers. The correctional officers believed that the inmates were going to attempt to break out of the gymnasium and either smash the institution or attempt a mass escape. Subsequently, numerous warning shots were fired from shotguns to keep inmates away from the barriers through which they might escape, and to keep the inmates from throwing dangerous objects at the correctional officers. Officers were told to aim high and most of the shots struck the side of the building at about the roof-line. A few shots penetrated through the upper parts of windows and hit fluorescent fixtures which had already been smashed by the inmates. It was learned that one staff member fired three shots from a rifle through one of the windows. He was disciplined for this act. An inquiry by the Inspector General of the Correctional Service of Canada into this incident concluded that it had not been necessary to fire so many warning shots. In retrospect, it was found that the disturbance was not a planned attempt to escape.

2. Yes, on May 31, 1980, two inmates took one correctional officer hostage. This hostage incident ended June 1, 1980.

3. Disturbance June 27, 1980:

The incident was sparked when a small group of inmates under the influence of "homemade brew" made their way to the gymnasium and began to destroy property and incite other inmates to participate in the disturbance.

Hostage-taking may 31, 1980—June 1, 1980:

The hostage-taking incident was attributed to two factors: (i) the restriction of the recreational privileges at the institution, and (ii) the closure of the coffee shop in the gymnasium.

The recreational privileges had been restricted as a consequence of difficulties experienced at the institution at the time. The coffee shop could not be made available to the inmates because the gymnasium was undergoing renovations.

The demands of the hostage-takers were: (a) that the coffee shop in the gymnasium be reopened, (b) the return of full recreational privileges, (c) an institutional two-way radio.

The demands were not met as the normal policy and practice of the Correctional Service of Canada is that no agreement which represents an ultimate benefit to the hostage-taker or takers be permitted in hostage negotiations.

VISIT TO BONN—PRIME MINISTER AND MR. PITFIELD

Question No. 1,684—**Mr. Cossitt:**

Did the Prime Minister and Mr. Michael Pitfield visit Bonn, Germany and other countries during the summer of 1978 and, if so, on what dates and for what purpose, in each case?

Right Hon. P. E. Trudeau (Prime Minister): Yes. The dates and purpose of official visit were: July 14-July 21—Germany, Bonn Economic Summit and official visit to the Federal Republic of Germany.

MR. MICHAEL PITFIELD

Question No. 1,685—**Mr. Cossitt:**

1. Did Mr. Michael Pitfield, Clerk of the Privy Council and secretary to the cabinet, attend the Commonwealth Conference of Cabinet Secretaries in Cyprus during 1980 and, if so, on what date was it decided that he would attend and on what date did he accept the invitation?

2. Did the Prime Minister agree to appear before the Standing Committee on Miscellaneous Estimates and, if so (a) on what date (b) did the Prime Minister agree after Mr. Pitfield had made arrangements to go to Cyprus and, if so, for what reason was the Prime Minister's appearance not delayed until Mr. Pitfield could join him?

3. What are all the details of all the work done by Mr. Pitfield while in Cyprus and what was the advantage of his trip to the people of Canada?

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

1. Yes. Mr. Pitfield's attendance was decided when he was appointed by the governor in council on March 11, 1980, to be Clerk of the Privy Council and Secretary to the Cabinet. His attendance was confirmed in discussions with the Commonwealth Secretariat in London on June 27, 1980.

2. The clerk of the Standing Committee on Miscellaneous Estimates was tentatively informed approximately two weeks before the Prime Minister's appearance on November 4, 1980, that the Prime Minister would appear. The date of his appearance could not be confirmed until October 31. The appearance could not be delayed because under House order the committee was obligated to make its report on the Main Estimates to the House of Commons by November 10, 1980, and Mr. Pitfield could not return to Ottawa before November 11 at the earliest.

3. Mr. Pitfield was head of the Canadian delegation. The Commonwealth is an important element of Canadian foreign policy and the senior officials meeting is the principal venue

for discussion of management and program questions. See the minutes of the November 4, 1980, meeting of the Miscellaneous Estimates Committee, p. 27:18.

Order Paper Questions

DND—YEARLY INCREASES IN EXPENDITURES

Question No. 1,882—**Mr. McKinnon:**

What has been the increase in real terms in the Department of National Defence's expenditures, including statutory costs, for each fiscal year 1970-71 through 1979-80?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence):

Defence Services Program
Annual Increase in Real Terms Including
Statutory Costs 1970-71 to 1979-80

	Previous Year Expenditures ($ millions)	+	Inflation ($ millions)	+	Statutory Change ($ millions)	+	Real Increase (Decrease) ($ millions)	=	Actual Expenditure ($ millions)
1970-71	1,789.5		97.1		51.4		(120.1)		1,817.9
1971-72	1,817.9		109.2		19.4		(51.3)		1,895.2
1972-73	1,895.2		134.3		54.1		(102.0)		1,981.6
1973-74	1,981.6		174.3		(6.2)		82.3		2,232.0
1974-75	2,232.0		303.2		67.3		(95.3)		2,507.2
1975-76	2,507.2		301.2		64.0		101.3		2,973.7
1976-77	2,973.7		304.2		13.3		73.7		3,364.9
1977-78	3,364.9		293.6		12.6		99.9		3,771.0
1978-79	3,771.0		320.8		(76.5)		92.7		4,108.0
1979-80	4,108.0		327.8		(37.9)		(8.6)		4,389.3

PRESENCE OF U.S. AND CANADIAN MILITARY PERSONNEL IN SAULT STE. MARIE DURING W.W. II

Question No. 2,248—**Mr. Blackburn:**

1. During World War II, were United States military personnel present in Sault Ste. Marie, Ontario, and, if so (a) for what reasons (b) which regiments and units (c) what was the maximum strength (d) on what date did the first personnel arrive and on what date did the last personnel depart (e) how many were killed or wounded?

2. Were U.S. civilian personnel attached to this military unit and, if so, what were their names?

3. Were Canadian military personnel stationed in Sault Ste. Marie and, if so (a) how many (b) how many were wounded or killed?

4. (a) Was enemy espionage activity suspected in Sault Ste. Marie and, if so, in what form (b) were there arrests and, if so, how many (c) were charges laid and, if so, what were they?

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance):

I am informed by the Departments of National Defence and the Solicitor General as follows: 1. Yes.

(a) U.S. authorities were concerned about disruption to the war effort which could result from damage to the canals due to sabotage and air attacks from enemy vessels which might penetrate Hudson Bay. Although the Canadian Chiefs of Staff considered the risk only a slight one, Canadian authorities acceded to the U.S. request to station U.S. troops on Canadian soil.

(b) Initially, elements of the 100th U.S. Coastal Artillery Anti-Aircraft Regiment. Subsequently, the 110th Coastal Artillery Group.

(c) 666 as at early May, 1943.

(d) First arrival—early April, 1942
Last Departure—mid-February, 1944

(e) None.

2. There is no record of U.S. civilian personnel attached to these forces.

3. Yes.

(a) 163.

(b) None.

4. (a) The RCMP have no information concerning possible enemy espionage activity in Sault Ste. Marie during World War II.

(b and c) See reply to part (a).

CFB GAGETOWN PERSONNEL

Question No. 2,287—**Mr. Corbett:**

1. What is the number of non-service personnel employed at CFB Gagetown and how many are retired service personnel?

2. How many non-service positions were filled in the past five years and what is the breakdown between ex-service personnel and others who were hired in each year?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence):

1 and 2. The number of civilian permanent personnel and temporary personnel as at April 1, 1981, was:

Civilian permanent personnel	652
Civilian temporary personnel	184
Total	836

The number of civilian personnel both permanent and temporary filled in the past five years is as follows:

Order Paper Questions

1976/77	440
1977/78	327
1978/79	289
1979/80	346
1980/81	455
	1,857

The above figures include some 200-300 term employees hired to cater to peak requirement during summer concentration. In regard to the questions concerning retired and ex-service personnel this information is not readily available and would entail manually checking several thousand personnel files for which the department does not have the necessary resources. Furthermore the data if found would be unreliable since only those people requiring a security clearance fill out a personal history form detailing all previous employment, whereas other personnel hired may or may not volunteer information of previous military service.

MEDICAL RESEARCH GRANTS

Question No. 2,307—**Mr. Patterson:**

Were grants for medical research made to universities by the government during the past ten years and, if so, in what amount?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare):

In so far as the Department of National Health and Welfare is concerned: no.

In so far as the Medical Research Council is concerned: yes, financial support for medical research in Canadian universities during the last ten years was provided as follows:

Years	Amount
1971-72	$ 33,584,858
1972-73	35,215,781
1973-74	38,101,202
1974-75	40,342,745
1975-76	44,860,031
1976-77	48,482,608
1977-78	54,472,035
1978-79	60,799,489
1979-80	65,927,773
1980-81	77,435,182

REVOCATIONS OF PAROLE AND MANDATORY SUPERVISION

Question No. 2,362—**Mr. Robinson (Burnaby):**

What number of penitentiary inmates as of June 25, 1980, had experienced one or more revocations of parole and at least one revocation of mandatory supervision?

Hon. Bob Kaplan (Solicitor General):

In so far as the Correctional Service of Canada is concerned: 1,138 inmates.

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, if question No. 1,020 could be made an order for return, such return would be tabled immediately.

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Is it the pleasure of the House that question No. 1,020 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

STATISTICS CANADA SURVEYS—PERSONAL CONTACT

Question No. 1,020—**Mr. Neil:**

1. For each fiscal year 1975 to 1979, how many surveys were carried out by Statistics Canada which required personal contact by an employee with an individual or a householder and, in each case, what was its (a) nature (b) purpose?

2. For the same years, how many (a) full-time (b) part-time employees were on the payroll in each province?

Return tabled.

[*Translation*]

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, I ask that the remaining questions be allowed to stand.

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—CONDEMNATION OF GOVERNMENT ECONOMIC POLICIES

Hon. Sinclair Stevens (York-Peel) moved:

That this House condemns the government's barren economic policies, which are destroying the stability, productivity and competitiveness of the Canadian economy; reminds the honourable member for Cape Breton Highlands—Canso that he is now Minister of Finance and not Secretary of State for External Affairs; asks the minister to see at first hand the misery caused by his abdication of economic leadership by travelling around Canada instead of around the world; and, urges him to then introduce a budget with corrective measures before July 1, 1981, or resign.

He said: Madam Speaker, in speaking on my motion I feel that perhaps it is getting more and more urgent that we in this House start accepting some of the true facts and realities that

we are now living with in Canada concerning our economy. I say that because I find it almost unbelievable that we have a government, judging from its answers to questions today and earlier in the week, that is virtually indifferent to the plight of the average Canadian who has to live with an interest rate structure of over 20 per cent as far as most borrowing activities are concerned.

• (1210)

We have dwelt on this and we know that when the present members of the cabinet were in opposition they deplored the then existing interest rate structure in the country. One member in particular, the Minister of Industry, Trade and Commerce (Mr. Gray), even stated, when interviewed in his home town, that if he were a member of a government that had such a high interest rate structure, he would resign from that government.

Some hon. Members: Resign.

Mr. Kempling: Why did you chicken out, Herb?

Mr. Stevens: The interest rate structure which the minister then referred to was about 14 per cent. Now it is over 19 per cent, 20 per cent as far as most borrowing activity is concerned, and we see the Minister of Industry, Trade and Commerce not resigning from that government but somehow or other compromising his views and clinging to the office which he has apparently grown to love so much.

I mention this because I feel we are in a situation where our whole way of life, our type of society, that of the free enterprise system, is not going to survive if the present tendencies of more and more government intervention, more and more government spending resulting in deficits, is allowed to continue in this country to the detriment of all Canadians.

Not only do we have the evidence of an indifferent government, but we have a Minister of Finance (Mr. MacEachen), the person one would normally expect to be grappling with the problems that I am going to refer to, gadding about the world. He is one of the few ministers of finance from leading industrial countries to attend the meeting in Gabon. As we all know from this morning's news, we have a Minister of Finance who has been selected by certain members of the International Monetary Fund to be chairman of the main policy-making body of the IMF itself.

Mr. Nielsen: God help them!

Mr. Nickerson: God help the world!

Mr. Stevens: There was clearly, because there is nothing else to read into it, some type of a gross misrepresentation made at that conference that attending members would even think of our Minister of Finance chairing any responsible committee of the International Monetary Fund.

An hon. Member: Maybe he will stay away.

Mr. Stevens: Oddly enough, when we read the Reuters story we find that our Minister of Finance was chosen to take that office for all the wrong reasons. They chose him because he was the big spender. The Minister of Finance was, first of all, in attendance; most of the other major industrial nations ministers of finance were not there. Second, they like his spending habits, they like his big deficits and they like the fact that he has allowed his fiscal policy to rage on virtually unabated, something which is certainly aided and abetted by the socialists to our left.

Mr. Huntington: They have high interest in him.

Mr. Stevens: We have a government today that on a national accounts basis is spending in the current fiscal year, 1981 to 1982, $7.5 billion more than was anticipated under the Crosbie budget which, of course, caused the defeat of the Clark government.

Mr. Peterson: What about the $3 billion in extra expenditures that you voted for yesterday?

Mr. Kempling: Tell us about PetroCan.

An hon. Member: Tell us about Petrofina.

Mr. Deputy Speaker: Order, please. The hon. member for York-Peel (Mr. Stevens) has the floor.

Mr. Waddell: So Toronto has a member in the House.

Mr. Kempling: How many gas stations do you own?

Mr. Stevens: If I could relate that $7.5 billion of extra spending, which the government has put in place and presumably will see spent this year over and above what we anticipated would be spent, we are talking about $200 per average Canadian family. That is the spending level we have reached as far as this government is concerned. It is over and above what we anticipated fiscal 1982 would require had we continued in power.

I know that the hon. member for Willowdale (Mr. Peterson) gets exercised every so often. Already he has been speaking from his seat during my speech, but perhaps he will pay heed to his own Minister of Finance's Economic Review which spells out, I suggest, certain of the arguments that I would like to make in support of my motion today. This Economic Review, incidentally, was tabled a few days ago while the Minister of Finance is on one of his world jaunts. In it, on page 3—it is disclosed that in 1980 we tied for the worst unemployment rate among the seven major countries in the world. From page 3 of the Minister of Finance's own Economic Review we can see that our unemployment level averaged 7.5 per cent, tied with Italy, the worst unemployment record of the seven major countries in the world. Compare that to Japan's unemployment level which is shown as 2 per cent. That is the first negative which should require the government to ask the Minister of Finance, as we are suggesting, to get back into this country. If the Minister of Finance wants to travel, let him travel around Canada and see what impact his policies have on Canadians. If he does not want to bring in a budget correcting some of these problems before July 1, then he should resign.

Mr. Peterson: He also created more jobs.

Mr. Stevens: That is the thrust of our motion. Again, if the hon. member for Willowdale would stop talking but read this Economic Review—

Mr. Nielsen: He is shooting from the lip.

Mr. Stevens: —he would find on page 8 the interest rate structure is given for the large OECD countries. Large, means the seven largest countries in the OECD. On page 8 we find, not as the government has been representing, that it is simply playing catch-up as far as interest rates are concerned, but that we are at the top of the list with the highest interest rates in the world. That review indicates that in December the central bank discount rate in Canada was 17.26 per cent. The next highest was Italy's central bank discount rate at 16.5 per cent. The lowest central bank discount rate, of course, was that of Japan at 7.25 per cent.

Mr. Peterson: If you read those figures, you will also find that we were one of the countries that increased employment last year.

Mr. Stevens: When the baboons are being affected you can always tell because the clamour gets louder and louder.

Mr. Huntington: You are getting to them.

Mr. Stevens: The hon. member from Willowdale asks about the amount of employment that was created last year. What he is not telling us is where that employment was created. Those jobs were created in the public service and related services.

Mr. Huntington: Not one of those jobs was productive.

Mr. Jarvis: Ask Herb Gray about Windsor. How many jobs were created in Windsor last year?

• (1220)

Mr. Stevens: Let me tell the hon. member for Willowdale that there is one job the government created for him of which he should be proud, and that is that he has a job as a member of this House. He would never get such a good job in any other place if he returned to the private sector.

Mr. Gray: Tell us about your job with the Bank of Western Canada.

Mr. Smith: Tell us about the bank rate.

Mr. Stevens: One of the backbenchers says "Tell us about the bank rate". That is what I am talking about. The fact is we were a world leader until the new socialist leader of France raised the French discount rate this morning to 22 per cent. Here we have the vice-president of "Socialist International" in this country, the leader of the New Democratic Party, egging the government on to more and more spending. Until this morning we have had the highest interest rates as a result of that spending, which creates inflation. We may well have an increasing interest rate structure in Canada that will return us to the number one or worst spot if the socialistic and spending tendencies of the present government are maintained.

Mr. Jarvis: Now they are number two they will try to go higher.

Mr. Stevens: I am not quoting our figures or figures from PC research; I am quoting the government's own statistics. That is what they find so embarrassing.

Let us turn to real growth. On page 1 of his Economic Review, the Minister of Finance reveals, stands naked if you like, for all those who wish to read it, that our real growth in 1980 was 0.1 per cent, just marginal. If you relate that to workers, you find that the average worker in this country had a decline in real growth last year, in fact for the last four years. Under this government, every worker has had steadily declining real growth in wages.

Mr. Peterson: Tell us what happened in the seven major OECD countries.

Mr. Stevens: The hon. member is making it for me here. We should keep this up, Willowdale and York-Peel. He asks about the seven major OECD countries.

Mr. Peterson: Canada's decline in growth was less than any of the other OECD countries.

Mr. Stevens: If the hon. member will look at page 1, he will see that the minister has averaged it out for him. The average for the major OECD countries was 1.3 per cent real growth compared to our 0.1 per cent.

Mr. Peterson: The average over the last two years has been better than any of the other OECD countries.

Mr. Deputy Speaker: Order, please. I am sure the hon. member for Willowdale will have an opportunity to speak later today. The hon. member for York-Peel has the floor.

Mr. Stevens: At the risk of having the hon. member for Willowdale completely succumb to the statistics, let met refer him to page 6 of his minister's Economic Review. This is where we find the shattering effect of our discounted dollar. There it is revealed that the real effective exchange rate in Canada is now the lowest of all the countries listed on page 6. Our real exchange rate in an effective sense is now below 90, 89.8, compared to other countries such as Norway, Denmark, Austria, Switzerland, Belgium, Sweden, Australia, The Netherlands, Spain, Italy, the United Kingdom, France, Germany, Japan and the United States, which have all done better.

Mr. Jarvis: Is Gabon in there?

Mr. Stevens: If the Minister of Finance stays there too long, they will be running hard to overtake us as far as their Gabonese currency is concerned. Canada's economic decline over the past decade is reflected not only in the statistics I referred to, but in many other ways.

Over the past five years, our dollar has traded at an average price below that of any other year in our history, even going back before confederation. The 16 per cent discount to the United States dollar is again an historic first. You go back to the 1850s before you find such a period in our history where we have had consistently for such a prolonged period of time such a low dollar in relation to the American dollar.

Mr. Nielsen: We ought to make the Guinness Book of Records.

Mr. Stevens: That's right. Perhaps some government apologist, maybe the hon. member for Willowdale, will make this type of apology later and say that you have to let the system work. Yesterday the emperor, the Prime Minister (Mr. Trudeau), said he believed in gradualism. He felt that if he could somehow edge up interest rates, this would eventually reduce inflation. We in the official opposition are asking when this magic turn around will occur.

Mr. Pepin: Soon.

Mr. Stevens: The Minister of Transport says soon.

Mr. Smith: Have faith.

Mr. Stevens: Another government member says have faith. It will take a lot of faith. Since this government has taken power, interest rates have gone up roughly 4 per cent. Oddly enough, the inflation level has gone up roughly 4 per cent. It appears that rather than high interest rates stifling or dampening inflation, they are fuelling inflation.

Most economists are now coming to the realization that what this government has given to the nation is very expensive money, but not really tight money. The net result is that there is more and more money to borrow at higher and higher interest rates. This creates the scenario you need, not for lowering consumer prices but increasing them on many of our products.

Let me touch on productivity. As we know, the record in Canada with respect to productivity has been dismal. Per worker output declined about 3.5 per cent after 1980 after a 1.2 per cent drop in real terms in 1979. We had virtually no economic growth last year. That was confirmed in the Economic Review I read from earlier. The prospect for 1981 is again for virtually no growth. In terms of the average worker, real earnings have declined over the last three years by almost 5 per cent.

These statistics alone should indicate that urgent corrective measures are needed for the economy. I hope the Prime Minister will at least spend the money on a phone call to Gabon to tell the Minister of Finance that instead of being the world gadabout, he should get back here and start solving some of the problems I am referring to.

Mr. Pepin: Come on, he hardly ever travels.

Mr. Stevens: The only significant action that we have seen from this government on the economic front over the past several years has been a policy of encouraging high interest rates, ostensibly to curb inflation, yet there is no indication that they are performing that duty.

Let me touch on trade. The Minister of Industry, Trade and Commerce, who is in the chamber, probably knows that world trading activity grew by a record 20 per cent during the 1970s, but unfortunately Canada did not keep pace. Canada had an annual average growth rate in the 1969-79 period of 15.1 per cent, with the result that our share of world trade decreased by over 30 per cent. This has represented an opportunity loss for Canadian exports of $20 billion per year.

• (1230)

One of the weakest performers in terms of exports has been our secondary manufacturing sector. From 1970 to 1975 Canada's share of world trade in manufacturing goods has dropped from 5.6 per cent to 3.8 per cent, at a time when Japan's share increased from 10.4 per cent to 12.1 per cent, when France's share increased from 7.7 per cent to 9 per cent, Germany's share from 17.6 per cent to 18.1 per cent, and Sweden's share from 3 per cent to 3.1 per cent. These statistics are not ours; they come from the Science Council of Canada which has outlined a technological policy for Canada. In 1980 we experienced an amazing $17.8 billion trade deficit in end products alone, six times higher than in the early 1970s.

Notwithstanding that background, we find that the Minister of Industry, Trade and Commerce, at a time when the Americans were having active discussions with the Japanese in the hope there would be some type of restraint on the exportation of Japanese cars to the United States—and they succeeded in getting such restraint agreed to by the Japanese—said and did nothing to protect Canadians from the eventual outcome of having an export quota placed by the Japanese on exports to the United States market with no similar arrangement for the Canadian market. This may mean that 20,000, 30,000, perhaps even 35,000 extra cars will pour into the Canadian market as a result of the inactivity of the Minister of Industry, Trade and Commerce in this field alone.

Despite brave election promises to reduce inflation and unemployment and to provide Canadians with an industrial strategy, this government has continued rather in bankrupting the nation. There has been no effort to get to the root causes of economic decline. In fact, we find that rather than having an industrial strategy put before this House, some suggested way out of these dilemmas I am referring to, the Minister of Industry, Trade and Commerce has apparently been shunted aside from his own cabinet responsibilities and has had to admit to the public that any question of an industrial strategy must take second place to the constitutional debate and the energy policy program we have lived with in the House for so many months.

What I have been referring to is the Canadian scene. What a contrast we have now between Canada and the United States of America. In the United States it has been recognized that government itself represents the major problem to that nation in restoring itself to its old prosperity. The Reagan administra-

tion has a fourfold strategy for achieving economic recovery, based on the recognition that runaway government has been a major problem. That administration plans to concentrate, first of all, on spending cuts, then tax cuts, regulatory relief and monetary restraint. It is important to note that it is a fourfold thrust they are embarking upon in the United States. It is true that monetary restraint is the fourth thrust, but that administration would be the first to tell you that without proper fiscal restraint, with resulting tax savings and, above all, regulatory relief, the entire program will not achieve the success hoped for. In short, it is a co-ordinated, concentrated attack on inflation and the lack of productivity in that country, something we do not have in this country.

The administration in the United States plans to cut spending growth by two thirds. That will be a savings in the United States of $55.9 billion by 1982. Imagine the contrast. There you have a nation that intends to cut back its growth by two thirds and save something like $55 billion in spending, yet this government has in place $7.5 billion on a national accounts basis of extra spending over what we projected in the Clark budget on which we were defeated.

President Reagan wants to eliminate his government's deficit, which he forecasts next year to be 3.7 per cent of total spending. That 3.7 per cent is in contrast to the 20 per cent of total federal spending this government contends is prudent.

Can you imagine our shock this morning to learn that our Minister of Finance, if you like the mother of the deficit I have referred to, being 20 per cent of our total spending, has now been chosen to chair an important committee of the International Monetary Fund and may have some influence on the entire world's financial system, as opposed to being restricted in the harm he can do to Canada alone? The Minister of Finance is recognized around the world as being the last of the big time spenders. As I indicated, it was stated in today's story that he in fact had been acclaimed or chosen as "Mr. Big Spender" of the seven major industrialized nations. What a sad reflection on Canada itself. I can assure the House and I think most of the members of this House feel the same way, that if those who have compassion for the comparatively poor of this nation, the small businessman, the farmer, the fisherman, those who somehow believe in the free enterprise system, believe that people in those categories should be given a reasonable opportunity to improve their lot and their real wages, they have to support the thrust of our motion today and bring the strongest possible sanctions against the government, urging it to correct its ways. If the Minister of Finance is the problem and is unwilling to correct his ways through a new budget, we should ask him to resign.

Canada can be such a great nation. Rowland Frazee, the president of perhaps the fourth largest bank in the world and our largest bank, the Royal Bank of Canada, has said that if over the next few years we could capture the productivity we have lost, it would mean $4,000 in added income in real terms per worker compared to a projected $200. This is the sad aspect of this matter. Those who represent that they have the common man's interest at heart are the very people who are hurting that common man so badly in this country. They are denying him the break I would suggest the Canadian worker is entitled to and would have with proper leadership here in Ottawa.

We are talking in very, very large terms. I do not think we in Canada have to accept being number 13 as far as real incomes in the world are concerned, but that is our current position. We used to be number two, running hard at being number one. I suggest that with a properly co-ordinated fiscal, monetary and industrial approach in this country we could not only be number two again, we could be number one among the nations of the world. That is what we in the official opposition believe and that is why we want our minister, if you like our Pimpernel, to take action. They seek him here, they seek him there, they seek him everywhere, this Minister of Finance, but nowhere can they find him doing an effective job.

• (1240)

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Mr. Speaker, before getting on with the substance of my remarks, I should like to comment very briefly on the intervention of the hon. member for York-Peel (Mr. Stevens) who has just presented his motion. First I must tell him that I am surprised he should be making unfounded accusations against all those who selected Canada's Minister of Finance to chair the interim committee of the International Monetary Fund. In my opinion, the hon. member for York-Peel is insulting the ministers and the international finance experts who chose the Canadian Minister of Finance to preside over that important meeting.

I was also struck by the frenzied rhetoric he resorts to when he talks about budgetary deficits and government expenditures. I am astounded by the fact that in the House last night the hon. member for York-Peel supported the motion of the hon. member for Calgary Centre (Mr. Andre) who was urging the government to boost its expenditures by $3.5 billion. I fail to see where the logic is. On one hand, they say to the government: Cut down your spending; on the other, they rise to support their colleague from Calgary Centre who says to the government: No, do not cut down your spending but rather increase it to the tune of $3.5 billion. So much for the logic of the hon. member, as evidenced as well in his speech.

The hon. member quoted selected excerpts from the economic review I tabled in the House earlier this week. Common sense being the one thing in the world which everybody has, I would suggest that the great majority of people look askance at figures taken haphazardly out of a 200 or 300-page document. I do not want to comment on those figures because I know that my colleague, the hon. member for La Prairie (Mr. Deniger), will set them in their proper context when he takes the floor later on this afternoon.

Mr. Speaker, the hon. member for York-Peel has just given us a very pessimistic outlook on the current economic situation

in Canada. The hon. member has twisted reality. He has given us a distorted picture of the day to day life of Canadians, and above all a contorted representation of the strategy conceived by the Minister of Finance in his budget of October last. In that budget the Minister of Finance wanted to combine the necessary restrictions with measures which were essential to shore up the then prevailing economic situation in Canada. By making the energy self-sufficiency of Canadians the basis of that strategy, the Minister of Finance is ensuring the upswing of our economic activities, guaranteeing as well improved conditions to pave the way for increased productivity and, finally, securing our competitive position on international markets.

Yesterday, during the debate on interest rates, I had the opportunity to tell this House how surprisingly strong the upswing of the Canadian economy had been during the last quarter of 1980. In fact, the economic activity increased at an annual rate of over 8 per cent during that quarter. The first quarter of 1981 also showed an amazing vigour. Why does the hon. member for York-Peel ignore these figures? He does so because they clearly fly in the face of the allegations contained in his motion. Mr. Speaker, the hon. member ignores these figures because they confirm unequivocally that the policies put forward by the Minister of Finance (Mr. MacEachen) are effective and meet the needs of the economic situation in Canada.

What about employment? In 1980, 286,000 new jobs have been created, or 2.8 per cent more than in the previous year. As a result of these hundreds of thousands of jobs being created, a record high of 59.2 per cent of the population was employed by the end of 1980. The first quarter of 1981 augurs well with regard to job creation for the present year. Indeed, in April, unemployment dropped to 7 per cent, a level that had not been reached in Canada since June 1976. The downward trend of the unemployment rate in the last few months is further evidence of an economic recovery in Canada. What is interesting, Mr. Speaker, is that the percentage of workers aged 15 or more reached a record high of 60.1 per cent in April and broke the 1980 record. Mr. Speaker, how can the hon. member for York-Peel ignore these figures? How can he deny that such buoyancy in job creation is an obvious indication that the economic policies of the Minister of Finance are adequate and that they meet the present economic conditions in Canada?

In his motion, the hon. member for York-Peel refers to economic stability. The hon. member did not make a major discovery and did not teach anyone anything new by saying that the Canadian economy was going through a difficult period. This is clearly indicated in the diagnosis made by the Minister of Finance in his budget speech. This instability is caused by various shocks, some of them external and others domestic. The drastic increases in oil prices decreed by OPEC countries have had obvious destabilizing effects on our economy. The impact of oil prices has been reflected by strong inflationary pressures throughout the world, and these pressures have also been at work within Canada. Such destabilizing factors required appropriate action. Our monetary policy, a gradual reduction of the deficit and the determination of the Minister of Finance and the government to control inflation are the key elements of a policy which will restore stability to the Canadian economy. However, the effects of such measures can obviously not be felt in the short term. The search for economic stability was a clearly stated objective of the budget and the Minister of Finance has taken the means necessary to achieve that objective in the longer term.

Mr. Speaker, this new decade offers Canada and Canadians fantastic economic opportunities, but we must first learn to control inflation, promote stability and attract investments. That was the challenge contained in the October budget, and the figures that I quoted yesterday and that I briefly referred to a moment ago show that Canadians have responded to the Minister of Finance's challenge and are willing to take it up.

In his motion, the hon. member for York-Peel also talks of the competitiveness of our business sector. Increases in prices and costs as well as fluctuations in the rate of exchange have played a major role since 1979 with regard to the competitiveness of Canadian corporations in the international as well as the domestic markets. The decrease in salary costs has had a significant effect on our improved competitiveness. In 1980, exports of manufactured goods helped improve our trade balance by over $8 billion. For the first quarter of 1981, the trade surplus was close to $2 billion. That, Mr. Speaker, also serves to prove the competitiveness of Canadian business and it also shows the effectiveness of the measures contained in the Minister of Finance's budget aimed at achieving economic recovery.

I believe that to ensure Canada's long-term growth in an increasingly competitive world, there must be massive corporate investments, especially in four areas. First, in the development of our huge energy and other natural resources. Second, in plants and new equipment that will be required to modernize and adapt Canadian industry. Third, in research, development and innovation so that Canada can be ensured of state-of-the-art technology and can become a leader as manufacturer of those products which will be required in the future. Fourth, we must invest in human resources to meet future technological requirements and to produce the new consumer goods that will be needed in the world of tomorrow. That is why the general objective of last October's budget was to create a favourable climate for increased medium-term investments. The figures that I referred to a moment ago show that economic recovery has already begun.

In his motion, the hon. member for York-Peel criticizes the Minister of Finance for attending this week an important international meeting.

I indicated early in my remarks that to me that was a mean comment. What kind of a meeting is the Minister of Finance attending? It is a meeting of the interim committee of the International Monetary Fund. As citizens, we are entitled to ask what matters are being discussed at that meeting. I should say first the world economic situation which also is unsettled, for the Canadian economy is not the only one going through difficult times, and then the problems of inflation, the various ways and means of solving the problems of inflation, monetary theory, and interest rates. All those matters were discussed by honourable members in this House for two days last week, as well as yesterday and today. Clearly it is important that our Minister of Finance be at the heart of the discussion when people representing every country in the world are discussing how they are to straighten out these situations. In view of the interconnections between world economies, there is no doubt that Canada must attend these meetings. Canada has an open economy, a small population, and a tremendous productive capacity.

● (1250)

The impact of strategies implemented by our trading partners is therefore of primary importance to us Canadians for the well-being of our economy. By attending such meetings, our Minister of Finance will not only profit from the experience of other nations, but also learn how these nations intend to act to wrestle down economic instability and inflation. The importance for Canada's attendance at such meetings can be readily understood, for it is a matter of common sense, and I am stunned that despite his vast knowledge the hon. member for York-Peel should lack that little common sense needed to recognize the need for it.

This morning, for instance, Mr. Speaker, the press generally reported the appointment of Canada's Minister of Finance as chairman of the IMF interim committee. This appointment confirms that state representatives at the highest international level recognize the competence of Canada's Minister of Finance and have selected him to chair that important IMF committee.

I entirely reject the biased statement made by the member for York-Peel against those delegates who have expressed their high regard for the Minister of Finance of Canada. I am convinced, Mr. Speaker, that those hundreds of persons representing many countries in the world know as much about economic problems in the world and in their own country as the member for York-Peel knows about economic problems in Canada, and from his actions and the behaviour of the Canadian economy they were able to infer that the Minister of Finance of Canada deserves their confidence as chairman of that very important political committee. Eight hundred experts and ministers of finance of 141 states will be taking part in the Gabon meeting. Canadians should be proud of the appointment of their minister to such an important and prestigious post. With characteristic pettiness and partisanship the member for York-Peel in his motion blamed the member for Cape Breton Highlands-Canso and Minister of Finance not only for bringing honour to Canada at the International Monetary Fund conference but also for looking into strategies which will be adopted in other countries in an attempt to solve the problems experienced by the main western economies.

[*English*]

Mr. Deputy Speaker: It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At one o'clock the House took recess.

[*Translation*]

AFTER RECESS

The House resumed at 2 p.m.

Mr. Bussières: Mr. Speaker, I should like to return briefly to what I was saying when the bell rang at one o'clock. The House will recall that the motion moved by the hon. member for York-Peel blames the Minister of Finance for taking part in an important international conference in Gabon, thereby demonstrating the hon. member's dishonesty or ignorance. As I was saying, the more than 800 ministers and officials from every corner of the world who are taking part in this conference have indicated that they fully recognize the competence of our Minister of Finance by appointing him Chairman of the International Monetary Fund interim committee. I suggested also that Canada being a country with an open economy and the economies of the world being so closely interconnected, it is of paramount importance to be present when the members of the international community are dealing with inflation, economic stability, and development strategy. We are present and very competently and prestigiously represented by our Minister of Finance, who has been appointed to chair the International Monetary Fund interim committee.

Finally, Mr. Speaker, the hon. members urges the Minister of Finance to introduce a new budget before July 1. There seems to be a sort of pattern with Progressive Conservative Party policies: after they have made critical remarks for a number of weeks, they end up repeating endlessly "a new budget" ... "a new budget" ... "a new budget", like the needle of a record player which gets stuck in the same groove of a warped record. Then, when they realize that the scheme is not working any more, one of them, generally their leader, starts gesticulating and complaining again about housing, interest rates, and so on and so forth. And again, after a few weeks, whoops! "a new budget" ... "a new budget" ... "a new budget." Mr. Speaker, Canadians are well aware of this pattern of the Progressive Conservative Party policy, having been exposed and subjected to it for a few months.

The Minister of Finance has already announced in the House that he intends to introduce a new budget in the fall,

presumably in October. I can understand the hon. member remembers that his party when they were in power, used to change its mind and policy every minute. His leader, who had made a name for himself as a man who follows the prevailing wind, was showing the way. With this government, it is a different story. This government has policies which it reviews from time to time and as the need arises. Just now, the Minister of Finance is involved in all sorts of studies and analyses, to prepare for the new budget which he should introduce around October to meet the needs of the economy.

In closing, Mr. Speaker, let me point out that after two days of debate on economic matters last week, after yesterday's debate on interest rates and inflation, and after the first interventions in today's debate the opposition has only managed to prove its lack of imagination and show in front of all Canadians that, in economic matters as in many other areas, its great tenors are just as boring as the bore of a gun. Canadians were not long seeing through the inanity of the Progressive Conservative government. Its members were simply thrown out. The people expressed their confidence in us, as they also did in the Minister of Finance of this country, and they will go on doing so because even now there are signs of an economic recovery and these will continue to grow in the forthcoming years.

• (1410)

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, I am happy to take part in this debate today because it is the second anniversary of my election to the House of Commons. I am of the class of 1979. Indeed, I was elected to this House on May 22nd, like so many others such as the parliamentary secretary to the Minister of Finance (Mr. Evans); so, this is indeed a very special day.

[*English*]

I am very happy to speak on the second anniversary of my election to Parliament in 1979 and that of many members of the House.

An hon. Member: It was also the defeat of a few.

Mr. Waddell: Having listened to the speech of the hon. member for York-Peel (Mr. Stevens) who introduced—

Mr. Deputy Speaker: Order, please. There is a question of privilege by the hon. member for Esquimalt-Saanich (Mr. Munro).

* * *

PRIVILEGE

MR. MUNRO (ESQUIMALT-SAANICH)—SECURITY MEASURES ON PARLIAMENT HILL

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I apologize to the hon. member for interrupting his speech, but a question of privilege is normally raised at the first possible opportunity. The opportunity has just arisen.

I have just been driven over from the Confederation Building to this building, and the bus was stopped just because the Prime Minister (Mr. Trudeau) was approaching the doors. If it were raining, we would presumably have had to walk from the bus to the door. The bus is put there for our convenience, and I expect that like any other member of Parliament I have the right to be driven to the door. I asked the Prime Minister if, by any chance, he had issued orders to do this; he said "No", and I suppose I have to take his word for it. It do not know where the orders came from.

I believe Madam Speaker is looking into this matter, but the interruptions and the interferences with members of Parliament are continuing. I do hope that the three instances which have now been brought to her attention will enable her to make a ruling.

When I asked the Prime Minister if he had issued orders, he said "No" I then said, "Well, then, who did?" He said, "Well, if you want to ask me whether I made orders, I will call you a liar". When I asked him if he would come inside the House and say that, he said he would do it right out there.

I therefore feel that this question of privilege is timely because it has just happened, and I wish to have that recorded firmly on the record.

Mr. Deputy Speaker: The hon. member's question of privilege has been raised. I hope the hon. member carefully chose his words in describing the privilege. The hon. member for Vancouver-Kingsway.

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BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—CONDEMNATION OF GOVERNMENT ECONOMIC POLICIES

The House resumed consideration of the motion of Mr. Stevens:

That this House condemns the government's barren economic policies, which are destroying the stability, productivity and competitiveness of the Canadian economy; reminds the hon. member for Cape Breton Highlands-Canso (Mr. MacEachen) that he is now Minister of Finance and not Secretary of State for External Affairs; asks the minister to see at first hand the misery caused by his abdication of economic leadership by travelling around Canada instead of around the world; and, urges him to then introduce a budget with corrective measures before July 1, 1981, or resign.

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, before I go back to my speech, I would like to say, speaking for myself, that I do not personally object if there must be some special security measures around the Prime Minister of Canada at this time, and that we become inconvenienced a little bit because of our buses. This is a very dangerous day and age. This period is a very dangerous one. As there will be a major summit meeting of world leaders in Canada, if we have to suffer a little tougher security, well, that is a problem

of the times. So speaking as one member, a backbencher, without the same amount of experience in the House as the hon. member, I personally do not object if it is on security reasons that we MPs have to walk a few extra feet, so long as there are legitimate reasons, and I am sure Your Honour will find that out in your investigation.

Let me go back to the subject of economics. I started to say that I was disappointed in the speech, frankly, and in the motion. I think it is a rather frivolous motion for a very serious subject.

Some hon. Members: Hear, hear!

Mr. Waddell: The hon. members from the Liberal party need not say "hear, hear!" I will get to them in a moment.

The reason I think it is frivolous is in the mention of the finance minister being in Gabon. Since he is in Africa, I might use the analogy of a big game hunter going to shoot an elephant and aiming for the elephant's toenail. There is so much for this government to aim at on its economic record that it seems to me to be—

Some hon. Members: Hear, hear!

Mr. Waddell: I note the Liberal members are also saying, "hear, hear!" There is so much to aim at in the economic record of this government, with just about the highest interest rates there have ever been, with an inflation rate which is topping 12 per cent, with people who are unemployed, with a housing market of crisis proportions in Vancouver, where I live, with a rudderless ship and no economic policy. So why pick on the finance minister's going to Gabon? As a matter of fact, I understand there may perhaps be a split in the Consertative party. I understand that one half of the party wants the finance minister to return from Gabon and the other half would like him to stay in Gabon! We have the same problem.

An hon. Member: Same difference!

Mr. Knowles: Where is the hon. member for York-Peel (Mr. Stevens)?

Mr. Waddell: I tried to listen to what the hon. member for York-Peel was saying. He said that the government was indifferent to the average Canadian, and I agree with that. I wonder, though, whether he was any more different when he was in power, or whether he would have done anything more. It seems to me that, if anything, he might have been even a little cooler in slashing social spending. That is why they call him "the slasher", I suppose; but I want to deal not with name-calling but with particular economic positions which were put forward, for a change, in this House.

It seemed to me that the position the hon. member for York-Peel put forward was that the government is a big spender and that is what causes inflation. That seemed to be what he was saying. Other than asking for a budget, that was the whole basis of his speech. It seems to me that that is too simple a position; it depends on what the government spending is for. If the government just gives away money, simply allows write-offs and tax loopholes and gives subsidies to companies which perhaps do not need them, as in northern oil and gas exploration, for example, I think that kind of giving away of money is wrong. There is perhaps too much fat and idleness in our tax system in our country in some of those giveaways.

However, when the government is spending money for investment purposes, I think that is very important. I am sure, as the hon. member for Winnipeg North Centre (Mr. Knowles) has pointed out in this House, if we did not have those welfare programs, those spending programs for what are generally called social welfare matters, at these difficult economic times with these high interest rates, we would have some real social problems in this country. So I do not regret that that money is being spent.

I understand other countries have big deficits, such as Japan. I do not see the hon. member for York-Peel running around saying they do not follow the proper economic policies.

Second, there is a certain myth here which the hon. member for York-Peel puts forward. It is a kind of contemporary American myth. I will send him over an article by Joseph Kraft which appeared recently in the *Washington Post*. He was writing about the American space success of the shuttle. He writes:

● (1420)

> Americans hunger for public achievement, but also seek to reduce the power of government.

Later in the article he writes:

> —the anti-government approach seems highly unlikely to yield the advertised results. Some of the most prized objectives simply lie beyond the reach of private effort.

He refers to space exploration. It is inconsistent in many ways for the hon. member for York-Peel to take the American position, to cut back on government, because there are certain things that even some of the American people, who want government cut back, still want to have.

Mr. Kraft, who is hardly a socialist journalist, goes on to say:

> The free enterprise system excludes other goals. Does anybody believe the mining and chemical companies are going to keep the water and air clean without a shove from government? Who can imagine that reducing funds to the cities will improve police work, or transit services, or local education?

You cannot have it both ways, Mr. Speaker, and that is where the hon. member is inconsistent. I thought this government was cutting back federal spending. What is the federal-provincial fiscal arrangements task force doing? It is there to cut back on public spending. The Minister of Finance (Mr. MacEachen) wants to cut back funds to the provinces for education and health. This government is cutting back, Mr. Speaker. As a matter of fact, the big struggle in Canada in the next few years will be in this third theatre of war, the first theatre being the Constitution and the provinces and the second being energy and the provinces. The third one will be the government's attempt to cut back on money given to the provinces for education and health.

Since I am from the west and therefore a reasonable guy, Mr. Speaker, I did agree with the hon. member for York-Peel when he said that the wealth of the average worker in Canada is steadily declining. That is true. For the past few years the average worker has been falling behind the rate of inflation. I can tell that from speaking with my constituents who are ordinary working people. They are starting to suffer, Mr. Speaker.

What does the Minister of Finance do about this? Recently he said that the problem is with the ordinary worker demanding higher wages. Last week the *Financial Post* published the salaries of the top 30 executives in this country. This information is not available in Canada so they got it from the U.S. Securities and Exchange Commission. It showed the following: Mr. Gallagher of Dome Petroleum Ltd., $682,800; Mr. Bronfman of Seagram Co., $659,149; Mr. MacNaughton, vice-chairman of Genstar Ltd., $611,517; Mr. Richards of Dome Petroleum Ltd., $602,000; Mr. Sinclair of Canadian Pacific Ltd. only made $568,701; Mr. Knudsen, who is from my neck of the woods and is chairman of MacMillan Bloedel, only makes $419,000. And so it goes down the list. These are exorbitant salaries with exorbitant increases. Yet who does the Minister of Finance blame? He does not quote these salaries but says that it is the average worker in Canada who is seeking additional wages.

The hon. member for York-Peel may have mentioned housing in passing but the minister, who spoke next, did not mention it. Last week we were told by the minister and officials of CMHC at a special meeting that the average price of a house in Vancouver is $160,000 and that it takes a family income of $70,000 to qualify for a mortgage. How many people have an average income of $70,000? They told us that only 2 per cent or 3 per cent of the population have. That means that 97 per cent of the people in the lower mainland of Vancouver cannot afford to buy a house if those figures are used. This seems to me to be an example of a system that is not working.

As was demonstrated last week, there are a number of rip-offs about which the government does nothing but which are affecting inflation. I wish the hon. member for York-Peel and the minister had talked about that. I tried to raise in the House the question of the continuing oil rip-off and the recent six cents per gallon increase in the price of gasoline that has not been explained. The minister will not do anything about it. I suggested that he did not have enough backbone to do anything, but he could show that he has by standing up in this House instead of shifting laterally.

In British Columbia we called the promotion of Mr. Bertrand a lateral arabesque. He was moved to the Anti-dumping Tribunal, at a better salary and with deputy minister status, from the highly visible, effective job he was doing on competition policy. The only man who was prepared to tackle oil price rip-offs, which are causing inflation, was moved.

I have already said that the Conservative motion offered today is rather silly—if that is not unparliamentary language. It is a motion which lacks depth. I should like to compare it with the motion put forward by the hon. member for Oshawa (Mr. Broadbent) yesterday. His motion read as follows:

> That this House condemns the government for following a made-in-Washington interest rate policy and for breaking its promise to the Canadian people in the Speech from the Throne that "it recognizes the need to protect those Canadians most affected by unacceptably high interest rates".

There is the key, Mr. Speaker. I wish the hon. member for York-Peel had said that. He referred to Washington as doing the right thing with its monetarist economic policy which Margaret Thatcher and the British government have shown does not work. We seem to be following it, however. It seems to me to have been discredited, yet Washington still wants to follow it.

When the hon. member for York-Peel dealt with Washington, why did he not refer to the real nub of the problem, which is that we have a "made-in-Washington" finance policy? One of the frustrating things about being a member of this House is that the Government of Canada and the Parliament of Canada do not appear to have any room to manœuvre, if one accepts what the Liberal party puts forward.

The Governor of the Bank of Canada says that we have to accept American interest rates and American policies. If we are an independent country, what is the point of accepting that? We might as well pack up and run for Congress. Indeed, about 10 per cent of the people in my part of the country want us to do that.

There is an alternative, however, Mr. Speaker, and that is to simply run a different policy. I did not hear the hon. member for York-Peel say what the Conservatives would do about the situation. We all know what the Liberals are doing—basically nothing but following a made-in-Washington policy.

The policy of the New Democratic Party is simply to follow a different Canadian interest rate policy. That means that we have to start setting our own interest rates and focus on certain things. We must give lower interest rates to the family that is going to start a home so that the situation that exists now in Vancouver will not be continued. We have to give a lower interest rate to small businessmen who need capital and who are suffering all over the country. We have to give better interest rates to farmers and fishermen who need reasonable credit. We have to stop these usurious interest rates and get back to real interest rates.

Mr. Evans: Who's left?

Mr. Waddell: The people who are left are those the Liberal government is helping, namely, the chartered banks, the speculators and those people who are generally well off.

I am not unmindful of the fact that there would be a certain fallout as the result of my suggestion. I expect hon. members will heckle me on this point, asking what will happen to the dollar and what will happen to capital; will it all run out of Canada? The answer to that is to do what President Kennedy and what President Nixon did when faced with that problem in the United States. They applied special taxes to stop capital leaving the country. We would have to do that.

• (1430)

What we are saying from this side of the House is that we could have an independent Canadian policy. It has nothing to do with government spending. It has to do with following American high interest rates and encouraging high interest rates, as this government is doing. High interest rates there lead to high interest rates here and to inflation. Can the government not see that? It seems obvious to us. I think we have to do something else.

I see the Minister of Industry, Trade and Commerce (Mr. Gray) is in the House. I would encourage him to follow an industrial strategy which would give Canadians more control of the country through a mixture of tax changes, planning agreements with major companies, selective state intervention—and that is what I meant by proper government spending—and an enlarged role for Petro-Canada in oil development. That is the next step after constitutional reform. Constitutional reform is the first step in bringing the Constitution home. We will patriate our Constitution to Canada. Then we have to patriate our economy. That is the challenge of the 1980s. I think the minister of trade understands that. I would encourage him to push the cabinet into following that kind of policy.

I want to comment briefly on some of the more complex things which I think are wrong with our system. In my view, the hon. member for York-Peel barely touched on some of the fundamental questions that are facing us in economics. It seems to me evident that we have a system which no longer obeys the laws which were supposed to govern it. The open market has disappeared. Trusts, cartels and price-fixing agreements reduce the area of free competition to a minimum. I think the flexibility of earlier capitalism has given way to increased rigidity and the public is no longer protected. As a matter of fact, the hon. member for York-Peel and his colleagues are in the nineteenth century. Capitalism, as we knew it in the nineteenth century, has gone.

It is evident that planning of some sort is coming anyway. The state has already exercised considerable control over our economy. The capitalists themselves, as fast as they divide up their markets and build their monopolies, are becoming planners. Every giant corporation has a planning commission.

I see that my time is almost up. Before concluding, however, let us deal with the here and now. We no longer have that old system which the hon. member for York-Peel would like to have. We have a different system now and we have to protect the people in that system. We have to protect the little guy in that system. That is what this government has failed to do, that is what the vote of non-confidence in this government should have said and that is what the hon. member for Oshawa (Mr. Broadbent) was trying to get at yesterday when he talked about these discredited, made-in-Washington usurious interest rate policies.

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Mr. Speaker, I welcome the opportunity to take part in this debate. It enables me to describe to this House some of the efforts of the government to deal with the economic and industrial challenges that have emerged in this country, as they have in national economies the world over.

Mr. Stevens: How long do you need? Five minutes?

Mr. Gray: I want to describe the efforts of this government and how they involve creating a solid framework for present and future economic stability.

The hon. member from York-Peel (Mr. Stevens), in presenting his motion, as usual showed rather severe ignorance of the vast array of positive policies and programs which the government has implemented. We are right now addressing precisely those issues about which the hon. member for York-Peel claims to be concerned and mentioned in his motion, namely the stability, productivity and competitiveness of the Canadian economy. The hon. member may be a slow learner, and the Canadian people have confirmed this, but I am glad to have another opportunity to tell him something about our economic policies and how they are working toward an economic future in which all Canadians can benefit, one that is vital and growing.

Before doing that, I want to make another observation about the motion before the House. Whether my hon. friend likes it or not, Canada and Canada's economy do not exist in isolation from the rest of the world. On the contrary, Canada is one of the most internationally oriented of nations, and its trade with other countries makes up 25 per cent of our gross national product. The economic events that have confronted Canada with its most serious challenges in recent years, starting with unprecedented increases in the price of energy and running the gamut to the emerging competitiveness of newly developed countries, are international in origin.

Far from condemning the Minister of Finance (Mr. MacEachen) for participating in a meeting of the International Monetary Fund, or for that matter criticizing any other minister of the Crown for pursuing Canada's economic interests in international meetings and international markets, the hon. member for York-Peel and the official opposition, if they knew what they were talking about, should be expressing confidence and satisfaction that this government's views of its responsibilities in regard to having the right economic policy for Canada are not so narrow, limited or empty as those of the official opposition.

The hon. member for York-Peel made reference to the election of the Minister of Finance as chairman of the main committee of the International Monetary Fund. According to press reports, the Minister of Finance was elected because a large number of member countries of the fund did not want the British finance minister, the British Chancellor of the Exchequer, a leading figure in the Conservative government of Britain, to be elected to that post. I suspect that is because they saw what Conservative policies were doing in Britain when it came to matters like employment. They undoubtedly knew what damage Conservative policies have done to Canada during the fortunately brief period when the member for York-Peel and his colleagues were in office. Obviously they

knew what would happen if that group had continued in power—

Mr. Benjamin: You are doing the same thing.

Mr. Gray: —and had not been removed by the Canadian people.

I think that the member nations of the International Monetary Fund must have decided that, in electing the Minister of Finance to his position as chairman of their key committee, the balanced approach represented by the Minister of Finance was more in the best interests, not only of the Canadian economy but of the world economy, and they expressed that judgment when they elected him chairman of that key committee.

I have already said that the hon. member for York-Peel is slow to learn but he is also quick to forget, quick to forget that growth in the last six months in Canada has been running at an annual rate of 6 per cent to 7 per cent; that the unemployment rate has fallen to the lowest level in almost four years; that the current account of the balance of payments in the fourth quarter of 1980 moved into surplus for the first time in six years; and that we are creating jobs in the Canadian economy faster than any other industrialized country in the world. In the wording of his motion, he has obviously forgotten what the budget of this government presented last October was all about.

Contrary to the allegations of the hon. member for York-Peel, the budget did create an environment in which sustained economic growth and development can and will occur. Let me briefly remind the member opposite of some of the elements of the economic strategy of the government set out by the Minister of Finance in his budget of October 28, 1980.

In his motion, the hon. member inaccurately claims the government's policies are destroying stability. That budget is aimed at reinforcing stability. The official opposition in its motion ignores, as this government does not, the destabilizing and destructive effects of inflation. Unlike the hon. member and unlike the official opposition, this government's policies are very much concerned with maintaining the stability so necessary to the health of our economy.

Central to the budget was a fiscal plan calling for steady and gradual deficit reduction and expenditure restraint. The purpose of this budget and this plan was to provide a basis for sustained private sector expansion as well as its financing over the medium term. It is through helping improve the productivity and the competitiveness of our private sector that the government is in fact working to strengthen the productivity and competitiveness of the entire economy. This is where improved productivity and sustained competitiveness in the private sector will originate, not from the empty rhetoric and confused ideas of the member from York-Peel and of the official opposition.

The hon. member and his colleagues have demanded that the government spend more. Today, however, the hon. member is complaining about government spending. Yesterday he apparently voted for increased expenditures by the federal government of more than $3 billion. I think that throughout this debate this type of conduct has shown the confusion that exists when it comes to the Conservatives deciding what their priorities really are. For them, at one and the same time less spending is the number one priority and more spending is the number one priority. This is typical of the irresponsible and in fact hypocritical approach on the part of the official opposition to the necessity of having the right kind of priorities in place for this country at this time.

● (1440)

In the budget, this government set out firmly what Canadian priorities must be at this time in energy, economic development, industrial development and adjustment and manpower retraining. Our commitment to these areas has been demonstrated through increased funding; for example, the 22 per cent increase in the economic envelope for this year and through definite actions.

At this point I want to describe some of these actions and to talk about some of the things we have done and are doing to carry out the promise of the October 28 budget to enhance the stability, productivity and competitiveness of the Canadian economy. Surely it cannot have escaped even the sluggish perceptions of the occupants of the official opposition benches that in the variety and the creativity of the particular economic development measures which we have taken over the past 15 months and are continuing to take, these are the real and important measures of the government's effectiveness in building on Canada's impressive economic strengths, in improving the competitiveness of our industries and in increasing the capacity of our economy to generate wealth and income for the benefit of all Canadians.

I want to mention the new industry and labour adjustment program, the funding for which, $350 million, was announced in the recent budget. Already four communities undergoing severe adjustment pressures have been designated for assistance under this program, which in a unique way brings together measures to support both industries and workers in the designated communities. I expect more designations of communities will be made during the course of the program. This program flows from the government's recognition that adjustment and restructuring are a necessary part of increasing competitiveness. At the same time the burden, the costs of industrial adjustment and restructuring, should not be permitted to fall solely on particular individuals, communities and industries, since the results sought are for the benefit of the entire economy.

I think it is wrong that for some the notion of adjustment seems to convey a negative connotation, but in reality continual adjustment is a necessary precondition for maintaining a dynamic and vibrant economy. The positive side to adjustment is innovation and seizing and exploiting market opportunities as they emerge. The government fully recognizes this and has taken some very significant steps to ensure that these kinds of adjustments are a reality of the Canadian economy and the activity within it.

Take support for industrial innovation, for example. Recently, we announced a $27 million increase in the federal government's funding of the joint industry-government Telidon program. This very substantial increase in federal funds for a program which is jointly managed by the Department of Communications and the Department of Industry, Trade and Commerce was added to the more than $12 million already committed. It is a major contribution toward making this new industry self-sustaining, nationally and internationally, and in demonstrating the commercial competitiveness of Telidon in world markets.

That this approach is working was stunningly evident in the announcement this week by the American Telegraph and Telephone Company, the world's largest communications corporation, of its acceptance of a Telidon-plus system as the standard in this new communications technology. This AT & T decision should give Canadian manufacturers first crack at the crucial United States market. Industry representatives say they could easily accommodate the existing Telidon system to the announced standard, and what is more, they are now predicting a market worth $4 billion and the creation of 12,000 jobs between now and 1985. Of course, this would not be happening were it not for the vigorous support of this government of this Telidon technology.

On April 13 of this year I announced substantial increases in federal government funding for the highly successful defence industry productivity program. This program is essentially one aimed at encouraging the development of the Canadian aerospace, telecommunications, electronics and related industries. I announced an increase in the base funding for normal projects of over 50 per cent from the previous fiscal year. I also announced an additional $100 million in funding over the next four years to help clear up the deluge of applications received, and an adjustment formula to take account of expected cost escalations.

Adding to these amounts is funding for particular major projects, such as the PT7 engine and the components for the Cruise missile, bringing total DIPP spending over the next two years to $272.9 million, a good investment in the growth of key industries, important for Canada's present and future.

I want to point out that a rigorous evaluation of the program has shown, among other things, that every government dollar invested in these industries through this program results in $15 of high technology sales, 90 per cent of which are for the export market. Equally if not more important to Canada's industrial development as our support for the introduction of new products like Telidon, the Dash-8 plane, the PT7 engine, is our effort to encourage another type of innovation throughout the Canadian industrial sector. I am talking about encouraging and helping all Canadian industries to adapt to the most modern and innovative production processes, like computer aided manufacturing and designs. The extent that this happens on a scale sufficient for our industries to remain competitive with respect to cost of production and quality of product will very much depend on the extent of co-operative efforts between government and the private sector.

The government has begun extending just such support through such means as the special microelectronics fund under the enterprise development program and the planned microelectronics awareness program aimed at making Canadian industry generally more aware of the necessity of adapting to and using these kinds of new production technology.

In this decade the opportunities for industrial development will be so widespread that the biggest challenge will be to ensure that we are continually identifying and capturing them and not permitting them to slip through our hands. Three of the most promising areas of opportunity where we as a government are already very actively involved in working with the private sector are to maximize the benefits to Canadian industries and workers of the industrial benefits from resource and energy development, Canadian sourcing and export market development.

With respect to the first of these areas, there is general agreement that one of the strongest sources of market stimulus in Canada in the coming decade will be major resource and energy projects. The demand for goods and services spun off by these projects will give Canadian firms in all regions opportunities to provide technology-intensive goods and services in domestic and foreign markets, leading to sustained and broadly based economic growth across our country.

Seeing to it that these benefits accrue in fact in and for Canada is a very important goal for this government. In fact, there are provisions in the oil and gas legislation now before this House to respond to the concern that Canadian firms have every full and fair opportunity to supply these major resource projects. These provisions would govern only those projects undertaken on Canada lands and reflect the authority of the federal government with respect to these areas of our country. I believe the policy priority for this government must be and in fact is in addition to administering these provisions for the Canada lands, to ensure full benefit to Canada from major resource and other projects undertaken everywhere in this country. Obviously something should be done on a co-operative basis with the provincial governments.

• (1450)

Added to the spinoff benefits of major energy and resource projects are important domestic marketing opportunities in a number of other industrial sectors, provided we are in a position to capitalize on domestic, on Canadian opportunities as they arise. One very significant example of the government's commitment to achieve this kind of objective was the recent and very successful Opportunities in Mining Conference just held in Vancouver. Jointly sponsored by the Department of Industry, Trade and Commerce, the government of B.C. and the mining associations of British Columbia and Canada.

Mr. Stevens: I rise on a point of order, Mr. Speaker. As a matter of good order I simply want to ask the minister whether he will be dealing with the question of interest rates, and in particular why he feels that their 19 per cent level is okay when our 14 per cent level would have justified his resignation?

Mr. Deputy Speaker: Order, please. I suggest that is a matter of argument rather than a point of order. The Minister of Industry, Trade and Commerce (Mr. Gray) has the floor.

Mr. Gray: Unlike the hon. member, who in my view is abusing the rules of the House with spurious points of order, Mr. Speaker, I am responding to the only real point I can find in his motion where he talks about policies requiring efforts to improve the stability, competitiveness and productivity of the Canadian economy. I think I am responding to whatever merit there is in his motion, even more so that the hon. member did in presenting it.

An hon. Member: Tell us about interest rates.

Mr. Gray: This Opportunities in Mining Conference was a unique and very successful form of government and private sector, federal and provincial government co-operation. Its purpose was to bring together the Canadian mining industry and Canadian manufacturers to enable much more of that industry's more than $1 billion in annual sourcing of products, services and equipment to be purchased right here in Canada.

The hon. member in his speech spoke critically of the federal government's efforts in the area of trade. Last year we had a record merchandise trade surplus of some $8 billion, more than double the previous record. This government is making significant efforts to build on this success, responding to requests from the private sector for increased support for export promotion.

We realize that expanding and diversifying our exports is a key element in bringing long-term stability, productivity and competitiveness to our economy. But as I said earlier, the opposition finds it very hard to learn, and what little its members do learn they very soon forget. So it bears repeating to them that the Government of Canada is now providing funds to our Export Development Corporation to enable Canadian companies to match concessional terms being offered to foreign companies by their governments, and thereby enable our Canadian companies to meet more effectively international competition in export markets. We have also greatly increased the budget of the program for export market development and the trade fairs and missions program of our department, providing substantial additional funding to assist Canadian companies directly in their export efforts.

To conclude, I want to say that this government's policies certainly are not destroying the stability, productivity and competitiveness of the Canadian economy as alleged in the opposition's spurious motion. The statistics, not only in Canada but those developed by international agencies like the OECD, show that when looking at growth in employment, including manufacturing employment and the over-all growth of our economy and the balance of trade, the government's policies are in fact strengthening the stability, productivity and competitiveness of our economy.

As I said at the outset of my remarks—

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. minister but the time allotted to him has expired.

Mr. Scott Fennell (Ontario): Mr. Speaker, we have now had a dialogue on the lame-duck Liberal industrial stategy. It would have been more appropriate had the minister in this debate used some of his words I can quote from the past. He said, for example:

—because of the harmful effects of high interest rates on consumers, businessmen, especially small businessmen, and the entire economy, there should be an urgent study by the Finance Committee, where the Governor of the Bank would come, and the Minister of Finance—

That is from "The Watson Report". The minister made that statement on October 15, 1979. That is what he should be addressing today rather than the lame-duck industrial strategy that has not worked for 12 years. His industrial strategy has brought us the worst record in our history.

Then we hear our friends to the left in the frivolous rump attacking us. Why do they not attack the government? They have all these marvellous industrial strategies; why do they not tell the government what to do? I doubt if the minister would listen anyway.

It is interesting to note that this debate was commenced because of the economy and high interest rates. In 1968 when this government came to power the average interest rate was 6⅝ per cent. This year it will average 17⅞ per cent. That is almost a 200 per cent increase. The debt in 1968 was $20 billion. It has now gone up sixfold plus, from $20 billion to $120 billion-odd. I do not know how far it has gone. It is going up so quickly you cannot keep up with it. Inflation has gone from 3 per cent to 12 per cent. It is interesting that all these statistics are in relation to each other, and this tells me that the government has been on a bad track, that it should get off it and start running this country.

We know and it has been proven, and I believe it will be proven even more strongly south of the border, that these interest rates have been brought about because of wasteful government spending over the past number of years. It is tragic what this is doing to the country, it is tragic what it is doing to our citizens, and it is tragic what it is doing to Canadian business. Every time the government has to borrow more money it sets up a chain reaction. The people who lose are those in Canadian business, Canadian citizens as a whole and the entire country. Canadian business is all small. Only the multinationals from other countries are really big business in this day and age. We are not helping small business by providing them with relief from the interest rates they have to pay during these dire times.

Last weekend I was talking to one of my constituents who had bought a business when interest rates were 9 per cent. His money was on a demand loan and he does not qualify for the special bond. He said that now that rates are 20 per cent his business is no longer economically viable. This is what this government is doing to this country.

All the government has done so far during this session is hammer at one segment of our economy. If any corporation,

organization or government agency would just cut one part of the economy off at the knees without any plan to look after the employment of all the people thrown out of work, it would be thrown out of business.

The energy program has brought us all to our knees. We are all waiting and praying that something will happen to save us. I know this will not come from internal forces but rather from external forces. Why does the Minister of Industry, Trade and Commerce (Mr. Gray) not stand up and level with the public, setting forth a five-year program? Obviously the government is into five-year programs, so the minister should tell us how the government is going to nationalize all industry within the next five years. The government has just started and what we see is only the little tip of the iceberg it has grabbed onto; the easy part, the rich part, the big bucks. The government will just keep going until it brings us right down.

Mr. Gray: May I ask my hon. friend a question?

Mr. Deputy Speaker: The Minister of Industry, Trade and Commerce (Mr. Gray) wishes to ask a question. Will the hon. member accept?

Mr. Fennell: When I finish.

Mr. Deputy Speaker: At the end of the hon. member's speech.

Mr. Fennell: This government does not want to help small business. It is easier to nationalize six large giants than to nationalize 60,000 small Canadian businesses. The government's plan is to protect and look after the big guy, because there would be too much of a hassle in the press, in the country and within the constituency if the government tried to nationalize 60,000. I maintain, and we have brought this forward before, that it is time for this government to bring down a new budget, before July 1, bringing out new incentives to Canadians to invest in this country. The people are tired of the government and then taking the money out of their pockets.

• (1500)

All the government will do with any proceeds is to spend them on another new program. That does not produce any oil or anything positive. These people should be permitted to buy into competing industries under the free enterprise system. We should not be creating a giant bureaucratic monster in Ottawa. The forefathers of the people of this country had pride. They settled this country through many hardships. These people should be given pride of ownership beyond the pride of ownership of their own homes or the pride of ownership of the businesses or industries in which they work. The people in this country have no pride in this government.

I received on my desk this week the financial statement for Petro-Canada. All I can say is that it must be government-financed because I do not know of another oil company with the same debt to equity ratio. Petro-Canada could not even pay for its recent acquisition. It had to go back to the public to drain some more bucks from the middle-income group, the biggest pot it could find.

Mr. Pepin: You wanted to sell it to ordinary people. Make up your mind.

Mr. Fennell: Petro-Canada did not borrow the money at the current rates at which its competition has to borrow money. Petro-Canada does not have to go out and pay the big bills small Canadian producers have to pay. Small Canadian producers pay 20 per cent; Petro-Canada gets away with half rates. If this were a privately owned company, the directors and the management would be thrown out by the shareholders, but in this country we do not have that opportunity.

The "Economic Review" is meant to explain to Canadian citizens why we are going bankrupt. Table 1.4 at page 5 shows that we stand right at the bottom of the list respecting the current account positions of the non-socialist economies. We are the worst. Perhaps that is because we are no longer a non-socialist economy. Perhaps we should not even appear on this page. Real effective exchange rates are dealt with at page 6. We are at the bottom of that list too. I think we should be classified as a socialist country. We belong on a list of socialist countries. I do not think we belong in the same league as some of our friends, as we did in the past. Some of the OECD countries which are below the seven largest on the list are pushing us. They are going to replace us. We are going to drop to the bottom of the list and eventually right off it, and Luxembourg could probably take our place. People say we should compare the seven OECD countries to ours. One thing that none of those other countries has but that we have—and we are not using—is natural resources. We were blessed with much more than any of those other countries. We have the greatest agricultural potential in the world. We have the greatest oil potential in the world. We have the greatest mineral potential in the world. We also have the greatest potential in the people of this country to build industry. We have the potential to convert those raw materials into finished products rather than depending on the export of raw materials. When we compare our record with those of the other countries on that page, we should hang our heads in shame. We have not done a good job, we have not taken care of this country, and we in Ottawa have not been responsible.

We keep hearing about high interest rates. I could give dozens of quotations from statements by the present Minister of Industry, Trade and Commerce (Mr. Gray). He may say today that he is in favour of high interest rates, but I do not believe it. I believe he is violently opposed to high interest rates. We have tried high interest rates. They are not working. They are driving us to our knees.

Hon. members to my left say our high interest rates are made in Washington. Perhaps we should let our dollar float partially, look for some import replacement and address ourselves to building an industry for import replacement. We should take hardship away from home owners. We should reduce imports into this country. If the value of our dollar dropped to half of what it is now, people would not be buying

big cars. That might compel us to force the large companies to produce small cars here in Canada. I am not talking about bringing Japanese cars over. I am saying we should get them here in pieces, that we should contribute some of the pieces and build the cars here. If we reduced imports and increased exports, we would benefit.

I think this government is very frightened of its tenuous political power, so it has gone far beyond the wildest dreams of the New Democratic Party. A certain speech made by the Leader of the New Democratic Party (Mr. Broadbent) back in 1978, when compared with some of the programs being implemented by the Liberal government, can now be seen to have been very conservative, and that is quite a compliment I pay. I am sorry members of the New Democratic Party are not here to hear it.

The New Democratic Party is open. Its members believe in socialism through evolution. I think the Liberal goal is socialism, but that party would rather do it through revolution. They are in a hurry. They want to get it done right away. They cannot wait ten years. They will bring in socialism in any way they can. They will pass any legislation necessary. They will do anything in their power to change this country from a non-socialist nation to a socialist nation. We are getting down to the bottom of the list of non-socialist countries, but the question now is who is going to slip off the list first? France may slip to the position of the country with the worst economy and replace Canada. That would be something, but the trouble is that France might slip right off the list too. We may go off together three points apart, 22 per cent to 19 per cent. In light of the new situation in France there might be tremendous competition to see who can nationalize the most the fastest. Will we win or will France? We will see who gets the real lead. Any entrepreneur in this country should beware. Entrepreneurs should watch out. Small businessmen should watch out. This group opposite may come and take them over too. This government may do that under the guise of Crown corporations, but eventually they will take businesses right in and work them over so that there will not be so many people to cut through.

With this government we are not getting any further ahead. We are getting further behind all the time. It is interesting that south of the border government spending increases will be cut by two thirds, but each year in this country our expenditures keep going up. The Americans are going to cut their taxes, and still, in spite of our indexation, they will have a better tax situation than we have here in Canada. The U.S. administration will encourage entrepreneurs. Unlike our government or the French government, the U.S. government will encourage entrepreneurs to get going and to make the country work. That has brought a spirit of encouragement back to the United States. There is a spirit of "Let's go, guys, we have a great country and we can do it". That is what this government should be doing here in Canada.

Some hon. Members: Hear, hear!

Mr. Fennell: The American administration will increase industrial tax incentives. That will make that country work.

Let us compare the U.S. energy program with ours. It is like day and night, or capitalism and socialism. There are no similarities at all.

We have heard much talk about the Minister of Finance (Mr. MacEachen) being chosen chairman of an IMF committee. My colleague, the hon. member for York-Peel (Mr. Stevens), mentioned that the minister probably got the job because he is the biggest spender. Last fall I had the opportunity to go to the United Nations. I was not there very long. I was there only a week, but I learned how appointments are made in international circles. The test is, "Who can do the most for me," and "That is the person who will get the vote". Obviously, those who voted are expecting a giveaway from Canada or some feathering of their nests. I can tell hon. members one thing, and that is that they can bet their bottom dollar that they can talk about the minister from Britain, but there is no way that bunch who voted in the Minister of Finance of Canada would have voted for Donald Regan.

• (1510)

I made a statement in January of this year that we hit the peak, or I hoped we had hit the peak but I do not know if we will ever come to that point. It is interesting that as our interest rates go up, so do our taxes. They compensate for indexation, they keep on grabbing more money somewhere else. They may as well never have indexed the income tax because they are going to get it somewhere else, they are going to skin the Canadian public one way or another.

There was a 4 per cent increase in income taxes in Ontario, but that has pushed up the average person's income tax by only 1.72 per cent. Then the Government of Canada comes along and puts 4 per cent on top, that makes an increase of 5.88 per cent and that hurts. That increase in tax of almost 6 per cent is on top of an inflation rate of 12 per cent. I do not know how the poor guys working nine to five in General Motors, where I have many constituents, are going to manage. I do not knock those guys because they may be making a big buck in 1970 dollars, but they are not making very much in today's dollars. It has been a sort of set-up by this government to grab all the money they can, grab every little piece of the pie. The other governments in this country have used this as an example and have said: "Hey, guys, there is where our bucks are so let's go." The municipalities keep jumping in for more money, as do the provinces and the regions. The province of Ontario could not get its hand out of our pockets; they had to get some of those petro-bucks.

They are all grabbing for more, so the people of this country are looking to this government to set a standard, which it is not doing. It is the biggest tax grab I have ever seen and probably the biggest ever witnessed in this country. It is an interesting thing that large corporations do their borrowing on a fiscal basis so that when interest rates go up, they just delay their borrowing, they get a little bit more bank financing. Governments do the same thing. High interest rates do not really hurt

the governments and large corporations and, strangely enough, Mr. Speaker, they do not hurt the Canadian development companies which are now the major holders of real estate in New York, Houston, Dallas, San Francisco, all around the United States. It does not hurt them at all because they borrow the money in Canada from Canadian banks, Canadian savers, then turn around and deduct that interest from their parent company here and then get a second deduction in the United States. So it does not cost them one red cent. It does not matter if you have a 40 per cent interest rate, they can still pay the bill. It is the government which is going to fork it over. That is the problem in that one instance, and that is why those large development companies are building housing, offices and everything else in the United States instead of in Canada.

The government says there is nothing they can do about the high interest rates. I say they could do something about them. They are hurting the home owners much more than if our dollar dropped in value. They are hurting the small businessman, and I am talking about everything other than multinationals. They are hurting the independent oil companies, as is the National Energy Program. And the other people who are really hurting are those who have deposit receipts. They may be getting 18 per cent, but they are paying tax on that, which leaves them with 9 per cent, but with an effective inflation rate of 12 per cent they are still three points in the hole. I ask this government, I plead with it the best way I can, please do something to help Canadians survive. You may think they are making a lot of money, but they are not. The dollar they are making today by many comparisons is only worth about 10 cents compared to the dollar of 1961.

[*Translation*]

Mr. Pierre Deniger (Parliamentary Secretary to Minister of State (Multiculturalism)): Mr. Speaker, it is always an honour and a pleasure to take part in a debate in the House of Commons, especially on such a topical subject as the economy. Last week, I had the opportunity and the honour to speak to the House and to those who listen to us about an important subject, namely the economy and the harmful effects of inflation on small wage earners who bear the brunt of inflation. However, today, I must say that I am greatly disappointed by the lack of seriousness of the motion introduced by the opposition.

I sit on the Committee on Finance, Trade and Economic Affairs with the hon. member for York-Peel (Mr. Stevens). I have not been in the House for long, but I have often had the impression that I was learning a lot during the debates of this committee from the contributions of the hon. member for York-Peel, the hon. member for St. John's West (Mr. Crosbie) and the other financial critics of the opposition. I was grateful for the quality of the questions that they asked and the wisdom that they often showed in their interventions.

I confess, Mr. Speaker, that on reading the motion introduced by the opposition, I was greatly disappointed. I respect the former President of the Treasury Board even though I do not necessarily share his political and economic views, but I still respect him because he has always been consistent. We know what to expect from him. We know his economic philosophy and where it leads. We may disagree with it, but we can still respect it. This is why I have always appreciated the interventions of the hon. member for York-Peel. I must admit I do not think much of his motion. He went so far as to object to the Minister of Finance (Mr. MacEachen) attending a meeting of the International Monetary Fund! He has effectively condemned our whole policy even though he had the same goals when he was himself President of the Treasury Board! Obviously, Mr. Speaker, we must face our current problems, namely the inflation rate and the impact of high interest rates and inflation on small wage earners.

I do not believe that such a silly motion can solve anything. It is so ridiculously phrased that few opposition members were here today because the majority were ashamed of it. I think that no one wants to be associated with those unconvincing comments. Since we are facing such a prevailing and basic situation which concerns so many people and causes hardship to the underprivileged and small wage earners, all members of the House should co-operate to find the required solution. Unfortunately, such is not the case.

The solutions suggested may often be very attractive politically. Perhaps on the very short term, the solutions promoted by the hon. members opposite can attract certain pressure groups and a few additional votes. You know as well as I do, Mr. Speaker, that these political ad hoc measures have a very doubtful economic value. I have listened to a whole series of them, enumerated by the member who spoke before me. In my opinion, we cannot live in a closed society. We all depend on our neighbours and on our actions. There is no magic solution to inflation. I think that members of the opposition would have had every reason to denounce our Minister of Finance if he had ignored this international conference.

I think that it is not so much his attending an international conference that is being criticized but the fact that the conference is being held in Gabon. Fancy that! Gabon! I am sure that several members of this house cannot imagine that an international conference of value could be held in Gabon—but I remind members opposite who have criticized the minister for attending and participating in this conference that there were over 800 experts and ministers of finance from 141 countries, members of the International Monetary Fund. I, for one, am proud to see that the delegates attending this monetary conference considered it appropriate to appoint our Minister of Finance their chairman. I think that is an honour they bestowed on me and on all Canadians. I think the previous speaker insulted officials of the United Nations or other international agencies by the way he described the appointment process. Can you imagine! He spent one week at the United Nations and that automatically makes him an expert on the way all appointments to major positions are made.

Now that is incredible, Mr. Speaker. I have never heard such nonsense, and that is what I was referring to when speaking of the hon. member for York-Peel, because he is not generally inclined to make those kinds of statements. I wonder whether four days of debate have not exhausted the members opposite, whether they have not said all they had to say about the economy, and whether they are now going to try, through devious means, sheer stupidity, or politicking to impose their economic policies on this country. That is what I find deplorable and that is certainly not the philosophy I adhere to as a member of Parliament and certainly not the approach I took when I was in opposition. Mr. Speaker, I would simply like to quote from a wire from France Presse, which has a reporter on the spot. This is what he said, as reported in today's *La Presse* and I quote:

> The 24 member group from other Third World countries feel that the monetary policies followed by industrialized nations in their fight against inflation have increased interest rates and exerted more pressure on the deficit ridden balance of payments of poorer nations.

That pretty well sums up, Mr. Speaker, the debate that has been going on in this House for the last two weeks, for I do not know how many years. That is precisely what we are discussing: the effects of the monetary and fiscal policies of our government. There were 800 international experts in attendance. There were also ministers of finance. And our Minister of Finance was criticized for being there and not here. But if the opposition took a positive approach, if it made constructive recommendations instead of politicking, maybe the problem could be solved. In my opinion, the Minister of Finance was wise to go to this international conference where there were 800 experts because there is no such expertise in this House, certainly not on the opposition benches anyway, and I much regret that fact. I would certainly be very pleased if we could all together face this situation which certainly causes much hardship for low-income Canadians.

Mr. Kilgour: Mr. Speaker, would the hon. member accept a question?

• (1520)

[*English*]

The Acting Speaker (Mr. Blaker): The hon. member for Edmonton-Strathcona (Mr. Kilgour) will understand that is the choice of the hon. member for Laprairie (Mr. Deniger).

[*Translation*]

Mr. Deniger: I have a lot of respect for the hon. member for Edmonton-Strathcona, not only because he speaks French but also because oftentimes his contributions are positive. If time permits I would be more than grateful to have an opportunity to exchange ideas with him. I would even be interested to know what his question is, Mr. Speaker, if unfortunately I should run out of time. I am glad indeed that he is listening to my speech. Perhaps we might get together after my intervention? I think that Canada is a closed country. If Canada were the only country in the world I think it would be obvious that the current monetary policy would not have the consequences we are experiencing daily. I think we would be able to administer—and very well at that—strictly with a fiscal policy. But such is not the case, Mr. Speaker. We are not living in a vacuum.

We are definitely influenced by the economic policies of all countries in the world. To my mind that is interesting because it so happens that in his motion the hon. member for York-Peel (Mr. Stevens) refers to the international character of the travels of the Minister of Finance (Mr. MacEachen), and he mentions other countries in the world, the economic aftermath of the new American policy on all countries, not only Canada but also the Federal Republic of Germany, Belgium, Japan and so many other. We all know that the Americans have decided to implement a policy designed to fight against the inflationary pressures in their country. The result of that of course is a stronger American currency, but another side effect is that interest rates are soaring. But since no one lives in a vacuum and since the United States is a country whose importance is not diminishing but growing indeed, it is a fact that it has an influence not only on Canada but on all countries as well. If I may I should like to give a few examples. In the Federal Republic of Germany the deutschmark has considerably depreciated and we already know that the Bundesbank had to raise interest rates in recent months. Belgium lived through the very same phenomenon. Although the Japanese have huge investments in the automobile industry, and that is indeed a major factor in their balance of payments, we know that they had to push their rates up sharply these past few weeks.

Now, Mr. Speaker, if we are to compare the cost of living index in Canada I will quote not just any figures but those which even the hon. member for York-Peel quoted from the *Economic Review* for April 1981. He selected the figures which seemed to strengthen his case, and that is politically understandable, but he referred for instance to the 7.5 per cent unemployment rate level. And then he said: Look at the chart on page 3, that unemployment rate is frightening, we are in worse shape than the Democratic Republic of Germany, France and even Great Britain. What he is not saying, among other things, is that the rates of unemployment have come down substantially. What he is not saying is that the level of unemployment now is lower than at any other time since 1976. What he is not saying is that 337,000 jobs were created over a one-year period. What he is not saying is that we are striving increasingly toward full employment, an aim which both he and I certainly share. I suggest, therefore, that the figures he has quoted were poorly chosen for if I wanted to quote figures to demonstrate that our economy is having a hard time, I would not quote figures connected either with unemployment or consumer prices.

As far as the rate of inflation in 1980 is concerned, in Canada it was 10.1 per cent, compared with 13.5 per cent in the United States, 18 per cent in Great Britain, 13.6 per cent in France, 5.5 per cent—I agree—in the German Democratic Republic, and 21.2 per cent in Italy. It seems to me that these figures speak for themselves Mr. Speaker. I suggest that in this international context, our level of inflation is high. We are suffering as a result of high interest rates, but we are not the only ones.

We cannot cure all ills in this House. Even the economy of the German Democratic Republic is no longer as sound as it was when these figures were first published. This is significant of course but what I feel matters even more is what was reported in the April 1981 issue of the *Economic Review* about the money supply and what the hon. member for York-Peel failed to mention. That is of paramount importance. In short, we know that inflation is due to a mass printing of dollars which exceeds our level of production, and that the best way to wrestle unemployment to the ground is to reduce considerably, if not entirely, our dollar printing activity. There are various ways to achieve that. We could do as Great Britain has done and wait until the interest rates reach 18 or 20 per cent, and then stun the whole country with a major reduction of the money supply. When we look at the figures, we realize that Great Britain went from 20.3 to 4.2 per cent. Mr. Speaker, I have been to Great Britain and I have seen with my own eyes the impact of such a policy. There is no doubt in my mind that this is the policy we ought to follow, because when such high rates are reached, there is no choice. They had to take stringent steps, but the situation was different in Canada. And that is why the money supply must be gradually reduced. And when it is reduced, Mr. Speaker, it is like a drug addict who keeps increasing his daily fix. When he is weaned off drugs, he finds it painful, but he is told: In the end, you will be free, you will be healthy. Then I think he is willing to be treated. This is precisely what is happening in Canada. A gradual reduction of the money supply has, of course, an impact on the inflation rate, because the value of the dollar and the inflation rate cannot both increase at the same time Mr. Speaker. If interest rates are allowed to drop, the dollar will depreciate and then the inflation rate will increase. So we have to make a choice. I approve that choice, Mr. Speaker, because it is a necessary choice, which is to reduce the money supply. Where we may disagree, it is on how far that reduction should go.

As far as I am concerned, I am one of the haves, I am not a businessman, I am here in this House without the advantage of having been in private business as the former minister of state for small businesses. He stressed I was not a businessman. This is true, I was a lawyer in private industry, I have been for a while with Power Corporation, so I have just the same some idea of business. He reminded me I had never had to meet a payroll, to feel the pressures exerted on a businessman. He is right, of course, but I say to him that, to my knowledge, the effect of inflation on my constituents is precisely the effect it has on have-nots. And I think we have no choice. We must act, and act now.

If there is one thing I can blame the opposition for, it is their criticism that we have nothing constructive, nothing positive, and I hope the hon. member who will speak after me—I understand it is the hon. member for Capilano (Mr. Huntington)—will give us specific suggestions. Because, Mr. Speaker, I submit that the victims of inflation are the have-nots, and on the very short term I do not know what we can do to ease their burden, to improve their standard of living. But if I were to make recommendations to the Minister of Finance, as I did last week, simple and practical ones that in my view would improve the lot of have-nots, I would tell him first and foremost that people should forget once and for all about granting wage increases on a percentage basis. It is my view that we should arrive at an index of essential goods. We should establish a minimum amount equivalent to the cost of essential items. We know that food is essential, that housing is essential, that transportation costs must be met. We know that current expenses add up. Therefore, it is the total, the cost of all those essential items that should determine our salaries. A low-income person should never get a raise short of that amount because it is obvious that the person who earns $40,000 a year can more easily bear the brunt of inflation than the one who earns $10,000 and that at 10 per cent raise for the person earning $40,000 does not have the same impact as a 10 per cent raise for the one earning $10,000.

Mr. Speaker, I suggest to this house as I suggested to the minister who is surely going to give it some thought, that we should consider the possibility, a minimum not in terms of percentage but in terms of dollars and that instead of granting raises on a percentage basis which do not compensate for the ravages of inflation, we should set a minimum set first on the cost of the basic necessities of life and going upwards. This means that those people with higher incomes, the well-to-do, the high-rollers, and there are still many of them in our society, in my own district in Brossard, I can assure you that houses sell well and at high prices, just as in Vancouver they sell well and at high prices. This means that people do not necessarily mind inflation rate or interest rates; they simply look at the monthly payment to be made. If they can afford to pay such an amount at the end of the month they will buy. It is bad policy but that is the way they act. So I tell you, Mr. Speaker, that we must change our way of thinking. People must be made to understand where they are going, and if we manage to get that, if we can understand what is the actual consumer price index, if we can manage to set new wage bases we will then be able to achieve a new economic policy in this country.

Today, I do not intend to dwell on fiscal policy because my time is running short. Obviously, Mr. Speaker, economic policy in a country has as its components fiscal policy and

monetary policy. Naturally, our fiscal policy will be contained in the forthcoming budget. A budget, in short, is a statement of the fiscal policy of a country.

Mr. Speaker, the hon. member for York-Peel is asking us to bring down another budget now. We have yet to reach an agreement with Alberta on energy matters. We have already had one budget without any such agreement. The Progressive Conservatives also brought down a budget without an agreement having been reached. Surely they will admit, as I do, that it is hard to know what our sources of revenue will be without such an agreement. As far as I am concerned, I am of those who hope and believe that we should try to come to an agreement with Alberta before having a new budget, in order to know exactly what our revenue base will be. Once we know that, it will be much easier to develop a fiscal policy that will stand on its own. In addition, Mr. Speaker, and I am quite willing to admit that government expenditures must be cut back—I am the first to admit it—but not at any cost, however, nor at the cost of selling off, just like that, all Crown corporations; on the contrary. The state still has a role to play; it remains a driving force; however, Mr. speaker, I do not feel that it should be involved in every sphere of the economy. So, I say a fiscal policy after an agreement with Alberta, because then we shall, in fact, know what our sources of revenue will be; a formal commitment, on the part of the government that takes into account the human element, a formal commitment to always be present while, on the other hand, giving free enterprise a certain leeway to operate, because that is very important.

Mr. Speaker, I know my time is almost up and to sum up, let me say that I know or at least I hope that all hon. members in this House realize the significance of inflation rates and the consequences of interest rates. We may disagree on the steps to be taken. I have suggested one or two and would like to hear something constructive, something positive from the opposition. I for one can assure you, Mr. Speaker, that the fact that these people are Progressive Conservatives is no reason why I should not listen to them: on the contrary, I always listen to them; but I would like to hear something meaningful; in fact I wish we could find together a solution to all those problems, for the sake of all Canadians.

Mr. Kilgour: Mr. Speaker, I should like—

• (1530)

[*English*]

The Acting Speaker (Mr. Blaker): I will recognize the hon. member for Edmonton Strathcona (Mr. Kilgour), but I should indicate to him that if he is rising on a point of order to question the hon. member for La Prairie (Mr. Deniger), that is not possible without the unanimous consent of the House. The hon. member is entitled to seek the unanimous consent if he wishes.

[*Translation*]

Mr. Kilgour: Very well, Mr. Speaker: let us drop the matter.

[*English*]

The Acting Speaker (Mr. Blaker): Well, then, the hon. member has resolved his own question.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): The issue that we are debating here behind all the talk is one thing, that is, interest rates. One can call it barren economic policies. This motion does. Basically, the sin that we are discussing is the fact that the government has been following a practice, which the previous government and the government before that followed, of accepting advice on economic, monetary and fiscal policy based on a type of approach that has been proven quantitatively wrong over the last 20 or 30 years.

In their last major national conference in Montreal, economists admitted they did not know and could not explain where they had been. They admitted they did not know where they were or where they were going. If economists could have admitted their complete failure to understand the system on which the world is working, I would think it behooves us in Parliament to be a little humble and accept the fact that neither do our advisers in Ottawa, our capital, know where they are. I use that as a starting point.

We have had a good demonstration today of the words "barren economic policies". I am sorry that the Minister of Industry, Trade and Commerce (Mr. Gray) left because I was going to make a comment or two. I sat with the minister when he was in the opposition. In that short period of government, I was happy to be on the government side in a committee where most of us in all parties agreed, that the ordinary members of Parliament had to take over from the cabinet and the ministers on the grounds that they had accepted this fallacious economic theory of the bank governor and the Department of Finance. The Minister of Industry, Trade and Commerce was loud and outspoken in his acceptance of the fact that the advice we were getting from the bank was wrong. He was outspoken in his acceptance of the fact that the advice we were getting from the government was wrong because it came from the same source. The hon. member now sits as a minister. He said it is all right to pay 20 per cent interest because the Minister of Finance (Mr. MacEachen) had said that the people of Canada are so wealthy that they can afford it. Last week the Prime Minister (Mr. Trudeau) said in this House that the ordinary people of Canada are 50 per cent better off than they were ten years ago. Everyone thought that must mean that the government is doing a wonderful job.

• (1540)

I will not go over that barren ground of statistical statement which reached the point a number of years ago that the minister in charge of the Canadian Wheat Board—who is no longer in this House—wrote a report to prove, on the basis of figures supplied by the then Bureau of Statistics, that the farmer was never wealthier than he was five or six years ago. I do not have to say what has happened to him; brilliant as he

was, he was wiped out in a western riding because of such stupidity.

We have seen the same stupidity in this House in the last week when not only the Minister of Finance mouthed this type of empty rhetoric, but the statement was repeated again today over and over again—that if we do not keep interest rates high, our dollar value will decline. There is no evidence that such a thing will happen.

In late 1979, when the governor of the Bank of Canada was asked for evidence that since he applied this monetary policy in 1975 it had kept the dollar value up, he said that he did not have any evidence. That made headlines in the newspapers. You would think reasonably literate people would not repeat that simple statement again, yet it happens half a dozen times a day in this House. People claim that if we do not keep interest rates high, our dollar will drop. The governor of the Bank of Canada or anyone else who looks at the evidence knows that there is no evidence of that; in fact, the evidence is to the contrary.

It is the same with the other great truth that they enunciate—that when you save a lot of money, interest rates are supposed to go down. Ten years ago Canada not only led the world in per capita savings, but between 1975 and 1979 the rate of savings increased from 5 per cent to 11 per cent; last year it dropped to 10 per cent. No other nation in the world saves more than Canada but the book on economics says that if savings are accumulated, interest rates are supposed to go down. I will not get into the semantics of that today, Mr. Speaker.

I hope that the government recognizes that in 1979 people sense that it was tired and bankrupt of ideas. That is why it was turfed out exactly two years ago today. Through an accident of political demagoguery and trickery it was returned and it thought that God had spoken—that it is now right in everything. We now see this tame, tired, dispirited group without ideas. It knows full well that the civil service cannot help it any more. The men at the top of the civil service have made up their minds about what is right, based on theories learned 30 or 40 years ago. In spite of all the quantitative evidence to show that they are wrong, they cannot bring themselves to make changes. For ministers of the Crown to defend that nonsense brings us all into disrepute.

A few years ago, the Minister of Industry, Trade and Commerce was so much against high interest rates that he said if the government did not bring them down, he would resign. He has destroyed his credibility because he did not resign. Now he comes into this House and reads off a list of things which is barren of ideas for helping out with the interest rate problem.

What we have to do today, Mr. Speaker, is to recognize that politics has fallen to the level of the scam or, to use an old fashioned word, fraud. The whole constitutional debate has been fraudulent. We have not even begun to discuss the Constitution. What we have seen is great posturing on the part of politicians as if they were examining something. The government must know that it has failed in that undertaking. It is just a matter of letting it die a natural death. Then there is the great cry over energy prices. The government must accept the fact that it has failed and that it must make an agreement. But today, when the government is in trouble, the only solution known to civil servants is reorganization.

The Minister of Finance has become head of the policy group of the International Monetary Fund. That has happened to Canadians before and I am not opposed to it. Personally, I am glad he is out of the country so that he does not make us all look so foolish by making statements in the House. He has been zigging when he should have been zagging so often in the last eight or nine months, that it is a good thing he is out of the country! Let these newly evolving nations have him. If they think they will get anything out of him, they are mistaken.

I should like to put forward a few ideas that could have some possible positive effects, and I shall list them. There is no doubt in my mind that in the next two or three months, since we are not doing well in economics and since the constitutional scam has collapsed, as has the scam over energy prices—even Ontario betrayed it the other day—there will have to be a new scam. It will be Canada taking a position among these newly developing nations as the great white father who is on their side.

Let us be honest, Mr. Speaker. We want to help the developing nations in the world. Let us not try to hide what is actually happening, however. We know that they will not be helped by a continuation of the present type of handout. These handouts have done more to make enemies for the United States, Canada, Great Britain, France, Germany, and the other nations that gave them handouts. These newly developing nations know that a handout is given primarily for the purpose of lining the pockets of the local politicians of the governing party.

Mr. Blais: Nonsense.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Those countries know that the pockets of Canadians are also being lined because not a single handout is given unless the nations buy something in Canada.

As many hon. members may know, I have felt a load on my conscience over the last 20-odd years about doing something about this. As the Minister of Transport (Mr. Pepin) and others well know, I have been trying to organize international trading companies which would help these underdeveloped countries trade with others. They would make money in the process and so could afford to buy what they want, where they want. It would be a three-way trade, not this bilateral economic imperialism that we have practised under the present handout policy.

I know what ministers and what ordinary businessmen in these countries say. They say, "Your country comes to us with all these offers and a list of things that we are expected to buy from Canada." They know that it is economic blackmail. They may smile at you so as to get some more handouts but in their hearts they hate your guts. That is the frank truth of the handout route.

• (1550)

I have never met a more dedicated group of civil servants then those in CIDA. Yet I know what they must endure to go through all these monkeyshines. When one country gives to another country, you cannot really enforce the carrying out of that program in the other country.

What is a better way of doing it? I have mentioned the International Trading Congress. I think I have said enough about it. Their programs are working at no cost to government. Both sides benefit and world trade has improved.

I think hon. members probably know that in 1961 the People's Republic of China had only $400 million a year in trade, $200 million going to Russia and $200 million coming back to China. What is it today? They have $30 billion a year in trade. That has been done by free trading institutions moving in and out, sometimes to government, but more often just private businessmen going back and forth and dealing with corporations. Handouts are just a new form of imperialism. These people out there know it, and so do we. They are ashamed. I am not going into the question of the competence of handling these programs. We should not be giving them handouts. We should give them lower interest rates, if they take aid in the form of loans. They have no more chance of paying back a loan at low interest rates than they have with a high interest rate loan if the loan is not properly utilized to produce more wealth with which to pay it back. I do not want to spend too much time on that aspect either.

The last type of rap we have had over the last ten years started with Malta. Someone came along with this great Christian concept that we should turn the wealth of the oceans over to the newly developing nations. My God, wouldn't our fellow men think we are wonderful people? The ocean wealth is the heritage of mankind. Every nitwit in every political party in Canada is in fraud and scam from the word go right up to their necks. The wealth at the bottom of the sea under international law belongs to the coastal states, as far as they can develop it. With present technology, that means everywhere. Six sevenths of the world is ocean today under sovereign control by international law of the coastal states. Canada owns the resources halfway across the Atlantic, the Arctic and the Pacific. That is the international law. Yet civil servants who come into our political parties never even mention that the international law still applies.

Mr. Blais: How much of the high seas?

Mr. Hamilton (Qu'appelle-Moose Mountain): The high seas have nothing to do with the bottom of the sea convention, if the hon. member knows anything about it.

I want to make it very clear that Canada put forward that proposal in 1958. It was unanimously approved in committee at the Law of the Sea Convention, unanimously approved at the United Nations in 1962, and enough nations ratified the proposal to make it international law, and there it remains.

Why should nitwits in our political parties here in Canada play a part in this scam of pretending that we are going to give something from the bottom of the sea to these new nations? At present we can do it very easily by simply granting them a certain royalty, 5 per cent, 7 per cent, 8 per cent, or whatever we agree upon. If we want to give them a handout, 7 per cent of the gross might be acceptable. There is no way to ever get these nations to agree on the split. We would have to turn it over to a United Nations body, such as the International Monetary Fund or the World Bank. With their programs, it would probably be more rationally assigned.

I have mentioned three or four different types of scams: the handouts, the low interest rate scam and the scam of pretending that we are helping people when we are really trying to delude them. The newest one I have mentioned is the one where Canada will take the lead with the wealthy nations of the world toward a better North-South relationship.

We all know what that is. The Prime Minister has made up his mind what he is going to do. He wants to go out with something good. He has failed with every other thing. He has failed on his constitutional gambits. He has failed on his energy gambits. He is not able to do anything on the economic side, so he has to pretend that he is leading the world to higher and better things. Whenever you try to persuade nations such as Britain, France, Germany, Japan and the United States to join together in a helpful procedure for the newly developing nations, boy, that is real pretence. There is only one way you get things through these countries sensibly and that is to help them make more money first so they can do without the handouts.

The proposals I want to put forward all have precedents. When Malayasia wanted a handout to fight communism in 1958, what we did was to clear the land in ten acre jungle lots, plant red rubber trees and pay the people directly wages of $70 a month. When the rubber trees came into production and they were able to pay for running their operations and looking after their families, we asked, as Canadians, for a 15 per cent return. We were paid back in three years.

If we can do this type of thing for Malayasia without getting rid of interest rates, and stop communist insurgency by letting people own their land, they will never become communist. Why can we not use the same rules for Canadians?

Canada took the lead in 1959 and then in 1961 on another project. Instead of handouts, we set up an international program through the United Nations called the world food program, under which were not authorized handouts except in cases of famine or emergency. Today we are beginning the twentieth year of that program. There is no program in the whole of the United Nations working more successfully and achieving more good than this one. Ninety per cent of the billions of dollars we have raised and given to this program has been spent in constructive enterprises, and only 10 per cent has gone to handouts for emergencies. There are precedents to do things in a constructive way so that everyone benefits.

Because my time has just about run out, I want to plead with this Parliament to start putting proposals forward in the hope that in its desperation the government will accept a few of these precedents and begin to apply this type of construc-

tiveness, aimed not only at our own economic problems but to realize that we will help ourselves if we help the other fellow first.

Hon. Ron Huntington (Capilano): Mr. Speaker, Canada today is in a crisis of confusion. We are squandering our government resources, our people resources, our natural resources and our intellectual resources. We are even in the process of squandering a heritage of freedom by destroying a process of common law and a parliamentary form of government that has at least protected our liberty and freedom down through the ages when other forms have failed.

In the past, all emerging and growing societies have given priority to their economies, for it is only with a disciplined, well-managed economic base that the material needs and social wants of man can be provided. Surely the lessons of the Soviet bloc countries, with their state-owned and controlled economies, massive police forces and armies, are there as warnings to us. Surely the economic crises of the welfare states that the NDP have been giving to us as examples of what they would like to see in Canada are a warning that we should not ignore.

● (1600)

Today in Canada we have a gang of socialists marauding under the cloak of the Liberal Party of Canada, repeating the mistakes of the past and of contemporary history. One can only conclude that the screwed up priorities, the mismanagement of this country's economy, the squandering of our resources is deliberate, with the intent of removing any sense of freedom and incentive from our economy, all in the name of an egalitarian welfare state where men will live under a totally structured economy.

Man was not born equal, and in egalitarian societies where men are forced to live as equals, they are not free. When we lose the essential elements of a free economy, as we are doing in Canada today, we lose the basic foundation of our freedom. With the continual emphasis on structure rather than behaviour in the legislation that is being tabled in this House by this government, we are chopping down the tree that feeds the roots of our freedom and of a free economy.

I do not believe that this drift to economic and social oblivion has to be inevitable. We should turn our considerable talents and energies to the many alternatives that are available to us. First, we should take advantage of the lessons of history that are in the Laffer curve and we should deliver fiscal politics that will once again spark the energy, ingenuity and talent that is now lying dormant within our Canadian people. It is the collective attitude of the nation's people which is the ingredient that builds or destroys a nation. We should manage our future, which means forward planning. Herein I agree with the NDP. It means forward planning and budgeting of our people and our resources. However, what do we have today?

Today the Minister of Industry, Trade and Commerce (Mr. Gray) stood up here and gave to us his industrial strategy which was just a tangled web of microprograms and activities within one department. In no way can we deliver ourselves today from our microproblems. What this country needs is sound, fundamental fiscal policies. History tells us what we must do. History is pleading with us not to repeat the mistakes of the past. What is our Minister of Finance (Mr. MacEachen) doing in Gabon when the great national crisis of today could be solved with a sound fundamental fiscal policy? He should be here preparing his budget for October.

Today we have deliberately delayed the many megaprojects that could deliver this country to energy self-sufficiency by the year 1990. What are we going to do with this delay? If we could reach energy self-sufficiency by 1990, that would be the greatest gift we could give to the Third World, removing our international demands for energy from the rest of the world. If we could look after our own needs at home, that energy would be available for others. Here we have tied up all of these megaprojects and are backing them up behind a dam. It is my guess that this government is going to let them all go at once, creating the most massive shortage of trades people, the most massive shortage of labour, shortage of steel, shortage of transportation, and I do not see one shred of planning in the delivery of the great opportunities that are ahead of us in this country. Not one shred of planning did I hear about today from the Minister of Industry, Trade and Commerce.

We in this country are critically short of tradespeople and people with trade skills. This country historically has been drawing them from the countries and schools of Europe. Whenever we needed them, we brought them over on immigration programs. Today those countries need those skilled tradespeople themselves so they are not available to us. We have known this crisis has been coming for the last decade, but where have we put in place educational programs to deliver the trade and skill needs that this country requires in time for the demand that is shortly ahead of us if we ever are going to get these megaprojects under way? Can you imagine what $1.2 billion spent in trade education would do for this country and the Third World instead of a string of broken down gas stations across this country?

My colleague, the hon. member for York-Peel (Mr. Stevens) pointed out that a co-ordinated approach was in place in the United States to deal with the inflationary pressures within that country. It is important, in addition to recognizing the co-ordinated approach in the United States, to recognize that we need something more for our basic economic structure which, although once similar to the United States, is no longer so.

We have an additional challenge over and above the co-ordinated approach of the United States. For instance, in Canada we borrow on a short-term basis with floating interest rates that are at a crisis level, and I guess will keep going up until we have strangled all the discretionary spending there is out of our economy.

Homes that should be financed on a 20-year basis are now on a one-year and five-year term, with interest incentives that have kept people rolling them over on a year to year basis,

thinking, hoping and praying that interest rates will drop. Only short term and demand money is available to the small and medium-size enterprise sector of Canada, with terrible pressure being exerted on any attempt to improve productivity in those sectors.

In the United States, on the other hand, long-term money at lower interest rates is available for long-term purposes, such as new and more productive plants and new productive capacity. We do not have that edge available to us in Canada, particularly for the small and medium-enterprise sector. In this area, our financial structure is different and it should not, in my opinion, be blindly following the interest rate monetarist lead of the United States. We have a different need entirely.

For over three years there has been an initiative for long, low, long-term interest rates on the bureaucratic merry-go-round between the Department of Finance, and the Department of Insurance and the Department of Industry, Trade and Commerce. Powerful establishment interests have all but smothered this private sector initiative that would loosen up all the savings my colleague from Qu'Appelle-Moose Mountain (Mr. Hamilton) was talking about that are now dammed up in the pension funds, RRSPs and tax shelters of Canada. All those funds need is a covenant of guarantee in order to be released on a 20 and even 30-year-term basis at 0.3 and 0.4 points under prime.

In July 1980 I asked the present Minister of Industry, Trade and Commerce what he was doing to get this initiative out of the tangled web of bureaucracy of the federal government. I remind you it has been there for some three years. That initiative has been denied to the private sector of Canada. This is something that members on both sides of the House should be concerned about and should address.

We have examples of banks lending long-term money in Canada to specified projects at rates well below prime and on a long-term basis. If banks have surplus funds to lend on a preferred long-term basis to some projects, why do we not examine why that is and why it is not available to other good, solid, secure activities in the Canadian market? Why are we so selective? That is the question I ask. The interest rate problem in Canada has and is aggravating our productivity factor. Both the Prime Minister (Mr. Trudeau) and the Minister of Finance know that the only way we can climb out of this national, even world, dilemma is by improving our productivity. Yet the interest rate policies of this government are deliberately working against that important need.

• (1610)

Our productivity in the last year has dropped 1.4 per cent. Some of us in this House do not even understand what productivity is, for I heard the hon. member for Willowdale (Mr. Peterson) needling my colleague, the hon. member for York-Peel, regarding the pride shown in having created 300,000 new jobs in Canada. Not one of those jobs is in an area which creates wealth. It is only jobs which are in the process of adding to the value of goods that can carry the payrolls of those not involved in that economic process. In other words, 300,000 jobs are not productive jobs; the same work and goods could be produced in Canada with 300,000 fewer people. That is the burden that government policy is putting on those who do true-value work in this country.

There are games being played that I do not understand. For instance, the federal government is a dominant factor in issuing extendable bonds. They talk about their bonds bearing 16 per cent interest for three years. Those bonds now have an extension for a further ten years at a higher rate of interest. The budget will show the lower rate of interest as the cost of financing, but nowhere in the projections is it reflected what the higher cost down the road will be. These are half-truths and games which we do not need any more in this country if we are going to address the serious problems that should be dealt with on a truthful, factual and thinking basis.

The Minister of Finance and the Bank of Canada are correct in saying that higher interest rates can control inflation. As I said during question period today, it is correct to conclude that government policy is to squeeze the public until there is no discretionary spending left. We heard the Prime Minister's answer to my question today. He does not have the slightest bit of consideration for those people in this country who have put in their work, done their jobs, are in retirement but have absolutely no discretionary spending.

Today all Canadian business in the general stream of commerce is hooked on the short-term changing interest rates which create havoc with our productive capacity and costs, and benefit only the paper pushers and the banks. There is little if any reward left in Canada for those who create jobs and maintain payrolls. All the rewards go to the developers, the industrial landlords, the banks, the chartered accountants, the lawyers—the paper pushers. The guy who has to manage, has to balance things, has his guarantee on the line, risks his home and his lifetime of work, is almost at the point, if not at the point, of no return. There are very serious complications and a lack of incentive today for those capable of managing and creating productive units. In fact, in my opinion, this is rapidly becoming a national crisis.

Labour laws today allow secondary picketing.

An hon. Member: Oh!

Mr. Huntington: You bet they do, and there is an inability to adjust to production costs and to market realities with our swinging interest rates. All of these things are creating an impossible situation, even to the point where a non-productive and unsuitable person can hardly be removed from a payroll today.

This government refuses to give the job-creating sector tax points for research and development incentives. Their servants continue to insist that innovators come cap in hand to the bureaucrats who say yea or nay to these projects. Some of them have just too much pride, and most risk takers in the small and medium enterprise sector are just too busy to find the time for this cap-in-hand process. The rules of the game in business are being constantly changed and this damages any chance of improving productivity levels. Intervention in struc-

ture is the order of the day of this government. Only the oligopolies, the large multinational corporations and the large corporate entities, have the time, the resources and the payroll ability to play the game the government asks of the economic community. The SME sector is really out to lunch.

I would like for a moment to turn to the NDP rump of the Liberal socialist party of Canada with its phony, negative whining that is motivated, in my opinion, by envy and bitterness, for its members have attacked every significant initiative in this country that is there and waiting to resolve our unemployment and energy problems.

They demand more and more of the system at large, but hinder the very process of providing the wealth needed to improve the social benefits of this welfare society. They mouth shallow platitudes to the small business sector when their masters are the big union bosses who are interested only in the maximum grab from the economy for a minority of the work force. They call for wealth distribution while living off the avails of big Liberal monopolies. In my opinion, members of the NDP speak with a political forked tongue.

Earlier I touched on the fact that our structure is different from that of the U.S., and I discussed the energy factor there. I have discussed the fact that the government is involved in extendable bonds which place an unfair burden and an advantage in the marketplace, and disturb and distort our interest rate structure. The government does not show the cost of the future rate and it takes an advantage away from other forces in the market which might want to attract that capital. In my opinion, these tricky games make it most difficult for the rest of the business community to have a fair share and a place.

This policy is leading to a reduction in wealth and a destruction of the Canadian dream. It can only lead to state control of our economy. When that happens, when that day comes, I suggest that anybody hearing this plea in this chasm should understand that their very basic freedoms are threatened. There is no answer to be found in a welfare state and Sweden is an example of it. We are falling into the same economic trap and dilemma they have already developed for themselves. Please, can we not learn from this?

One thing we might do which would resolve our interest rate problem, our low Canadian dollar problem and our productivity problem would be to seriously study putting between $50 billion and $70 billion into our international monetary fund as a reserve. In that way our interest rates would come down, our dollar value would go up and our cost of living would come down.

One might say that is a lot of money. I tell you it is a pittance compared to what the present policy has robbed from the pension funds, the savings plans and the savings of individuals throughout Canada. I would urge the government to perhaps seek co-operation from this side in taking a very serious look at the delivery of a good, sizeable and usable reserve which would give stability to our interest rates and our international exchange rates.

• (1620)

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, I am speaking in favour of this motion today. The last sentence asks the Minister of Finance (Mr. MacEachen) to introduce a budget with corrective measures before July 1 or resign. I fully support that.

Our present Minister of Finance has been in Liberal cabinets longer than any of his colleagues, so he is actually more responsible than they for blank-cheque government. He was there, right at the start, for the introduction of blank-cheque government, uncontrolled spending and changing the rules so that there is no longer parliamentary control over expenditures. After listening to some of the Liberals speak today, I suggest they spend a little more time reading the report of the Auditor General and the report of the Lambert commission on how this Liberal government has been running the country and controlling expenditures. Perhaps the term "cutback" is not correct. It really should be eliminating waste and mismanagement within government, and there has been no attempt by this government to get together with the provinces to eliminate duplication and to try to find ways and means to improve control over our expenditures.

There are many examples around us. For example, on the Campeau project over in Hull there was an over-expenditure of $300 million. That is just one little example. Another one comes to mind; the UIC fraud squad was disbanded a number of years ago because the things that squad was coming up with were embarrassing to the Liberal government. That squad was disbanded. It would have exposed fraud costing about $100 million a year. Hon. members opposite did not impress me at all with any of the speeches they made this afternoon.

I am going to speak about some of the untruths of hon. members opposite and point out once again that their word means absolutely nothing. That is old hat, but I will refer to just a couple of points. The Liberals were going to hold increases in government spending under the growth of the gross national product. They have absolutely no intention of doing any such thing. There was to be an industrial strategy, job creation and increased Canadian ownership. Canadian ownership has just been increased through the purchase of Petrofina and by sending $1 billion to Belgium and $1 million to a Swiss bank to pay for the transaction.

My friend, the hon. member for Capilano (Mr. Huntington), spoke about establishing a fund to help small businesses facing high interest rates. Just imagine if that $1 billion had been put to that use instead of being sent into the Belgian economy!

Prior to the last election, the Liberals stated that they would achieve energy security at a fair price. I will go into some detail on that in a moment. That statement is absolute nonsense. There was the promise that gas increases would be kept below 18 cents a gallon, and we now find that the price is increasing as much as 60 cents a gallon. That is another broken promise. The Liberals promised to ensure prosperity through economic growth in every region. Then they introduced the NEP, which is killing economic growth in Canada.

The Liberals promised to help first those who need assistance. I am our spokesman on veterans' pensions, and I know the problems of veterans respecting the length of time it takes to process applications and the problems the widows of veterans are having. I know the serious problems rail pensioners are having. This government is doing absolutely nothing about those problems.

These problems have been with us for years, and this government refuses to deal with them. Some rail pensioners receive increases of $4 a year. We get the runaround from the Minister of Transport (Mr. Pepin) and the Minister of Labour (Mr. Regan), who say they will help those who need assistance.

This is not the only government in the world which has not controlled expenditures or seen that money is spent properly. Almost every government in the world is the same in this respect. There have been only four since 1948 which have operated in a responsible manner. The government with the best record of all was the Diefenbaker government between 1957 and 1963. That government was not a blank-cheque government. It was composed of a group of responsible men who saw that we received proper value for our tax dollars, and the inflation rate was held to 1.2 per cent. When the Liberals came into power in 1963, they took the lid off. Mr. Pearson was going to be a big, tough prime minister with respect to a dock workers strike. He was going to show them. He gave the dock workers a huge increase instead of giving them a guarantee of job security which they wanted. Anyone can look at a graph and see that that is when spending took off, and it has never stopped.

This afternoon I picked up an article in *The Toronto Sun.*

Some hon. Members: Oh, oh!

Mr. McKenzie: Our country is in a disgraceful situation. This article quotes statistics. The Liberals are laughing. They do not like any newspaper which continually exposes this fraudulent government and its mismanagement. The article reads in part as follows:

> Metro's eviction rate is soaring and sheriff's offices face hotted-up hostility in their struggle to keep abreast of the growing workload.
>
> Evictions to April 30 are up 10 per cent over last year, when the rate jumped 28.5 per cent from 1979.

I say to the two laughing frontbenchers opposite that that means that thousands of Canadians are being evicted from their homes. When we were in government, we introduced a mortgage credit plan for home owners which would have assisted them greatly, and we would not have had as many evictions today. However, the New Democratic Party and the Liberals were violently opposed to any assistance for home owners. The article goes on to say the following:

> Over all, evictions of residential and commercial tenants and evictions resulting from foreclosed mortgages have risen an awesome 23 per cent from the 971 recorded in 1976, the year after Ontario's rent controls were introduced.
>
> Boris Kashuba, deputy sheriff in charge of evictions for York district, yesterday said his eight men are encountering "a more hostile, militant mood" from the public.

I guess they are, with these disgraceful interest rates this government is supposed to be reducing. I remember the slick Liberal television commercials during the last election campaign. They were going to reduce high interest rates. Of course, they had absolutely no intention of doing any such thing. This article goes on to say the following:

> There were 3,279 evictions last year in Metro compared to 2,550 in 1979.

The sheriff's people are going into suburban areas because of foreclosures on homes whose owners have given up the battle to meet mortgage payments. The article goes on:

> Tenants faced with rental arrears are borrowing the money to keep their landlords satisfied because they fear they won't be able to find alternative accommodation.

That is a national disgrace in a country like Canada. It is a national disgrace that people are being booted out of their homes right and left. The Liberal party lied in the last election campaign on television about its intention to lower interest rates. Now that they are in power, they do not do anything about this at all, and they have no intention of ever doing anything about it.

The Minister of Energy, Mines and Resources (Mr. Lalonde) made a ridiculous speech in Winnipeg a week or so ago. He pointed out that the National Energy Program is not primarily an employment program but that it will stimulate employment. What a ridiculous and untrue statement!

We have figures from the oil industry showing that the NEP will cost 60,000 jobs. More than 60,000 jobs may be lost by mid-summer due to the increasing number of oil and gas rigs leaving Canada, the Canadian Association of Oilwell Drilling Contractors has stated. Stan Jones, the executive director of the association, has said that the 50 per cent decline in the number of rigs drilling for oil and gas during the past year has surpassed the worst predictions of that association. Jones blamed the federal government's National Energy Program and its failure to reach an oil pricing agreement with Alberta for creating the dramatic slump in the oil industry.

I do not know why they have not been able to reach an agreement. If I were involved in those negotiations, I would have no hesitation in paying Saskatchewan and Alberta $35 a barrel. I would rather pay them $35 a barrel than pay $50 a barrel to Mexico. Mexican oil is of poor quality. We have to add Canadian oil to bring it up to a proper standard. I would rather pay Alberta and Saskatchewan $35 a barrel than send $45 to the rich OPEC countries to make them richer. The ridiculous NEP does not make any sense at all.

• (1630)

Mr. Jones went on to say that the slowdown threatens to eliminate more than 60,000 jobs on the oil fields and across Canada by midsummer. "In little less than six months the National Energy Program has effectively dismantled more than half of the most dynamic industry in Canada," Jones said.

And that is what the Liberals call progress and creating jobs and self-sufficiency. We are not going to become self-sufficient at all. By 1990, under the government's program, we are going

to be sending $182 billion more out of the country to buy imported oil. We are only to be 55 per cent self-sufficient. Mr. Jones went on to say that there were 370 drilling rigs working in Canada last May compared with 177 this year, and that most of the rigs have been moved or auctioned off in the U.S.

I do not think the Liberals really understand whose economy they are trying to help. They have certainly been of welcome assistance to the United States.

Here is a great article out of Denver, Colorado. It reads:

Many Canadian based oil companies are setting up operations in the United States because of higher profits.

Profit is not a dirty word in the United States but this government, under its policy of cutting down the cash flow of these small Canadian firms, is making it impossible for them to exist, and that is why they are getting out of this country. The article goes on:

Oil industry sources say that in the last year, more than 100 Canadian companies, mostly from Calgary and Edmonton with a few from Vancouver and Toronto, have established or are planning to establish U.S. offices.

For many of these Canadian companies, the Rocky Mountain states are their first choice.

About 80 of the 100 companies represented at a recent energy conference in Denver were based in Canada, says Dave Lytle, a Canadian oilman recently transferred from Edmonton.

Canadian oil company executives here say they can make up to 10 times more profit from a U.S. oil well.

And when they are making lots of profits they are spending more, paying the shareholders more, and Liberals from Ontario and Quebec had better do a little close checking too of how it is affecting them because from 42 cents to 47 cents of every dollar spent in the oil industry is spent in Ontario, so they are really going to get walloped very sharply, probably in the Sarnia area. The article goes on:

By contrast, they say U.S. oilmen are praising president Reagan. U.S. drilling and new petroleum discovery rates are at a record high and U.S. oil imports have dropped to their lowest level since 1975.

And what are we doing? We are importing more oil under this ridiculous National Energy Program. There is $500,000 an hour leaving this country for Mexico, Venezuela and the OPEC countries to import oil, but the government will not sit down and make a sensible agreement with Alberta and Saskatchewan. Reading further, it is stated that:

U.S. oilmen welcome the arrival of the Canadians although some of them are unhappy with Ottawa's Canadianization policies.

"We need the drilling rigs, the exploration capital and Canadian expertise," says one U.S. oilman.

Well, they can thank the Minister of Energy, Mines and Resources, the Minister of Labour, the cabinet and all the rest of them for assisting the United States economy and helping the United States to achieve self-sufficiency.

I mentioned earlier the Liberal promises to look after the underprivileged and all the rest. I am glad that the Minister of Labour is here today because we have had one exchange on what is going to happen to the rail pensioners in Canada. There seems to be considerable confusion between the Minister of Transport and the Minister of Labour as to who is responsible for showing some leadership in assisting these people who have really been getting the runaround. A lot of people get the runaround from government. In many cases it is not intentional, but in this case it has gone beyond any reasonable explanation and somebody is going to have to take the initiative. I hope the Minister of Labour will do so. I would just quote to him what some of these pensioners are receiving. Some receive $115 a month, others receive $178, $212, or $224 a month, and they have been trying for years to get a few dollars more and some kind of indexing system.

The Minister of Labour has written letters to different unions to say that he has the matter under study, that he recognizes there is a problem and he is going to be doing something about it. That is what it sounds like in his letters, but when I asked him yesterday in the House about this, he started talking about the Hall report. Well, that report is about five or six years old, and the first of these letters that he wrote to the unions was in May of 1980 and nothing has been done since. They are supposed to be able to have the unions bargain for them, but they cannot because management will not recognize the unions as bargaining agents for the pensioners and we are just going around and around in a big circle. So I hope the minister is present at this committee on Tuesday morning so that we can discuss this in a little more detail, and I hope he will give me some kind of assurance that he will take a close look at this particular problem because it is a real problem. Those who have retired from about 1977 onwards are really not too badly off but prior to that the pensions they receive are absolutely ridiculous.

I just want to comment further on statements on interest rates by the Liberals when they were in opposition. These statements are just unbelievable, especially from the Minister of Industry, Trade and Commerce (Mr. Gray) who said he was going to do something about interest rates and that he would resign if they did not come down. In fact, they have gone up about eight points since he made that statement. And he pointed out:

—because of the harmful effects of high interest rates on consumers, businessmen, especially small businessmen, and the entire economy, there should be an urgent study by the finance committee, where the governor of the bank would come, and the minister of finance—

Well, when we were in government, we established such a committee and they were only half way through their work when we were defeated in the House of Commons by a motion presented by the NDP saying nothing was being done about interest rates. And at that time the Governor of the Bank of Canada was one of the next witnesses to appear.

This is the sort of thing you get from the NDP. One of their spokesmen today was criticising our motion. They have a lot of nerve criticizing our motion or anything we do considering the devious manner in which they operate in and out of the House of Commons. We could very well have found a number of solutions to this problem had that committee been allowed to carry on, and we have asked repeatedly that it be established once again, but the Liberals refused to do anything about it. They have made their point perfectly clear: we are going to have to live with this interest rate problem because they have no intention of doing anything about it. They will tell you they

are going to do something about it during an election but once they get in, that is the finish.

Then this great Minister of Industry, Trade and Commerce went on to say to the Minister of Finance:

> Mr. Minister, I want to point out to you that your high interest rate policy would slow down the economy: it will mean the loss of thousands of jobs; it will mean increases in the cost of living. It will probably bring the housing and construction industry to a halt, with thousands of jobs being lost in those sectors.

Well, what is he doing about it? He is not doing anything at all.

I see I have one minute left, Mr. Speaker, and I am sure this debate will be brought to a dramatic conclusion by one of the better debaters in the House of Commons, namely, the hon. member for Esquimalt-Saanich (Mr. Munro).

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I was wondering whether we had found a new speaker on the floor who was announcing the next speaker in this debate. However, this is a very serious motion we have before us today and I would just like to remind everyone of the following words in the motion:

> That this House condemns the government's barren economic policies, which are destroying the stability, productivity and competitiveness of the Canadian economy;

That is the first element, and it is a threefold element. The motion terminates by urging the Minister of Finance (Mr. MacEachen) to introduce a budget with corrective measures before July 1, 1981, or resign.

● (1640)

I suspect the Minister of Finance would be unable to devise the required corrective measures, unless he examined more closely the National Energy Program announced with his previous budget. It was really the pith and substance of the budget, since the budget itself contained very little of a budgetary nature.

What distresses me most in the present circumstances is the unthinking manner in which the government makes use of our national resources, on the grounds that it knows better how to dispose of the national wealth than those who earn it. The wages of wanton extravagance designed to buy voter support are the economic dilemma in which we find ourselves today. Rather than designing an intelligent program to make the country a worthy legacy for generations to come, the government embarked upon a short-term desire to maintain itself in power. It uses the hard-earned wealth of taxpayers to buy their support. I consider it tragic, pitiful, distressing, shameful and verging on treasonous and treacherous for a government to abuse the mandate granted to it in January, 1980.

Our resource base is almost limitless. What policies do we see the government creating to develop the resource base so that we could hand over a flourishing economy to those generations to follow? I could think of two or three examples, but one of the most fabulous—and I use that word in its real meaning—is the coal resources of the Rocky Mountains. Of course, the tar sands and heavy oils are other examples. The government is doing everything to destroy initiative and to prevent the accumulation of individual initiative to bring those resources on stream.

The government believes it can do it better. How does it go about it? It charges Canadians who drive automobiles an extra .8 of a cent per litre or 3.5 cents per gallon in order to buy an enterprise and send $1.5 billion of motorists' funds out of the country. Those who heat by oil, find their heating costs have risen by the same amount. This is being done to acquire an enterprise based offshore, not to produce more energy. It is only to obtain ownership of a resource which has already been found by somebody else. Why is that $1.5 billion not being used to take us closer to energy self-sufficiency?

The government refuses or is possibly incapable of devising a program which meets the legitimate needs of the provinces with resources and at the same time the legitimate need of the central authority for funds for other purposes. It is really the destruction of individual initiative which I deplore so much. No one in the world, certainly no upstanding Canadian, would regret the effort the government has taken to look after the needy, but why must the government look after those who are not in need? There is no need to destroy initiative by robbing Canadians to meet needs which do not exist. We are all prepared to share what we have in order to help those who are unfortunate, but I see no point in contributing a cent to a pension for an E. P. Taylor or even a pension for myself. I am prepared to stand on my own feet. I have had good fortune. I have experienced good health throughout my life and hopefully have done an honourable day's work every day I worked, for which I was compensated. I have been able to look after myself and my future. Why should they rob from me to pay me after I can no longer work? This is stupid nonsense. We can help those people who were mentioned by the hon. member for Winnipeg-Assiniboine (Mr. McKenzie), those railroad pensioners who are in need. We are prepared to do that, but the government has overspent to the point of profligacy. I cannot think of a stronger word than that.

If time permits, I would like to cite a few figures and to offer a few ideas because the government has shown in its performance that it has none of its own except to tax and to invent nonsensical projects which do nothing for productivity. Every day the government boasts about the number of jobs it has created. It has not created jobs except those in the public service, and those it has created in plenty. I wonder what is the productivity of the public service at the present time. It used to be good. I say that with pride. I do not think it is as great as it was.

There has been no attempt to curb credit. The whole design of the government is to destroy the initiative of the individual to work and to invest.

● (1650)

If it is true, as the Prime Minister (Mr. Trudeau) has been saying for these last two or three days when he has been attacked about the high interest rates, that there is more spending now than there ever was before, there is spending

now because of the uncertainties of the future. That is why. The uncertainty is causing this spending. There are surplus funds in people's pockets. There is no question about that. However, they are spending it wantonly. They are not saving or investing. They are not prepared to stand on their own feet because this government has destroyed that incentive which had inspired my father and mother.

Mr. Blais: A point of order, Mr. Speaker. I was wondering if the hon. gentleman who has just made a statement relating to the inability of Canadians to save would address the phenomenon of Canadians saving at a rate which is twice that of the United States.

Mr. Taylor: That is not a point of order.

An hon. Member: Good fact, though; interesting, isn't it?

Mr. Munro (Esquimalt-Saanich): During the last three or four days we have been talking about inflation and interest rates. Bankruptcies are a tragedy. It is a family tragedy and an individual tragedy when a man who has put his heart and soul, his energy, and all his capital into a project finds that with the requirement to borrow further funds he is faced with insuperable charges and that therefore either his house has to go, his farm has to go, or his equipment has to go. Sometimes his wife even deserts him. That is also sad.

An hon. Member: Save a lot of money that way!

An hon. Member: Don't believe it!

Mr. Munro (Esquimalt-Saanich): The breakup of the family unit as a result of these stressful situations brought about by inflation which this government has done nothing to control, and excessive rates, makes me wonder why we should be so ready, under an enterprise known as the Export Development Corporation, the EDC, to provide favourable, advantageous rates of borrowing to foreign governments or companies provided that they spend those funds in this country. I think particularly of shipbuilding.

In a speech about two or three years ago, I mentioned the number of ships built for other countries. I think the figure was something like 30 in five years. They had been built for such countries as Poland, Argentina and France. I understand that a French ship was built not very long ago. Why are we lending these funds to foreign countries when we might just as easily lend them to our own citizens to build our own merchant marine? I just do not understand this. Notwithstanding its name, why should the EDC not provide these credits to Canadian citizens so that we might further their purposes within Canada?

Two days ago, on May 19, I was impressed when the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) offered two or three suggestions as to what this government might do—

An hon. Member: We want Jarvis!

Mr. Munro (Esquimalt-Saanich): —in a global manner to assist those who are in trouble because of the inflation or high interest rates. When the Conservative government was in power, we, of course, did introduce those features in the mortgage interest deductibility plan and also on the energy side. For example, it put a stop to the requirement to pay the added tax which was to be imposed on heating oil. This government has done nothing like that. It seems as though suggestions which come from this side of the House are, ipso facto, untouchable. They should not even be examined.

One of the suggestions made by the hon. member for Qu'Appelle-Moose Mountain was to make governmental provision for loans at a reasonable rate on condition. For example, if the purpose of the loan were to buy a house, if that house were sold at a vast profit within two or three years, then the capital gain on the investment would be shared 50-50 with the government. I think that makes a good deal of sense.

I have one further suggestion to make, and it is not new. It was put in practice at a time which only a few people in this House can remember. I know that the hon. member for Winnipeg North Centre (Mr. Knowles) would certainly remember it. I remember those days, too, as a teenager, when farms were being closed down and farmers were having to leave their land and go somewhere to find relief, the dough. It was a shameful time. I think there is still a lesson to be learned from that period which we might consider. In its briefest terms, it would consist of this: there would be a moratorium on the repayment of capital borrowing. The interest would be repayable. However, there would be a moratorium on capital borrowing. To my way of thinking, this would have two very important effects. It would mean that the money that was out would be earning its keep. The rent on it, even at 20 per cent, could be faced. On the other hand, the repayment of capital would be deferred and the life of the loan would be correspondingly extended at the far end until the interest rates had come down and a refinancing could be arranged.

Besides the advantage to the borrower, the other advantage is that it would take a great deal of capital out of circulation because as capital is returned to the lender, it would be loaned out again. However, if some of that capital could be withdrawn from circulation, then I think the effect on inflation would be catastrophic. The inflation rate would drop because the extent of capital available for borrowing would be reduced by an immeasurable amount. I cannot even conceive the amount.

The one thing which would have to be examined very carefully in putting forward this notion would be the bureaucracy required to examine cases of requests for the moratorium. As I say, it would have to be reviewed, for instance, every six months or every year so that advantage would not be taken of borrowers. The dual advantage of having the borrower able to pay something, to stand on his own feet, pay the interest, and at the same time withdraw capital from circulation would have a very important and depressive effect on the inflation rate. That is one suggestion I put out to the government for its consideration.

Some hon. Members: Five o'clock!

An hon. Member: We want Jarvis!

The Acting Speaker (Mr. Blaker): Order, please. It being five o'clock, it is my duty to inform the House that pursuant to section 11 of Standing Order 58, the proceedings on the motion have expired, and accordingly the House stands adjourned to Monday at two o'clock pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, May 25, 1981

The House met at 2 p.m.

• (1405)

[*English*]

THE LATE DAVID LEWIS

TRIBUTES TO FORMER LEADER OF THE NEW DEMOCRATIC PARTY

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it is the sad task of Parliament today to pay tribute to the memory of one of its most distinguished former members. The passing of David Lewis has deprived Canada of a man of passionate commitment, a man of ideas and conscience, a brilliant and eloquent person, a man who devoted the whole of his adult life to the service of others.

Canada's loss is felt nowhere more keenly than here in Parliament, a place he loved and honoured. It was here, as Leader of the New Democratic Party, that he found the fullest scope for the expression of his ideals and idealism. It was here that he was able to speak to Canadians, day in and day out, about social and economic justice, about the gap between what Canada was and could become, about the primary duty of Parliament to help and protect those who could not protect themselves.

By giving expression to his own profound belief that political action is the noblest and most effective means of achieving social change, he also lent added dignity and respect to the profession of politics, and to the Canadian political process.

Because he became best known to Canadians during his tenure as Leader of the New Democratic Party, it is sometimes forgotten that he was a political activist in the cause of social democracy for some forty-four years of his life.

His was a life-long commitment, played out principally away from the limelight of the national leadership, in the hard-slogging and frugal years organizing, travelling, and speaking in every part of Canada.

It was that commitment which gave power and forcefulness to his public performance. He was not one to play at politics for a time while waiting for more lucrative doors to open. He gave his life to politics, as his chosen way of giving his life to his country and its people.

David Lewis was a man in whom social idealism was combined with the most practical of political skills. He excelled as a strategist and orator, as a campaigner and organizer.

He knew every detail of the cost of every victory he won, because he had paid that cost in his own hard work.

He was a proud Canadian, imbued with the sense of wonder of one who was not born in this country. He both shamed and inspired many native-born Canadians by learning not just one of our official languages, but both of them, and he spoke them fluently. That was also a sign of his commitment to Canada and to all its people.

As we mourn the passing of this dedicated human being, our sympathy goes out to his beloved wife, Sophie, and to his family. May the knowledge of the great respect he earned throughout a life of service to Canada comfort them in this time of bereavement.

Some hon. Members: Hear, hear!

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I want to associate my leader and my party with the tributes being paid to David Lewis today.

David Lewis was a person who cared. It was evident in everything he did throughout his life. He cared about people and wanted to see their hopes and aspirations met. He cared about principles and strove to uphold them in his personal and public life. He cared about Canada and returned, in full measure, the opportunities and advantages this country afforded him.

David Lewis was an ardent socialist, and this led him to a life-long association with the working people of Canada. In union halls, in mining communities, in fishing hamlets and, finally, in Parliament, he argued their cause, passionately and persuasively. He could do it because he knew them so well. He met them in their homes and wherever working people gather in this country.

• (1410)

David Lewis was guided by his principles. He rejected inequality and injustice wherever they occurred, and strove to banish them. In his own words, he saw democracy as a dynamic weapon in the war against poverty, prejudice, and ignorance. He had a deep and abiding belief in civil liberties, and was willing to stand up and be counted no matter what the personal and political cost.

David Lewis saw in Canada a country where the principles he espoused so strongly and the convictions he held so firmly would be embodied in the law and life of the land. He never doubted that that would come to pass in Canada.

As with many new members who entered the House in which he was already a veteran, I was deeply impressed by the power of his oratory, his skill in debate, and the force and conviction with which he participated in the work of this chamber. It was indeed an inspiration to a new member to

listen to both our official languages being used in a manner both persuasive and effective, and indeed it was a challenge to all of us to try to improve our performance.

David Lewis was a great parliamentarian and a great Canadian. His work in this House and elsewhere is his lasting legacy to Canada. We join with all members in expressing our sorrow at his passing, and our sympathy to his family.

Some hon. Members: Hear, hear!

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, we are most grateful to the Deputy Prime Minister (Mr. MacEachen) and to the hon. member for Kingston and the Islands (Miss MacDonald). Indeed, we are most grateful to the House for taking these few moments to remember the life and work of our friend whom we have lost, David Lewis.

I express that gratitude on behalf of our leader, the hon. member for Oshawa (Mr. Broadbent), who will be interrupting his mission in Central America to be here tomorrow for the funeral service. I express it on behalf of all the members of our caucus and all our members and supporters across the country. In particular, however, I want to express appreciation on behalf of the members of David Lewis's family. I am grateful to both of those who preceded me for mentioning them.

We are all aware of David Lewis's public life. We are particularly aware of the crowning achievement of that life in the years that he spent as a leader in this House. What is perhaps not so generally known is that he was a warm and devoted family man. He was extremely happy to be with his wife Sophie, his four children, Stephen, Michael, Janet and Nina, with their spouses, with his six grandchildren, his sister Doris and her two children. I am sure it will mean much to all of them that the sympathy of this House has been expressed today by the Deputy Prime Minister and by the hon. member for Kingston and the Islands who indeed were speaking on behalf of all of us.

We welcome the tributes that have been paid to the way in which David Lewis lived his life. We all know what a brilliant person he was, that he could have been a success in anything to which he turned his hand, but he believed so deeply in the right of common people to have a better life that he literally gave his life in their service in the political movement which he thought was best fitted to do just that.

As a party, we owe a debt to him for the organizational skills that he used to make our movement an effective force in the country. I believe the country is better off for there being the kind of democracy we have today, much of which is due to the impression made by our former leader. It is particularly fitting that this man who, as the Deputy Prime Minister said, spent many decades behind the scenes, was here as our party's leader during a couple of years when much of what he believed in was accomplished.

● (1415)

Therefore, Madam Speaker, we think today of the loss the family has sustained, we think of the loss that our movement and our country have sustained, but we are also conscious of the fact that David Lewis was one who lived life in the very best way. Indeed, we are happy today, though we mourn his passing, to celebrate a life well lived.

Some hon. Members: Hear, hear!

ROUTINE PROCEEDINGS

[*English*]

HOUSING

CALL FOR INTRODUCTION OF MORTGAGE TAX CREDIT PROGRAM—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I rise under the provisions of Standing Order 43.

Housing is a basic necessity, and home ownership is fundamental to the economic and social stability of our Canadian society. Whereas in one Canadian city alone evictions have risen by an amazing 237 per cent since 1976, and whereas 3,279 families in Toronto have been literally booted out of their homes as a direct result of the Liberal government's disgraceful high interest rate policies, I move, seconded by the hon. member for Red Deer (Mr. Towers):

That this House instruct the government to implement immediately the Conservative party's home mortgage interest deductibility program, and also have the Finance Committee resume its hearings aimed at solving and eliminating the Liberals' high interest rate policy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NATIONAL ENERGY PROGRAM

TAX ON GAS EXPORTS—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a matter of urgent and pressing necessity under Standing Order 43.

Whereas the Minister of Energy, Mines and Resources (Mr. Lalonde), in a speech in Vancouver on May 22, 1981, indicated that the National Energy Program is "for all Canadians", and "the energy problems . . . are a burden we must all bear"; and whereas the excise tax on gas is aimed directly at Alberta and B.C. where it will take thousands of dollars out of the pockets of the rank and file westerner where it will have its greatest impact, therefore I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That this House demand that the said minister make good his words by immediately withdrawing the excise tax on gas, otherwise his speech will be just another example of "don't believe a word I say".

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AIR SAFETY

HALIFAX AIRPORT—INSTALLATION OF SERVICE EQUIPMENT—MOTION UNDER S.O. 43

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, in view of the great public and governmental concern over safety in air travel, and in view of the fact there has been in storage since June, 1980, at the Halifax international airport, automatic terminal information service equipment, and that the immediate installation of such flight safety equipment should receive top priority but has not, I therefore move, seconded by the hon. member for Winnipeg-Assiniboine (Mr. McKenzie):

That the Minister of Transport take immediate steps to inquire why this equipment has not been installed, and to direct departmental officials to remedy this situation immediately.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*Translation*]

CANADIAN BROADCASTING CORPORATION

REQUEST FOR IMMEDIATE ACTION TO SETTLE DISPUTE—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, pursuant to the provisions of Standing Order 43 I seek the unanimous consent of the House to move a motion concerning an urgent matter.

Considering that Quebecers have been deprived of information for eight months, just as English Canadians are every now and then, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the Minister of Communications intervene forthwith so that the labour disputes affecting the CBC French network will be settled as soon as possible and in all fairness to its journalists and its technicians.

Madam Speaker: The House has heard the hon. member's motion. Under the provisions of Standing Order 43 this motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1420)

[*English*]

POST OFFICE

IMPROVEMENT OF SERVICE—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise, as is my privilege, under the provisions of Standing Order 43 to seek the redress of a grievance which has befallen thousands of Canadians through no fault of their own.

Postal service is a right and not a privilege. Postal service across Canada ought to be uniform and consistent, but it is not. Thousands of Canadians are reduced to second-class status when it comes to postal service. Therefore I move, seconded by the hon. member for Peterborough (Mr. Domm):

That Parliament request Mr. Michael Warren to ensure, as his most urgent priority as president of the newly created Post Office Crown corporation as soon as he assumes office, that all Canadians are elevated to first-class status in receiving mail.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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ATOMIC ENERGY CONTROL BOARD

DISPOSAL OF RADIOACTIVE SOIL—MOTION UNDER S.O. 43

Mr. Bill Vankoughnet (Hastings-Frontenac-Lennox and Addington): Madam Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43. Whereas the Atomic Energy Control Board of Canada has indicated that radioactive soil discovered last year in a Scarborough subdivision will be moved to Faraday township in Hastings county, against the wishes of the township of Faraday, the county of Hastings, the residents, the provincial MLA, and myself as the federal member of Parliament, I move, seconded by the hon. member for Peterborough (Mr. Domm):

That this House request the Government of Canada to direct the AECB to dispose of this material at existing dump sites at Chalk River or Elliot Lake.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

METRIC CONVERSION

PURCHASE OF FOREIGN MANUFACTURED SCALES AND MEASURES—MOTION UNDER S.O. 43

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I rise under the provisions of Standing Order 43 to seek unanimous approval on a very important matter. The metrication program of the government requires thousands of retail outlets in Canada to convert to metric over the next number of months. This will require hundreds of millions of dollars worth of scales and other measuring devices to be purchased by these retailers. Since these purchases must be made over the next number of months, this will prohibit the sourcing of these from Canadian manufacturers and suppliers. Therefore, due to the government's metric policy we are creating jobs in foreign countries and manufacturing opportunities for foreign companies. Last week in committee the Minister of Industry, Trade and Commerce (Mr. Gray) indicated that this is the price we have to pay for metrication.

I move, seconded by the hon. member for Dauphin (Mr. Lewycky):

That this House unanimously support the nomination of the Minister of Industry, Trade and Commerce for the 1981 sell-out Canada award.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NATIONAL SECURITY

REPORT ON TASCHEREAU-KELLOCK COMMISSION PAPERS—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, the special report on the Taschereau papers will be in the hands of the government within the next few days. Therefore, under the provisions of Standing Order 43, and seconded by the hon. member for Grey-Simcoe (Mr. Mitges), I move:

That this House require the government to table this report within a week of its receipt by the government in its unexpurgated form as it is received from the officials to whom the task was entrusted.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

FINANCE

MINISTER'S STATEMENT ON MONETARY POLICY—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, whereas in a speech in Halifax over the weekend the Minister of Regional Economic Expansion (Mr. De Bané) stated that there is a consensus in cabinet for regionally tailored monetary policies, whatever that might happen to mean, I move, seconded by the hon. member for Cambridge (Mr. Speyer):

That the Minister of Finance be required to make a statement on motions to say whether or not this is government policy and, if so, since when has the Minister of Regional Economic Expansion, who is even more clueless than himself, been given the responsibility for making announcements of major changes in government monetary policy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FORESTRY

EXPORT OF UNPROCESSED LOGS FROM BRITISH COLUMBIA—MOTION UNDER S.O. 43

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, as a result of overcutting and poor management, the timber reserves of British Columbia are a dwindling resource. In view of the fact that some sawmills in British Columbia face serious log shortages, which will force widespread layoffs, and in view of the fact that unprocessed or semi-processed logs are still being exported from British Columbia to foreign countries, which means that jobs are being exported, I move, seconded by the hon. member for Kootenay East-Revelstoke (Mr. Parker):

That the government tighten up regulations regarding the export of unprocessed or semi-processed logs and ensure that Canadians get the maximum number of jobs from every tree cut in our forests.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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TRADE

PACIFIC RIM POTENTIAL—ORGANIZATION OF TRADE FAIRS IN VANCOUVER—MOTION UNDER S.O. 43

Mr. Robert Wenman (Fraser Valley West): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the fact that the future of Canada lies in the west and in the Pacific Rim, in view of the fact that the recently released

report of the Pacific Rim Opportunities Conference held last November in Vancouver recorded a number of important steps Canada might take in order for this country to take advantage of the tremendous potential of the Pacific Rim, and considering that some of the steps would involve the sponsoring of regular trade fairs in Vancouver, I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

● (1425)

That the government accept the suggestions of the Pacific Rim Opportunities Conference and immediately take steps to organize a series of trade fairs to be held in Vancouver every two years.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

INCREASE IN INTEREST RATES—GOVERNMENT POSITION

Mr. Harvie Andre (Calgary Centre): Madam Speaker, my question is directed to the Minister of Finance, and may I welcome him back to Canada from the International Monetary Fund meetings in Gabon.

Some hon. Members: Hear, hear!

Mr. Andre: He will know that while he was away interest rates in Canada reached an historic new high and are now the highest, or next to highest, amongst the 14 largest OECD nations. Can the minister inform this House whether he was able to determine, during the IMF meetings with his fellow finance ministers, why these other countries are able to maintain lower interest rates than those in Canada, and can he tell the House whether he now has plans to implement these or any other ideas to bring down the atrociously high interest rates in Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, first of all I want to thank the hon. member for his welcome. I assure him that I would have much preferred to have been in the House last week listening to the debate and to the comments being made about me in my absence than to be attending the meeting of the International Monetary Fund, but that was essential as part of my responsibility as Minister of Finance.

The question which the hon. member asks, Madam Speaker, is an important and very complicated one, but it is clear that interest rates in various countries vary, partly because—

Some hon. Members: Oh, oh!

Mr. MacEachen: —of the differences in the rates of inflation, but it certainly was a common belief expressed by ministers from the OECD countries that the chief problem facing these countries in the forthcoming year is still the very deep inflationary momentum that had gained great force in every economy in that group, and one of the conclusions shared by all the countries was that we ought to maintain a non-accommodating monetary policy in the face of this still strong inflationary pressure.

PERFORMANCE OF OECD COUNTRIES

Mr. Harvie Andre (Calgary Centre): It is too bad the minister did not find out how these other countries were able to do that with lesser interest rates. A week ago Friday the Prime Minister, while lamenting high prices announced in this House with some pride that between 1970 and 1980 Canadians were some 50 per cent better off on average. What he failed to mention was that in 1970 Canadians had the third highest living standard among the 24 OECD nations; by 1980, according to the latest OECD figures, we dropped to twelfth place and are soon going to be passed by Austria and Japan.

Can the minister explain, perhaps with the benefit of information he may have obtained from other OECD ministers in Gabon, why these ten countries have performed so much better than Canada given that all of them charge their citizens world prices for oil and, with the exception of Norway, all of them import virtually 100 per cent of their crude oil? Why is it that with Canada's tremendous advantages in terms of resources, especially oil, at least ten and perhaps a dozen countries have performed so much better than Canada over the last 12 years while we have had this same Liberal government in office?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, of course I do not accept for a moment the statement made by the hon. member that all these other countries have performed better than Canada. In the past year Canada has created more jobs than any other industrialized country.

● (1430)

Some hon. Members: Oh, oh!

Mr. MacEachen: No industrialized country, including Japan and West Germany which are often held up as examples of good economic management, achieved the same rate of growth in employment which prevailed in Canada during the past year.

REQUEST FOR ECONOMIC PLAN

Mr. Harvie Andre (Calgary Centre): Madam Speaker, it seems the Prime Minister and the Minister of Finance cannot get their bases together. A week ago the Prime Minister said that we were so much better off. When I point out that the rest of the world has done better without our resources, the minis-

ter changes his bases again and talks about the last few months. I ask him to check the OECD figures if he disputes that.

Recognizing the minister has taken on new onerous responsibilities as chairman of the interim committee of the IMF—

Some hon. Members: Hear, hear!

Mr. Nielsen: The whole world is going down the tube.

Mr. Andre: —I hope he still recognizes his first responsibility is to Canada. Given record high inflation rates, record high interest rates, and that there is a way to do it better, as proven by at least 12 nations with no way near the advantages we have, will the Minister of Finance address himself to an economic policy and/or to a budget for Canada? Will he commit himself now to introducing a budget or an economic plan for Canada prior to his obligations taking him off on another global trip?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I would hardly describe a journey to West Africa to attend one meeting as a global trip. It was mainly to attend that meeting; it did not involve any other visits elsewhere.

Also I remind the hon. member that I believe I am discharging my responsibilities to Canada in assuming responsibilities on behalf of Canada as part of the international community. I believe we have a very important stake in the successful operation of an international system of trade and payments.

We have a very important stake in the over-all efforts to reduce inflation. I believe the hon. member would share that view. He asked me if I intended to bring in a new economic plan or a new economic budget before I take on another global trip. The answer is no, I have no global trip in mind, but I want to forewarn members that I will have to be away in the month of June for a few days to attend a meeting of the OECD in Paris. That is not a global trip either.

IMPACT OF HIGH INTEREST RATE POLICIES

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is also directed to the Deputy Prime Minister and Minister of Finance. I noticed his reference to his new international responsibilities, but one would be tempted to ask what the poor struggling Third World countries have done to deserve this.

Some hon. Members: Hear, hear!

Miss MacDonald: The minister has been away for a week and the situation in Canada has become much worse during that week; 250 more home owners have lost their homes because of mortgage rates; 170 more small businessmen have gone bankrupt; 500 more personal bankruptcies have occurred. In light of these figures, and now that the minister has assumed straightening out the world's economic woes, could he tell us what he will do at home to take care of the burden of his high interest rate policies on Canadians who are losing their homes, their farms, and their businesses?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the first thing I would like to do is to be able to correct, if I had the time, all the inaccuracies the hon. member can put together in a single question, for example, the references to bankruptcies. The hon. member really knows, if she checked the facts, that the relationship between the number of business incorporations and the number of bankruptcies has not appreciably changed this year in Canada. To draw the conclusion that there has been an escalation in bankruptcies—

Mr. Andre: You stayed too long in the sun in Gabon.

Mr. MacEachen: —in the last few months really is a mistake. She talked about bankruptcies among the farming population. If she had listened to or read the speech given by my parliamentary secretary the other evening, she would recall the number of bankruptcies in the farming community. Any bankruptcy is serious, but it must be related to many other factors. If she had read the speech, she would have realized that the increase in the number of bankruptcies compared to the very large number of Ontario farmers is not very great. Any one is serious, but the increase is not in the terms the hon. member mentioned.

If we are to have a debate, as we ought to have every day about the economy, there is no point in trying to exaggerate the difficulties as the hon. member is doing. She asked me what I would like to do. I would like to have the time to correct all the inaccuracies she put before the House.

INCREASE IN MORTGAGE COSTS FOR HOME OWNERS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I know the minister would like us to believe that there are no bankruptcies in Canada, but if he would get out across Canada and talk to people, as I advised him more than a week ago, he would really find out what is happening. In the meantime, I refer him to a statement of one of his aides which came out of his office while he was away, about what would be done for home owners in the face of staggering mortgage rates. It was said:

> It may be uncomfortable for them, but it is not the end of the world. People faced with higher monthly mortgage payments will simply have to put money earmarked for a new car or a vacation into housing.

This is what the minister's aide said. What about the thousands of Canadians who have not put money aside for a new car or a vacation? What about Canadians who have no extra money at all? What about Canadians for whom higher mortgages rates are not only uncomfortable but are downright impossible?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think the hon. member has taken a more responsible line in this particular question, as she attempted to relate the additional burdens of

higher interest payments to those who would have great difficulty in meeting those burdens. Although there has been a very substantial increase in interest rates, and individuals will have to renegotiate their mortgages at higher rates, in the interim there has been a very considerable increase in personal incomes.

An hon. Member: For some.

Mr. MacEachen: I am concerned to monitor very carefully the number of persons who will be faced with very deep or real difficulties in meeting these higher interest burdens. I remember the situation in the House of Commons about a year ago when we were faced with very high interest rates. I was pressured on all sides to bring in new and expensive programs to protect particular groups in the community. I was obligated to consider the burden on the treasury, but also to watch trends in interest rates. The fact of the matter is that rates came down very quickly and most individuals—almost all, in fact—were able to renegotiate their mortgages without any deep difficulty at that particular time.

Miss MacDonald: Live in the present.

Mr. MacEachen: In the present circumstances, I hope that will also be the case. As I stated last year, and with the same attitude, we will be following the situation very carefully.

REQUEST FOR COMMITMENT TO LOWER INTEREST RATES

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, the words of the Minister of Finance today are indeed saddening. Although we have statistics which at least indicate to him that there is not a problem, in the last two weeks I have witnessed personal friends who have had to walk away from their homes because of high interest rates; I have visited small farmers who have walked away from their farms because of high interest rates; I have seen countless small businessmen closing their doors and walking away from their dreams because of high interest rates.

Last Friday the banks in the United States raised their prime lending rates in excess of 20 per cent. If the government continues to pursue its made-in-Washington interest rate policy, it will inevitably follow suit in the next number of days.

In light of the mounting criticism of spokespersons in the finance community across Canada that our slavish adherence to the United States monetary policy is having disastrous effects for both the short run and the long term, will the minister forget about the expensive small programs to assist various segments, and commit himself today to lowering Canadian interest rates—

• (1440)

Madam Speaker: Order, please. Has the hon. member put his question now? The microphones were turned off. The preamble to the hon. member's question was quite long. If the minister has not understood the question, perhaps the hon. member could formulate his last sentence.

Mr. Riis: Madam Speaker, my last sentence is: will the minister commit himself to establishing a made-in-Canada interest rate policy, drop interest rates for Canadians, and forget his expensive programs about which he has been warning us?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I propose to reduce interest rates, and the only way they can be reduced is through a gradual reduction in inflation. If the hon. member thinks that important progress can be made in reducing interest rates without reducing over-all inflation, then he is making a very big mistake.

I wish to draw to the attention of the hon. member that within the past week, I believe, interest rates under the new French government, the election of which was applauded by his leader, saw an increase from 14 per cent to 22 per cent. The new socialist minister of finance said that he wanted to tell the French people that France is being buffeted on the troubled seas at the present time like every other country in the world. He told them, too, of the impact on France of the high interest rate policy followed in the United States. Why does the hon. member not learn what is happening in the world?

Some hon. Members: Hear, hear!

UNITED STATES POLICY ON INTEREST RATES

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I hope the minister is not suggesting we should now be following a made-in-France interest rate policy, since for every country he points out with high interest rates we can point out countries which are following their own national interest rate policies.

Mr. MacEachen: Name them.

Mr. Riis: Of course we can name them.

On November 6, 1979, the Prime Minister, who was then leader of the opposition, stated:

> On interest rates, it says we will let the United States decide and we will follow their policy, no matter how high it goes.

The Prime Minister was criticizing the Tory government for following American interest rate decisions.

Would the Minister of Finance please explain to the members of this House and to the Canadian people why, in the last 18 months, the Prime Minister and the minister have reversed themselves on interest rate questions and are now committed to following the policy set by the United States?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I do not accept the premise of the hon. member's question. If the hon. member would look at the trends of interest rates between Canada and the United States in the past year he would notice—it could

not escape him—that there were considerable differences and divergencies between various rates in Canada and the United States. Sometimes our rates were considerably lower, sometimes they were equal, and sometimes they were higher. There have been divergencies.

What the hon. member fails to understand is that, because of the importance to Canada of our trade and capital relationship with the United States, what happens in that economy is bound to influence Canada. That is why the minister of finance in France made a similar comment. That is why last week in Washington Mr. Helmut Schmidt complained vigorously about the impact of high American interest rates on the German economy, where rates are being pressed up and pressure is being put on the Deutschmark. That is a fact of life.

Even the socialist leader in France, whom the hon. member's leader extolled just last week, finds the facts the same as I find them, namely, that you cannot walk off the globe and find a world which does not exist without relationships with other countries.

Some hon. Members: Hear, hear!

STATEMENT MADE BY DEPUTY GOVERNOR OF BANK OF CANADA

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, it would appear that rates will continue to increase. John Crow, the newly-appointed deputy governor of the Bank of Canada, is quoted in *The Vancouver Sun* of Saturday—

Madam Speaker: Order, please. The hon. member has taken a great deal of latitude in asking his questions. This time I must ask him to go directly to his question.

Mr. Riis: Madam Speaker, the deputy governor says that interest rates are not high enough. Does this mean that the government will be pursuing even higher rates, as is suggested by the newly appointed deputy governor of the bank?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker.

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ATOMIC ENERGY CONTROL BOARD

DISPOSAL OF RADIOACTIVE SOIL

Mr. Bill Vankoughnet (Hastings-Frontenac-Lennox and Addington): Madam Speaker, my question is for the Minister of the Environment, but in his absence I will direct it to the Minister of Public Works. In light of recent reports that radioactive soil from a subdivision in Scarborough is to be moved to a uranium tailings site in Faraday township, west of Bancroft, following a decision by the Federal-Provincial Task Force on Radioactivity, I would like to ask the minister if he concurs with the choice of this location.

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, it is true that the radioactive material was to be moved from the riding which I represent as a federal member. However, I think that this matter should more properly be directed to the Minister of Energy, Mines and Resources. I am sure he has the response.

REASON FOR LOCATING DUMP SITE NEAR BANCROFT, ONT.

Mr. Bill Vankoughnet (Hastings-Frontenac-Lennox and Addington): Madam Speaker, my supplementary question is for the Minister of Energy, Mines and Resources. I understand that contaminated soil from the Port Hope area was disposed of at a Chalk River dump site. In light of the existence of this site, and a site at Elliot Lake, could the minister please advise this House why the Madawaska mines site near Bancroft has been chosen in which to locate the soil from Scarborough? Would the government consider relocating such contaminated soil to Chalk River or Elliot Lake, in view of the local protests from governments and residents?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the decision in this regard has been taken in full consultation and co-operation with the government of Ontario. It was a joint decision. The site which has been chosen is a site where, in effect, the fill which will be moved from the Scarborough site to the chosen site will cover tailings from the existing mine which are more radioactive than the new fill which will be brought in from Scarborough. This will improve the situation which exists at the present time at the site which has been chosen.

I am also advised that the material which is being moved to that mine is material which is quite safe at a distance of about 20 feet. It is being moved because it is located very close to residences. I understand there are consultations taking place with regional people. I hope the matter will be resolved to the satisfaction of everyone involved.

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HAZARDOUS SUBSTANCES

FUNGICIDE CAPTAN—RELEASE OF DEPARTMENTAL REPORT

Hon. David Crombie (Rosedale): Madam Speaker, my question is for the minister responsible for social policy. It concerns the matter of the government's refusal to give information with respect to the fungicide Captan. The minister will recall that there was a letter from the health protection branch of the Department of National Health and Welfare recommending that Captan be banned or seriously restricted. He will also recall that last week the Minister of Agriculture appointed a 17-person committee to investigate the matter, particularly on the economic side. He will also know that last week the Minister of National Health and Welfare, who is absent from

the House today on other business, indicated that she is concerned about the household use of Captan. Finally, I am sure the minister will know that health protection branch officials are now concerned with respect to Captan residue on apples, grapes, and strawberries. Clearly, the government now regards the use of Captan an extremely serious health matter. When will the government release the report from the health protection branch?

● (1450)

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I do not have the answer for the hon. member. This file comes under the jurisdiction of the Minister of National Health and Welfare. The minister is absent today. I will transmit the hon. member's question to her and I am sure she will want to give the information to her colleague as soon as possible.

[*English*]

INFORMATION AVAILABLE TO CITIZENS OF UNITED STATES

Hon. David Crombie (Rosedale): In order to put this in perspective, Madam Speaker, and because the minister is senior in matters of social policy to the Minister of National Health and Welfare, I will put my supplementary question to him. The Environmental Law Association of Canada, which is a member of the Minister of Agriculture's committee, when looking for information with respect to the IBT Canadian tests on Captan, could not get it from Ottawa but had to go to Washington to get information which was obtained from Canada. Why does this government think that Americans should have the information, but not Canadians?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I gave the answer that this is a problem in the Department of National Health and Welfare. I will talk to the Minister of National Health and Welfare, but I do not have an answer for the hon. member now.

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DISASTERS

EXPLOSION AT THUNDER BAY ELEVATOR

Mr. Derek Blackburn (Brant): Madam Speaker, my question was intended for the Minister of Labour, but in his absence I will put it to his parliamentary secretary, if I can get his attention. It relates to the explosion early this morning in a grain elevator in Thunder Bay. This party's committee on occupational health and safety visited the grain elevators in January and recommended at that time that better conditions be established in case of an explosion. Examples of two explosions in the United States were cited. The committee found that there was no fire escape, very poor ventilation, and that there was imminent danger of an explosion.

I should like to ask the parliamentary secretary what measures Labour Canada has taken to rectify this problem. I am directing this question to the Parliamentary Secretary to the Minister of Labour, who does not seem to be aware of it at this time.

Miss MacDonald: He does not have one.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, in the absence of my colleague and the parliamentary secretary, I will take the hon. member's question as notice and bring it to the attention of the minister at the first opportunity.

AMENDMENT OF CANADA LABOUR CODE

Mr. Derek Blackburn (Brant): Madam Speaker, my supplementary question is directed to the Acting Prime Minister. As he knows, amendments to the Canada Labour Code are being drafted by Labour Canada at the present time. Would he assure the House that the three basic principles, that is, the right to participate, the right to know, and the right of workers to refuse work, will be written into the revisions of part IV of the code so that workers under federal jurisdiction will at least be brought up to the minimum standards now offered by most of the provinces of Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am sure that the considerations mentioned by the hon. member will be dealt with by the Minister of Labour and considered before the bill is brought to the House. I cannot give him any assurance of what the result of that consideration will be, but I am sure his interest will be taken into account.

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[*Translation*]

ENERGY

INQUIRY WHETHER INFORMATION HAS BEEN OBTAINED ON ALTERNATIVE ENERGY

Mr. André Bachand (Missisquoi): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. The minister announced today the general outline of Canada's petroleum substitution program. Since that program aroused a lot of interest among the people when it was announced last October, could the minister tell the House where the interested parties should apply for complete information so as to draw maximum benefits from the program?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I had the pleasure of announcing today that the program involved is now operational and that as of today people may apply for the grants provided under this program. With regard to the conversion of oil heating systems to electricity or natural gas, Canadians are

urged to apply to the public utilities companies which offer natural gas and electricity services, namely, hydro companies or natural gas corporations. As to other conversions to propane or other renewable energy sources, information is available from the regional offices of my department or from the EnerSave office. In any event, announcements will be published in newspapers in the next few days. Specific and detailed information will be given to Canadians so they will know exactly where to apply.

[*English*]

PUBLIC SERVICE

RECRUITMENT OF SECRETARIES BY DEPARTMENT OF EXTERNAL AFFAIRS

Mr. Jim Hawkes (Calgary West): Madam Speaker, I almost sat down after 28 days of trying to be recognized.

Some hon. Members: Oh, oh!

An hon. Member: Are you never satisfied?

Mr. Munro (Esquimalt-Saanich): What is the matter with the truth?

Mr. Hawkes: My question is directed to the Deputy Prime Minister in the absence of the Prime Minister. On March 24 at question period I received a communication from the Secretary of State for External Affairs. I rose in my place on that occasion because in that letter the minister indicated that in late summer or early fall he would correct the situation whereby secretaries in ten provinces, the Yukon and Northwest Territories, were not eligible to work for External Affairs. Late fall or early summer is unacceptable. I wonder whether the Deputy Prime Minister, on behalf of the Prime Minister, would give this House an undertaking that any minister of the Crown who discriminates against Canadians and their employment opportunities on the basis of province of residence, will be asked to resign.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I cannot give any assurance to the hon. member along the lines of changes in the government but I can assure him that I will draw his renewed interest in the subject to the attention of the Secretary of State for External Affairs, who will likely communicate with him further.

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THE CONSTITUTION

COMMUNIQUE ISSUED TO CANADIAN EMBASSIES

Mr. Jim Hawkes (Calgary West): Madam Speaker, I will put the following question to the Deputy Prime Minister. On April 28 a communication was received by all our embassies around the world which indicated that, subsequent to April 23 and the votes in this House, two western premiers would have a veto relative to protecting themselves in the Constitution. That information is incorrect. Prior to April 23 each western premier had a one half veto but since April 23, because of the Liberal party and New Democratic Party, each western premier has a one third veto.

Will the Deputy Prime Minister undertake to send a corrected communique to all our foreign embassies so that our staff around the world will have the correct information on what the government intends to do about the Canadian Constitution and the vetoes?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I shall draw this question to the attention of the minister.

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NORTH-SOUTH RELATIONS

INTRODUCTION OF NEW ECONOMIC ORDER

Mr. John Gamble (York North): Madam Speaker, my question is directed to the Deputy Prime Minister. Not long ago the Prime Minister indicated very clearly that in terms of government policy there was to be no government assistance for consumers in Canada. Immediately after making that statement the Prime Minister departed for North Africa, where he pursued his long-time goal for establishing a new international economic order which has as its chief purpose the redistribution of the wealth of the western world, including Canada, among countries of the Third World.

In view of the fact that the program of redistribution will involve either the imposition of taxes on Canadians, the creation of a greater deficit by the Canadian government, or the artificial fixing of high prices for foreign-made products imported to Canada and paid for by Canadian consumers, how does the Deputy Prime Minister equate these moves by the Prime Minister with reducing inflationary pressures in Canada which would have the effect, at the same time, of reducing the cost of interest to Canadians?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has put forward a number of views which he apparently holds as to what constitutes a new international economic order. Those are his views and not the views of the Government of Canada.

OPPOSITION TO CANADIAN PROGRAMS

Mr. John Gamble (York North): Madam Speaker, I take it that the Deputy Prime Minister does not agree that the purpose of the new international economic order, as part of the North-South dialogue, is the redistribution of the wealth of the world by what is alleged to be more fair sharing among Third World nations.

In any event, with respect to his intention the Prime Minister has been quoted as having found that the President of the United States will be a stumbling block to these intended processes. Is it not true that the Prime Minister has also found

that the governments of England and Germany are opposed to the programs he has advocated in this regard?

● (1500)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has certain views on what the views of the Prime Minister are on this subject. I do not think there is any compatibility between his perception and what the facts actually are. The question of improving the situation of the developing countries is a very complex one. It includes a large number of programs, including the ability of developing countries to improve their own production and create more wealth.

It seems to me that is the most important and long-term step that can be taken, namely, that of helping the developing countries to produce more food and to reduce their dependence on food importation. Second, it will permit them to discover greater amounts of indigenous energy supplies so as to reduce their dependence on imported energy. That is one important aspect which casts, I think, the over-all situation in a much different light.

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FINANCE

RATE OF RETURN ON GOVERNMENT OF CANADA ANNUITIES

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is for the minister responsible for the status of 115,000 Canadians who are retired and living on Government of Canada annuities, namely, the Minister of Employment and Immigration. The minister will know that in 1976 his predecessor promised to annuitants that the rate of return on annuities would be changed, subject and depending on future fluctuations in interest rates. Now that we are prepared to pay the banks 18.81 per cent interest, Canada Savings Bonds holders 13.75 per cent, and 16 per cent to market bond holders, does the minister not feel, bearing in mind the promise made in 1976, that it is time he gave those people, who lent Canada money back when the dollar was worth a dollar, a fair return in other words, better than 7 per cent on their money?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): The annuity program is a long-term fiscal instrument and it should not be adjusted according to fluctuations in the marketplace on a yearly basis. We are examining the situation as it affects annuities but I will have to discuss the matter further with the Minister of Finance to determine whether there should be any changes. At the present time we do not have any plans to change interest rates on annuities.

REQUEST FOR INCREASE IN RATE

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is then, of course, for the Minister of Finance, who knows that he has been a little fairer with Canada Savings Bond holders by increasing the rate of interest paid to 13.75 per cent. Bearing in mind that we are supposed to be doing something for people who are retired, that we are supposed to encourage saving, and that we are supposed to encourage people to trust their government's fairness in this country, will the Minister of Finance now increase the rate on Government of Canada annuities to a fair rate of return for these retired savers?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I will take into account the hon. member's views on this subject. If there is to be a change in policy, I will announce it in the House.

* * *

CRIMINAL CODE

POSSESSION OF MARIJUANA

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is for the Minister of Justice. As the minister knows, last week a 16-year-old Ontario high school student with no previous criminal records was sentenced to seven days in jail for possession of a very small quantity of marijuana. The sentencing judge indicated that he intends to impose similar Draconian sentences in the future.

How many more young Canadians must be expensively processed through our criminal justice system, thrown into jail and given criminal records, before the government will live up to its promises in the Speech from the Throne, and elsewhere, and finally bring in legislation putting the offence of possession of marijuana under the auspices of the Food and Drug Act, where it belongs?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, we are in the process of discussing this matter with the attorneys general for the provinces, and we hope to be able to be in a position to present legislation in this House soon.

CONTINUATION OF PRESENT POLICY

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my supplementary question is for the Solicitor General, who told the justice committee last week that these consultations had already been concluded. How can the Solicitor General, who is supposedly committed to alternatives to imprisonment, defend the failure of his government to act on promises to decriminalize marijuana while discouraging its use by scientific education on the effects of marijuana on health? Now that the provinces have completed these consultations, which the Minister of Justice referred to, how much longer must this futile, archaic policy be continued before the government finally lives up to its responsibilities and changes the law?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, the consultations to which the hon. member referred have just been concluded in the last few days. For consultations to be

meaningful, I think the government should take into account what we learned in the process, and that is what is being done now.

* * *

THE ADMINISTRATION

APPOINTMENT OF PARLIAMENTARY SECRETARY TO MINISTER OF LABOUR

Mr. John Bosley (Don Valley West): Madam Speaker, this is a supplementary question to an earlier one put by a member of the New Democratic Party to the Deputy Prime Minister. The hon. member asked some questions about labour only to discover that there is no parliamentary secretary to the Minister of Labour because he has resigned from his job as parliamentary secretary. This means that we cannot get answers to labour questions on Mondays or Fridays when the minister is not here because he prefers to be in Vancouver telling Liberals in the west that they have a problem.

Could we therefore have an undertaking that a parliamentary secretary will be appointed as quickly as possible so that we can begin again to have questions on labour answered in this House, particularly since the acting ministers have no idea of what is going on concerning revisions to the labour code?

Hon Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I will take note of the hon. member's question.

Some hon. Members: Oh, oh!

Mr. MacEachen: The Minister of Labour is in the House regularly and has given ample opportunity to hon. members to ask some questions. The fact is that the Minister of Labour sits in his seat day after day and no one on the other side seems to have very much to ask about labour matters.

* * *

ROYAL CANADIAN MOUNTED POLICE

THREATS ON LIFE OF ROBERT McGARRY

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, I have a brief question for the Solicitor General with respect to a situation on which he and I have exchanged views for some time. It has to do with the policy of the RCMP in treating informants.

One Robert McGarry, a former Sureté de Québec informant, an RCMP informer, has had his life threatened as a result of criminal proceedings involving one Serge Coallier, a former QPF member. His counsel has found it necessary to write to Assistant Commissioner Venner, requesting that the RCMP honour its commitments to give Mr. McGarry protection. Will the Solicitor General look into this matter and find out why the RCMP appears to be so lax and so reluctant to fulfil its obligations to Mr. McGarry?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, without agreeing with the hon. member's conclusions, I will undertake to look into the matter.

Mr. MacKay: Madam Speaker, will the Solicitor General also pursue further the inquries made by Deputy Inspector Rankin into this matter involving McGarry as it involves "A" Division, and ascertain the names of the members of the RCMP who are so unhappy about the situation that they are prepared to testify at a parliamentary committee or elsewhere, given the proper protection to do so?

Mr. Kaplan: Madam Speaker, before doing that, I would be glad to meet with the hon. member behind the curtains after question period to get details of the information from him to which he has just referred.

POINTS OF ORDER

MR. ANDRE—PROVISIONS IN MAIN ESTIMATES, 1981-82

Mr. Harvie Andre (Calgary Centre): Madam Speaker, on April 8 I asked about the possibility of raising questions having to do with certain votes in the Main Estimates which I feel are out of order. At that time, Madam Speaker, you indicated that you would be prepared to hear the point of order but at a time closer to the day on which the estimates would be reported back to the House, to paraphrase what you said.

I just rise now to indicate that since the estimates are reported at the end of this week, perhaps some time this week might be the appropriate time. I have spoken to the President of the Treasury Board (Mr. Johnston) concerning tomorrow but that may be inconvenient to him because of a commitment to appear before the miscellaneous estimates committee. Unfortunately, Wednesday is inconvenient for me. Perhaps we might set Thursday as the appropriate day for the point of order, if that is agreeable to the President of the Treasury Board.

Madam Speaker: If that suits both hon. members, I will be prepared to listen to the point of order at that time.

MR. MacEACHEN—ENERGY TAX INCREASES—CLARIFICATION OF ANSWER DURING QUESTION PERIOD

Hon Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I rise on a point of order. Briefly, I wish to clarify an answer I gave to the hon. member for Simcoe North (Mr. Lewis) on the last day I was in the House, which was May 15.

• (1510)

I believe that my answer with respect to no new energy taxes should be interpreted to mean that no new types of taxes are contemplated at the present time. I believe my answer is ambiguous as it is given. I do not want to mislead the House or the hon. member so I am taking the first available opportunity to say that no new types of taxes are contemplated at the

present time, but obviously the petroleum compensation charge might be increased or indeed decreased, depending upon developments with Alberta, exchange rate developments or international petroleum prices. I wanted that to be made clear so there would be no misunderstanding on that point.

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, we are holding up the answers so we can give a larger number tomorrow. In the meantime, therefore, I would ask that the questions stand.

Madam Speaker: Shall the questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—CONDEMNATION OF FAILURE TO ASSIST SMALL BUSINESS

Mr. Bill Kempling (Burlington) moved:

That this House condemns the government for ignoring the consequences of its high interest rate policy and for its failure to assist the small business sector in Canada

(1) by increasing and extending the small business development bond program;

(2) by encouraging venture capital investment by means of appropriate tax adjustments;

(3) by relieving the small business sector from the massive weight of government regulation; and

(4) by fostering the research and development necessary to preserve the vitality of Canadian businesses of all sizes.

He said: Mr. Speaker, our motion sets forth the four main requirements if the small business sector is to survive and play its traditional role in our economy. That role is reflected by the fact that the small business sector is the largest employer in Canada, that it contributes a large percentage of the GNP to the national economy and the small business sector gives stability to the labour market because it traditionally retains its labour force when the market turns down.

The motion bears reading again:

That this House condemns the government for ignoring the consequences of its high interest policy and for its failure to assist the small business sector in Canada

(1) by increasing and extending the small business development bond program;

(2) by encouraging venture capital investment by means of appropriate tax adjustments;

(3) by relieving the small business sector from the massive weight of government regulation; and

(4) by fostering the research and development necessary to preserve the vitality of Canadian business of all sizes.

The small business development bond is a good program but it must be extended. It should include unincorporated small businesses, farmers and fishermen. Where does the small businessman initially get his capital to start his business? He borrows it, or at least borrows to supplement his savings, or he cashes his life insurance, bonds or other assets, or he mortgages his house; and in many cases he does all of those things to accumulate enough capital to get going. He does this because he believes he has an idea that will be profitable or a service to render from which he feels he can make a reasonable fee.

If he is successful, how does he expand? In most cases an expansion of the small business is paid for out of retained earnings that are poured back into the business. Unless the small businessman becomes large enough to go public, he must find the capital for expansion from profits earned by the business or by borrowing from the bank.

The banks have not been all that helpful, particularly since capital gains have been imposed. Why do hon. members think the government introduced the Small Businesses Loans Act in 1960? It did so because the chartered banks were reluctant to make loans to small businesses. Even after the government guaranteed the loans, you could hardly find a bank that would admit such an act was in place. I could not begin to count the number of times small businessmen came to me complaining that their bank manager had never heard of the Small Businesses Loans Act or said he would have to check with his head office. However, once the rate for the loan moved to the current bank rate, the managers suddenly found the Small Businesses Loans Act in their files. While the rate was fixed lower by the government the banks were not interested; once it moved up to the current rate they became very interested.

The small businessman cannot survive the 19.6 per cent prime rate. The supply side of our economy is good, competition is strong, but inflation and increases in the rate of interest small businessmen must pay for the use of bank money is draining away these profits. What will happen is that inventories will drop and that drop will be rolled back onto the manufacturing side of our economy where the slowdown will be felt at a later time. The small business development bond must be extended to encompass the unincorporated businesses of farmers and fishermen and the term for repayment should be extended to ten years to allow for the regeneration of the small business sector.

If some relief, as suggested in my remarks, is not put in place and quickly, there will be a dramatic increase in bankruptcies. A bankruptcy is an economic tragedy. It is the cessation of the economic activity of an enterprise that means loss of employment, the loss of a contribution to the GNP, the

loss of profits and, consequently, a loss to the tax base for three levels of government. If you are startled by the latest bankruptcy figures, Mr. Speaker, you will be really upset at the bankruptcies to come if some relief is not felt in the weeks ahead.

We have more than one million unemployed. The government talks about the work it has done in job creation. The reality is that many of those jobs are temporary. They are meant to get people into the labour force in the hope that they will stick. Most stick long enough to qualify for unemployment insurance, so they become a traveller between the employed and the unemployed.

One of the realities of the labour market is that the direction is the reverse to what most people believe. Many people are worried by automation in assembly operations. They fear automation and believe they may be replaced by a robot or some automatic assembly operation. The reality is that the fully employed worker of the future will be multitalented. He or she will be required to do several jobs and could move to a variety of employment. Some work will be performed in the home on computer terminals. That is almost a fact today.

If I had my way I would search out the most talented craftsmen in the world and bring them to Canada to teach their crafts to Canadians. The demand for the multitalented employee is growing. They are the core of the labour force in the small business sector. That is where the real strength is. They remain employed because they can turn their hands and head to a variety of jobs. They become indispensable to the small businessman. There is great vigour in the small business sector. That vigour and initiative must be matched with venture capital if it is to contribute to the economy in the very positive way it can.

Venture capital will only be made available with tax adjustments. The prospect of an unusual gain is the main reason people are willing to put venture capital on the line. The gain should be in the form of a non-taxable profit. There are as many ideas for venture capital formation as there are needs for it. Appropriate tax adjustments must be made to increase the flow of venture capital to the small business sector.

● (1520)

The plan I prefer is one developed by the Canadian Federation of Independent Business. That plan, in short, allows the person lending the money to write off the loan from his tax payable and would cause him to pay income tax on the return when it is repaid. There are a number of variations of that idea, but it is one simple way of channelling venture capital funds to the small business sector. If you want a future for small business, Mr. Speaker, you have to buy it today. We can develop from the tinkerer-inventor-scientist dream if we are prepared to put venture capital on the line.

Let me say a few words about profit, because if anything has been maligned in the business world today it is profit. It should be looked upon as a tool with which to create the future. One of the great hang-ups of the socialists is that they love money but they hate profit. They would have you believe that profits are stored in the corporate vaults and the boards of directors are groups of robbers who divvy up the profit at the expense of the worker. Anyone with an ounce of insight knows that profit is what is left over after all costs, including labour and taxes, are paid.

You have to look at profit in a different dimension. If you look at profit in the form of time, brain power and money you will see it is a tool to create the future. If we want social programs to continue to look after the unemployable and the elderly, they can only be sustained if we have profits. If we want to continue to improve our way of life and our standards of employment and living in the future, then we must do it by rethinking attitudes toward profits. As I said, most socialists love money but they hate profit. I make reference to socialists because the general public today believes the Liberal party is a socialist party. In fact, someone said to me the other day they are like the NDP in a hurry. That is a twist I am sure the House will recognize, and I knew that would get Stanley!

I wonder how many people really understand the effect of the massive weight of government regulation. I wonder how many realize the massive power in those regulations. If hon. members analyse the preamble to the average statute they debate in this House, they will find these words: "The governor in council shall attach regulations thereto upon proclamation". Further, they will see these words: "The governor in council may change regulations from time to time as required". From those two sentences the authority for regulations springs. You never see them until they are proclaimed in *The Canada Gazette*. They are not exposed to anyone but the persons within the bureaucracy who use them.

Regulations have a life and power of their own. They are administered by faceless, nameless people who, for the most part, are removed from the mainstream of the realities of the businesses they would regulate. Let me give a few examples. The Metric Commission, in its haste to turn Canada into a metric nation, decided all gasoline service station air pumps should be converted to record air pressure in kilopascals rather than in pounds per square inch. A conversion program followed. I suppose in their fiddleheaded way they thought everyone was going to jump up and down with joy because they had made this great decision.

Let us look at the reality. A sign is placed on the air pump which tells you that the pump has been converted. The sign is in both official languages so you can have bilingual frustration. But no conversion chart tells you what 28 pounds per square inch converts to in kilopascals. I asked the service station operator when I happened to go in one day wanting to put some air in tires: "What do I put on the pump"? He was busy serving a customer and he said: "I don't know and I don't care. It's free air—why should I bother".

I called the Metric Commission and told them my dilemma. I said: "I am at a service station, the air pump is in kilopascals, my tires take 28 pounds per square inch; what does that convert to?" That created quite a problem. I waited on the phone for 45 minutes and finally a voice said to me: "If you multiply 28 psi by 6.805 you will get the kilopascal setting to

put on the pump". I told him where to stuff the air pump, hose and all, it was such a frustrating experience.

A few years ago we had a bill before the House which dealt with tire standards. It had been drafted with the assistance of the rubber industry association and its member companies. Most people were satisfied with the safety standards set forth in the bill. In fact, the government was satisfied. Then the bureaucracy got hold of it and wanted to create a whole new layer of regulations. They were going to have every retail outlet in Canada and every gasoline station keep records of the serial numbers and the name and address of every person who purchased a tire. The retail store would then have to initiate a recall should one be required. In spite of the fact that the tire manufacturers said they would take over the responsibility, the bureaucracy pressed on.

In addition, they would have had a series of inspectors, they said, who would regularly check the retail tire sales outlets to see that the records were being properly kept. Can you imagine the bureaucracy you would have had in a city like Ottawa; probably half a dozen retail tire records inspectors who would probably have to report to a district inspector, who would report to an area inspector, who would report to a provincial inspector, who would report to an eastern-western inspector! It just goes on and on and on, and all to be paid for, of course, by the taxpayers. This would have laid upon the small retailers an unbelievable responsibility and, of course, additional overhead. We fought hard and we won that one. We had the provision withdrawn from the bill and left it with the industry to advise purchasers of recalls through their computer control system.

That measure came into the House of Commons by reason of the bureaucracy copying almost verbatim a statute that was in place in the United States. We had the same thing happen with some provisions under the Motor Vehicle Safety Act.

I recall when I first came to Ottawa in 1972 meeting with a trade association and Dr. Campbell who was head of the motor vehicle safety division in the Department of Transport. Dr. Campbell wanted to have some control over motor vehicles. In fact, the Motor Vehicle Safety Act used by the Government of Canada is word for word, page for page, clause for clause, item for item identical to the one used in the United States. All one has to do is take out the word "state" and insert the word "province" or "territory" and the acts are identical. In fact, one can work from the American legislation in Canada quite easily.

What we found happening was that Dr. Campbell wanted to make the last person who worked on a motor truck responsible for that total motor vehicle, regardless if he only hung a mud flap back of the tires, if he moved the turn signal back on the frame, or if he put anything on the vehicle, such as a reflector or another mirror. If he was the last person who worked on that $60,000 or $75,000 Mack truck, he was going to be responsible for the total recall of that vehicle if in fact a recall was required. In other words, Mack truck would advise a wee little operator that a certain vehicle was believed to have a defect. The small operator would have to go to the expense, time and trouble of notifying the purchaser of the vehicle that he must return it for a warranty repair.

• (1530)

It was a silly situation. We argued all day, and we finally convinced Dr. Campbell to back off; but his inspectors still go to little businesses around the country which do installation work on motor trucks. Those businesses are quite prepared to be responsible for what they instal, but they think it is ludicrous that they should be responsible for the total vehicle which was designed by General Motors, Ford, Mack truck or whoever it might be. That is the type of bureaucracy which drives people right up the wall.

The bureaucracy of government depends upon a passive Parliament to allow it full rein. If there is one non-partisan theme we all could look at, it is the effect of regulations on the public. This whole Parliament should be together on that. There should be no political partisanship whatever involved.

Some hon. Members: Hear, hear!

Mr. Kempling: We should be totally together. A rein should be put on this. Every country in the western world is faced with the same problem. We can see what is happening in the United States, which is attempting to deregulate. We have heard about regulation in Germany and in Japan. The bureaucracy gradually grows and grows until it swallows everyone. This Parliament would work better if we could spend a certain number of hours a week looking at regulations which are being introduced, even before they are put into *The Canada Gazette*. There should be references to an all-party committee. Such a committee could look at the regulations, rule on them or give its views on them before they are passed. There should be some type of review.

To go back to my story about tire inspectors, can hon. members imagine how many tire inspectors we would have in Canada if we had not stopped that measure? How many tires are damaged because of those idiots in the Metric Commission who decided that we should use kilopascals instead of pounds per square inch? Any safety expert or any tire shop operator can tell us that one of the greatest problems with tires is underinflation. Service station operators can tell us that the greatest trouble with bicycle tires is overinflation. If we go into any gasoline station, the operator can show us a line-up of blown bicycle tires.

The fact is that little, if anything, has been done to reduce regulations and paper loads respecting small businesses. I believe one of the previous ministers of state for small businesses set up a committee to look into the abuse of the small business community by means of paper work. I have not seen any results from that, but if the Minister of State for Small Businesses and Tourism (Mr. Lapointe) got together with the Minister of National Revenue (Mr. Rompkey), an income tax form could be devised on which all the information required by the government from the small business community could be gathered at the time income tax returns are filed. I am sure that could be done. It could be a once-a-year task. It could be

kept simple and the amount of paper work kept to a minimum. That would stop Statistics Canada from calling and threatening small businessmen with fines if they do not send in certain returns by certain dates.

Let me turn to the fourth point in our motion respecting the fostering of research and development necessary to preserve the vitality of Canadian businesses of all sizes. Our contribution to research and development is one of the lowest of all OECD countries. It is far out of proportion to our labour force and the size of our primary and secondary industries. When we invest in research and development, we invest in the future. It seems to me that there is a mindset in the bureaucracy which firmly believes that the only new ideas we should use should come from outside Canada.

A former minister of state for science and technology—I believe he was also president of the treasury board at the same time—believed we could purchase our technology cheaper than we could develop it ourselves. I believe there are some in the Treasury Board and in the Department of Finance who still influence any move toward an expanded research and development program for industry. That kind of thinking will doom us forever to being a second or third-rate industrial nation. Some industries are large enough to have ongoing research and development programs of their own, but many undertake research and development only when their backs are to the wall.

I believe in the tinkerer-inventor-scientist theory that we have to begin somewhere. I have thought long and hard about the practical side of research and development funding. As I have stated many times in this House, the reality is that for all but a handful of industries which are large enough to sponsor full research and development programs the real problem is the availability of cash. The demands on profits and cash flow are so severe that research and development programs are shut down or never leave the ground in the first place.

I have suggested before in this House that we should put into place a registered research and development program. Under such a program a business could accumulate money for a period of time to ensure that funds are in place to undertake and complete a research and development program. The funds could be accumulated from a percentage of the tax payable and be drawn down once a project was decided upon by a business. We would find that an enormous amount of activity would ensue as a result of a program such as this. The government would not have to lay out $400 million or $500 million. The money would be drawn from the profits generated by a business, the government would hold the funds in a registered research and development trust fund and they could be drawn back by the business. That would allow businesses to complete projects which they want to get going.

There should be an emphasis on the training of technicians at community colleges. There should be more integrated programs with industry and, through a double write-off provision, businesses should be encouraged, wherever possible, to establish technical libraries. In the final analysis, we would be investing in the future. We should do this with the sure knowledge that dividends would be returned many times over.

The motion before us is well thought out. I have attempted to give the House my thoughts in a positive, non-partisan manner. I believe the situation in the country today is very serious. This is a very serious motion, and it should be acted upon by the government with all possible speed.

Some hon. Members: Hear, hear!

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I am very pleased to rise to speak in this Conservative opposition debate. This motion is indeed a thoughtful statement. It provides an opportunity for us to discuss some of the problems and challenges being faced by small businesses across Canada. Unfortunately, we seldom have an opportunity to discuss small business, and I am pleased to see the Minister of State for Small Businesses and Tourism (Mr. Lapointe) here today to listen to what opposition members have to say regarding that area of his portfolio. We look forward to hearing some new initiatives announced by the minister later this afternoon. We are anxious to hear what he has to say about the future of the small business community in Canada.

During these times there is no question that those who have been hardest hit by excessively high interest rates—the highest interest rates in Canadian history—have been people in the small business sector of our economy. For the more than 320,000 unincorporated small businesses and the more than 330,000 small and medium business corporations, interest rates of 19 and 20 per cent, now 21, 22 and 23 per cent, mean higher production costs and cutbacks in orders and inventory, which in turn mean lay-offs and production cuts for manufacturers and suppliers. Entrepreneurs and individuals interested in expansion and in seeing their businesses grow simply find that impossible with interest rates in the 20 plus percentile range. At a time when investment is crucial to improving Canada's productivity, they certainly mean delay, and in some cases permanent delay, in that investment.

• (1540)

As high interest rates wreak havoc throughout the economy, one of the biggest casualties is new job creation. This means higher unemployment at a time when unofficially well in excess of one million Canadians are unemployed. If one is to include in that figure those Canadians identified as being disabled, we are talking about a figure probably touching close to two million unemployed.

It is important to recognize that small business creates two out of every three new jobs in Canada and represents 42 per cent of the employment base, and that by pursuing this policy the government is doing so on the backs of secondary workers in Canada. By secondary workers I mean those workers that are young, old, women, native Canadians, disabled Canadians. These are the people that are first to be laid off, the first to go during an economic crunch. I noted with interest that the president of manpower temporary services, Mr. William Coke, said over the weekend that he would not be surprised to see

unemployment easily reach 9 per cent, and I suspect that to be a very conservative estimate.

Also, Mr. Speaker, high interest rates mean sharp increases in small business bankruptcies and the number of firms placed in receivership. Mr. Claude Leduc, the chief statistician for the Canadian Insolvency Association, said the number of business bankruptcies in the first four months of 1981 increased by 17 per cent, with total liabilities up 35 per cent over the same period last year. This indicates very clearly that not only small businesses are being hammered by these high interest rates, but medium and large businesses also are feeling the pinch.

Of course, the official figures on bankruptcy, as bad as they are, cover up the seriousness of the situation. They cover up the impact these high interest rates are having on our economy because for every thousand firms that go through formal bankruptcy, no less than 5,000 firms will finally give up and quietly go out of business or be placed in receivership.

The picture is indeed very bleak but the worst is not over yet, Mr. Speaker. Farmers must be included in our comments on small business. There are over 250,000 farmers operating across Canada, and whether they own a family farm or a corporate farm, it is fair to say that 99 per cent are indeed small businesses. High interest rates in the farm sector raise the cost of just maintaining herds, let alone expanding a cattle or hog operation. High interest rates raise the cost of financing new machinery and equipment as well. This, of course, hurts the thousands of small businesses across the country in our farm communities who sell and service farm machinery.

And what of the bigger businesses that manufacture farm machinery? What of the hundreds of smaller manufacturers that supply this industry with parts and components? Indeed, when one considers the cash flow problems that small farmers are facing and the fact they are unable to expand during this time, it is a sad day for the agriculture sector and for the small farmers in Canada that this government continues with its high interest rate policy, a policy made in the United States and which the government seems to be quite prepared to continue and increase.

Of course, as mortgage rates also climb above the 18 per cent range the housing market is shaken at its very foundations. Young Canadians who have saved and worked hoping one day to purchase their home watch their dreams crumble with each successive increase in mortgage rates. The great majority of construction firms are small businesses again, Mr. Speaker, and there are 88,000 of them across Canada. These are not the Cadillac Fairviews, NuWest or the Bramaleas; they are local firms employing local citizens in our communities and purchasing building materials and supplies from other small businesses.

High interest rates also take their pound of flesh out of the consumer. With finance charges at an all-time record level, consumers are reluctant to purchase new automobiles or new appliances such as refrigerators and ranges. This understandably is having a devastating effect on these industries as well. The Canadian Appliance Manufacturers Association now estimates that 4,000 fewer major appliances will be sold in Canada this year than were sold in 1980. But that is just sales, which includes imports. For the domestic industry the outlook is even worse. Major appliance imports as a percentage of the domestic market have risen to nearly 30 per cent from 24 per cent during the period 1975 to 1979. This government's high interest rate policy is guaranteed to accelerate further the decline of our manufacturing industry and slowly strangle thousands of small parts manufacturers dependent upon this industry, not to mention the small retail appliance stores in communities across Canada.

Of course, members of this House are well aware of the plight of Canada's auto industry and auto parts industry and one need not go into detail on this particular major sector of our economy.

An hon. Member: Maybe the Liberals should hear it.

Mr. Riis: Maybe the Liberals should hear it one more time.

I could go on, Mr. Speaker, but the point I want to make is that this government's high interest rate policy is doing serious damage, both short and long term, to the entire economic fabric of Canada, not only to certain restricted sectors. The small business sector, the automobile industry, the construction industry, the farm sector, appliance manufacturers, first time home buyers, families renewing mortgages, even municipalities that need to borrow in order to make long-term public investments in sewage treatment plants, water systems and recreational facilities which are so important to their communities—nothing is left untouched by this government's high interest rate policy.

And what have we gained? Inflation has gone up since Mr. Bouey started tightening what he calls the money supply. That has obviously been a failure, but the Canadian dollar has more or less stabilized between 83 and 86 cents. The Minister of Finance (Mr. MacEachen) will probably go down in Canada's history books as not being the one million dollar man but the 30 cent man for Canada.

We have heard today, Mr. Speaker, that the government's response to these devastatingly high interest rates is the consideration of introducing a number of schemes, gimmicks, concessions or special deals. This is, of course, in response to the various lobby groups, pressure groups and special interest groups that are attempting to make their point with the Liberal cabinet. In other words, we have high interest rates but not for everyone. With these special arrangements we bring in further inequalities in the Canadian economic system and further disparities in the treatment of various groups.

The best example of this is the small business development bond. This was an idea first introduced by the Tories and brought into being by the Liberal government, which we, of course, supported because we believed the Prime Minister (Mr. Trudeau), and I am not certain why at this point, when he said it was the government's intention to assist and support small businesses in Canada. We took him at his word, much to our chagrin today.

● (1550)

As the small business development bond began to take shape, we found that it would not provide much help to the 940,000 small businesses in Canada. There were a number of exclusions built into it. Right off the top, it excluded the 350,000 unincorporated businesses and the hundreds of thousands of small businesses requiring financial assistance in order to provide them with working capital. Other exclusions were the fact that the small business development bond could not be used to recycle equipment; it could not be used to purchase used material, equipment or machinery. The small business development bond does a great deal to create more inequalities in the Canadian economic system. In spite of its good intentions, many inequalities and exclusions are built into it. We really have a small business development bond which assists probably fewer than 5 per cent of the small business community.

Unfortunately this program also provides tax shelter relief to those who need it least. It provides tax shelter relief to the corporate lenders of Canada—they are the main beneficiaries—at a time when their profits are at all-time record levels.

The government should direct the Governor of the Bank of Canada to lower interest rates, in which case we will not need the small business development bond or the number of other schemes to assist small farmers and fishermen. They simply want reduced interest rates so that home owners, for example, can requalify for their mortgages and first time home owners can qualify for mortgages. Therefore, I hope the minister will have something for us, when he stands in the House shortly, which will indicate to the small business community that he is prepared to open up the SBDB to provide an opportunity to unincorporated businesses, farmers and fishermen and which will ensure, perhaps most importantly, that the benefits go to the borrowers, not the lenders.

For a country with the potential of Canada to be a dynamic and innovative leader in the world economy as well as its own, venture capital is much needed. In this respect, the Federal Business Development Bank has failed to provide risk capital or venture capital. It has failed to be a lender of last resort. It has turned out to be one of the most conservative lending institutions in Canada.

The high rate of staff turnovers often results in inadequately experienced loans officers. One could go on and on about the problems associated with the Federal Business Development Bank; they are well known. In many parts of Canada it is looked upon as nothing short of a financial disaster. Rather than encouraging Canadians to dream of a better future, it drags Canadian entrepreneurship down and essentially eliminates the possibility for many Canadians to build a better future for themselves and for Canada.

The FBDB must be totally re-evaluated in terms of its mandate, organization and policies. It should be a model or a leading light for venture capital opportunities for Canadian entrepreneurs. It should be used as a clearing house of information for all federal government programs to assist small businessmen. But it sits and essentially retards the development of Canada. This must be changed and the sooner the better.

The previous speaker mentioned the need for research and development. One cringes when one sees that the government's aim is to obtain 1.5 per cent of the GNP by 1985. The government itself admits that this is possibly a hopeless target. It should be recognized by us all as totally inadequate, because 1.5 per cent of the GNP for research and development will not provide the technological leadership the country drastically needs at this time.

More money and efforts should be expended on federal research institutes and educational institutions. More emphasis should be placed on industry and business to develop a more aggressive policy when it comes to research and development, through to the production stage. Research and development per se is inadequate. The government must set the guidelines or the parameters. It must provide initiative for the private sector to move in the direction the government seeks to develop. I am not certain we need another 50 kinds of underarm deodorant. We need research and development which is guided and makes sense in terms of industrial advantages in Canada and research and development through to the production end. It will create more jobs for Canada. It will provide expertise for Canadians and from Canadians. It will develop a technological leadership for Canadian industry and for the world.

At this point in time we mainly require an active commitment by the government to the small business sector. Earlier today we recognized that the government decided to introduce metrication in the retail sector which will require the spending of hundreds of millions of dollars on measuring devices and scales in order for retailers to comply with the initiative taken by the government. While we support the principle of metrication, we abhor that because of the timing hundreds of millions of dollars of equipment and machinery will have to be sourced from beyond Canada's borders; they will have to be sourced from the United States and abroad. If the government is committed to a buy-Canada policy, if the government is committed to the small business sector, this is where it can provide sound leadership and a strong model to business across the country.

Also the previous speaker mentioned the paperwork burden facing small businessmen. There is no question that this is the case. We must take seriously the matter of the paperwork burden of small businessmen. I spent the last number of days speaking with small businessmen from Kamloops who are good businessmen. They depend upon the state of the economy to develop their sector adequately. They are committed Canadians who want to do a good job. They want to co-operate with government authorities, but now they have reached the stage where they are prepared to say, "We cannot take it any longer".

Some hon. Members: Hear, hear!

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Mr. Speaker, I would first like to congratulate the hon. member for Burlington (Mr. Kempling) on the motion which he introduced in the House today and which gives us the opportunity to discuss an important sector of our economy, namely Canadian small businesses. I would also like to congratulate him on the contents and the tone of his speech since, as he said in his introductory remarks, we have to rise above partisanship if we really want to serve well the interests of this community which concerns every one of us.

I appreciated particularly his comments concerning regulations and the horror stories which he told us because I also know a few of them. The hon. member can be assured that my colleague from the Treasury Board, who is responsible for the general deregulation on behalf of the Government of Canada and myself, as I am more specifically responsible for reducing paper work for small businesses in Canada, will be very happy, not only to follow his advice, but also to ask him for advice to bring about a situation where regulations will no longer be a constant barrier to entrepreneurship in Canada.

● (1600)

I am also happy to note that he speaks in his motion of the increased need for risk capital to provide additional stimulus and strength to the small business sector. It is obvious that at the present time in spite of the relatively important operations of the Federal Business Development Bank with regard to loans or the placing of risk capital on the market, in fact, no financial institution in Canada entirely meets this need.

However, I would like to mention to the hon. member simply for his information that there are agencies in certain provinces, such as the Small Business Development Corporation in Ontario, SODEC in Quebec and the Venture Capital Corporation in Nova Scotia. My colleague from Alberta also mentioned that he was establishing some type of agency to promote activities or loans for risk capital. There is only one question I would like to ask at this time: I wonder whether or not we need another federal agency in addition to those which now exist in the provinces in this field. I believe that it would be more appropriate to increase co-ordination with provincial agencies to be able to set up one system throughout the country which would make available more risk capital to men and women in business. I must say that I was very pleased with the comments of the hon. member concerning the profits of the business sector, and I agree completely that if we want to continue as a country and as a nation to have some of the most generous social, medical, old-age assistance and unemployment assistance programs to meet the needs of our community, it is essential quite obviously for small businesses in Canada to have the best possible margins of profit.

Like the hon. member for Burlington, I am not afraid of the word profit and I hope that an increasing number of our small businesses will be able to make these profits which they have a right to expect. I am also glad that his motion mentioned the issue of research and development. It is true that our country may not have a sufficient percentage of its revenue invested in research and development compared to other member countries of the OECD, but the government has undertaken to increase this percentage to 1.5 per cent of the gross national product. I hope that, as the years go by and as the financial situation of the government improves, we will be in a position to implement even more generous programs to promote research and development, either through tax measures or other means, to help the promoters establish these research and development programs, and we could perhaps even, as suggested by the hon. member, give a tax credit for the purchases made to set up scientific libraries in business companies, for instance.

I was therefore very pleased with the comments made by the hon. member for Burlington, but unfortunately, Mr. Speaker, the same cannot be said about my reaction to the whinings of the hon. member for Kamloops-Shuswap (Mr. Riis), who recited all he has learned by rote, which he has been repeating these last few months and which is full of untruths and half-truths. He indicated at the very beginning of his intervention that the present policies of the government delay the development plans of small businesses and prevent Canadian small businessmen from purchasing the new equipment they need and from expanding their business to create more jobs.

Well, Mr. Speaker, I should like to tell him that that was precisely why the Minister of Finance (Mr. MacEachen) promoted the small business development bond program in his budget. Under that program, as the hon. member knows, businessmen can borrow at roughly half the current or commercial rate. It is used specifically for business expansion purposes, either for the purchase of real assets, land, buildings or new equipment. So that answers the first objection raised by the hon. member. Then the hon. member said that the policies of this government are leading to higher unemployment rates. Mr. Speaker, he seems to forget, or he is probably not aware of this, that in April we reported the lowest unemployment rate since 1976. Instead of looking at the figures as they are he would rather throw a scare into everybody by saying that the unemployment rate will soar to 9 per cent, 10 per cent and 11 per cent. He wants to scare Canadians.

Then the hon. member went on to a topic so dear to his heart, bankruptcies, saying that they had gone up by 17 per cent in 1980 and during the first quarter of 1981. Mr. Speaker, as the Minister of Finance stated during today's question period, of course the economy suffers from any bankruptcy, but no useful purpose is served in stressing only one figure as did the hon. member who he failed to mention in the same breath that, although bankruptcies may have risen by 17 per cent in 1980 and in the first quarter of 1981, there were 20 per cent more new businesses in 1980 and that same percentage

holds true for the first quarter of 1981. He also failed to point out that the total number of bankruptcies in the sector of small businesses still represents less than 1 per cent of all small businesses in Canada. And as a universal remedy, of course—this he suggested during the question period, as if he were living on a remote island in mid-Pacific or mid-Atlantic, I could not say—the universal panacea for all such woes he described to us, when he stated that the government only has to lower interest rates. I suggest that it is a rather simplistic view of the components of the Canadian economy, Mr. Speaker. Apparently the hon. member does not give a hoot either for the considerable damage done by inflation to the future of small businesses in Canada.

A little further on in his speech the hon. member for Kamloops-Shuswap again repeated his favourite statement, namely that the Federal Business Development Bank is Canada's most conservative financial institution, that it strangles small businesses, shies away from risks and no longer serves the purposes for which it was created. I should like to tell him very simply that the bank made a study of its lending characteristics, which study reveals that, in 1975, 52 per cent of FBDB loans were fully guaranteed as compared with only 31 per cent in 1980.

Since there were more loans that were not guaranteed, there were naturally more loan calls. In 1976, the reserve for losses included in operating costs was equal to .9 per cent of the total loans outstanding at the FBDB, in 1980, it was equal to 2.4 per cent. I wonder whether the hon. member could name me one commercial bank or "caisse populaire" or credit union which incurs losses of 2.4 per cent on loans to small business. If so, Mr. Speaker, I will agree with him that the Federal Development Bank is too conservative an institution for small business.

The bank's figures and an analysis of its loans show that the hon. member's assertion is unfounded. The hon. member did however make one good suggestion, that is that the Federal Development Bank with its network of 102 offices throughout the country should serve as a distribution center for federal programs. I certainly agree with that, and so do the bank's officials. During the training course that they must take, the bank's credit officers are made aware of all the existing programs that can aid the small business sector, and we try to use this network of 102 offices across the country to distribute information regarding federal programs.

● (1610)

The hon. member went onto talk about his latest pet peeve, metric scales. He thinks, Mr. Speaker, that it will cost hundreds of millions of dollars to replace existing scales by metric scales in grocery stores. That is another red herring, because according to the information I have, replacement costs in food chains and retail grocery stores will amount to between $45 and $58 million. That is a far cry from the hundreds of millions of dollars the hon. member speaks of.

He is shocked, perhaps not without just cause, that we do not at this time have the capability to manufacture such scales in Canada. Since 1976, all Canadians have known that metric scales would be introduced in retail food stores in 1979 and, for various reasons, this was delayed until January, 1982, that is three years later. And yet since 1976, despite all our efforts to encourage investors to go into the manufacture of metric scales, only one Canadian manufacturer, located in Ontario, decided to take up the challenge. We certainly hope that when conversion is implemented in 1982, he will do a booming business. Why did not other Canadian manufacturers go into that venture? Probably, Mr. Speaker, because they considered that the volume of sales, which is some $50 million, was not worth the investment required to go into this new line of production. We are not of the opinion, like members of the NDP, that we should take investors by the hand and tell them: Sir, Madam, would you please manufacture scales. Our programs are well known and so are our policies, and it is not by behaving in the paternalistic fashion suggested by the hon. member that we will develop in Canada a healthier, more aggressive and more dynamic business sector.

We do not deny, Mr. Speaker, that high interest rates affect small business in Canada and that the cost of borrowing money is getting ever higher for small businessmen. However, before considering new programs and setting up new stuctures, let us look at the programs already in place. The hon. member who moved the motion pointed out that the Small Businesses Loans Act has been in force since 1961, and in 1980 alone, it is interesting to note that Canadian small businessmen have borrowed over $400 million, Mr. Speaker, under the Small Businesses Loans Act.

You will remember that less than a year ago, last June, I introduced some amendments to that legislation in order to make more people eligible and to raise the maximum amount of loans through a more flexible rate scale providing for larger and easier loans. Loans granted under the Small Businesses Loans Act are 90 per cent state-guaranteed and may be granted to manufacturing concerns, to wholesale and retail firms, to service industries, to building, transportation, communication, real estate businesses as well as to insurance agents and brokers. We are then trying to cover the greatest possible number of small businesses so that they may enjoy state-guaranteed financing.

Secondly, I dealt briefly with the Federal Business Development Bank which, in spite of all its deficiencies and the present difficult economic conditions, plays an essential role in the country in that it is the only institution at present that provides a cheap management consultant service for small businesses. It also provides throughout the country, in our remotest cities, a series of management seminars so that businessmen and businesswomen may acquire new administrative techniques, learn how to improve their bookkeeping and to run their business most efficiently. In addition to the financial role played by the

Federal Business Development Bank—someone just said that such a bank has no place in the market—Mr. Speaker, I hasten to point out that the average loan granted by the Federal Business Development Bank is about $49,000. Let us look at the average loan granted by chartered banks. You will see that it is around $500,000 or more. It means that the small business community in Canada is not served by the Federal Business Development Bank. I think it is a gross distortion of the truth. The management consultant services such as the management seminars of the Federal Business Development Bank are a most valuable tool, particularly in remote communities, because up to 1980, the bank held more than 7,000 seminars throughout the country, not in cities such as Montreal, Toronto, Vancouver or Calgary but in more remote communities where customers do not have access to all the government services provided in large cities. In addition to the FBDB and the program under the Small Businesses Loans Act, there is another program, the business development program, which meets partly the needs of small businesses to finance their activities in the area of research and development.

Mr. Speaker, just to give you an idea, I have here an April press release that says that under the industrial development program, during January and February, $42 million were allocated to industrial development projects in Canada as innovation grants for new products, for design, for increased productivity, for the identification of new products and for proposed projects. This program also provides for adjustment assistance in the form of loan guarantees for the reorganization, development and upgrading of equipment, as working capital or contribution to hire consultants to prepare restructurating proposals.

Mr. Speaker, that was the business expansion program for February and January. The amount was $42 million. And another news release issued on May 12 showed that for March, an amount of $14,230,215 had been granted to support industrial expansion in Canada. This means, therefore, that there are at this moment programs which provide for and facilitate research and development, help our men and women in business develop new products and find their way, after months and years of effort, into the export markets. And this is exactly how all Canadian corporations, whether small, medium or large, will get a chance to survive. That is the reason why the government has decided to significantly increase both the credits allocated to the export promotion program, and the financial resources of the Export Development Corporation. If 1980 has been a record year as far as exports are concerned, this is due to all the mechanisms we have set up to help businessmen forge ahead in their quest for new markets outside Canada.

Moreover, the National Research Council has its own industrial research assistance program. Under this program, the council contributes approximately 40 per cent of the total costs of research and development carried out by Canadian corporations. The industrial research and development mini-program implemented in 1979 was aimed at providing additional assistance to small businesses. We seek to encourage small businesses in Canada to participate more resolvedly in research and development activities, to develop new products, since we are all too aware that creativity is found mostly in small businesses. It is a fact that in 1980, small businesses were responsible for 62 per cent of the new jobs created in Canada. As a matter of fact, this sector is responsible for 42 per cent of all the jobs in Canada. It is clear that this government, like the other governments before it, is extremely concerned with the welfare of small businesses, just like all provincial governments for that matter. As I was saying earlier, an additional co-ordinating effort must be made in conjunction with all parties concerned, because as a result of the current fiscal situation, there is no longer any room for competition between the provincial and federal governments to set up programs, because we are all using taxpayers' money.

● (1620)

I suggest that the time has come to accept that when a province decides to support research activities in a particular area, the federal government should avoid getting involved in the same area. I think that we must co-ordinate all federal and provincial policies to help small businesses.

I have referred to the small business development bond program; this assistance, however, is not to be considered as a source of working capital. But I feel that the purpose was to have a special mechanism to favour the growth and development of dynamic small businesses and make it possible for them to purchase any new equipment they need to increase their production. Under item 4 of the small business development bond program, banking and lending institutions may consider using this program to refinance corporations which are facing serious financial difficulties. I think, therefore, that the necessary mechanisms exist to provide assistance in that area.

In addition, Mr. Speaker, hon. members will remember that some time during the summer, my colleague, the Minister of Supplies and Services (Mr. Blais) and I having told ourselves that the state should serve the small business sector, introduced the subcontracting program. As we know, the federal government is the largest in the country; it spends for goods and services about $4 billion a year. We therefore decided to recommend a subcontracting program providing that for all contracts entered into between the Department of Supply and Services and a supplier, and amounting to $2 million or more, the contractor be required to tender a plan of his subcontracts with small Canadian businesses. Even though at this time about 38 per cent of government purchases in supplies and services, and representing about $1 billion, go to small business, we hope, thanks to this subcontracting program, to reach a target of 45 per cent of all central purchasing, precisely to help small and medium-sized businesses.

In addition to all those programs, as you know Mr. Speaker, there are special tax incentives for small businesses. The main one provides for a lower tax rate on their income. As you are aware, the rate on the first $150,000 earned by a private company under Canadian control is 21 per cent lower than that applying to big business. I know that in all my contacts with the small business community throughout Canada I am often reminded that the amount of $150,000 to which the preferential rate applies has not been changed in four years. I agree that at some time or other that ceiling will have to be raised, when the financial situation of the government allows. Moreover, again in the field of tax measures, let us keep in mind that the carry-over of as much as $200,000 in capital gains in the transfer of small businesses between generations has been proposed. There is also the tax credit on research and development spending by small businesses. Small private Canadian-owned companies that are entitled to the lower tax rate that I mentioned in the first tax measure can also benefit from an investment tax credit of 25 per cent on all their investments in research and development.

There is also the sales tax exemption on manufactured goods of up to $50,000, the tax-free allowance on provincial aid to risk investments such as, for instance, the investments made by the Small Business Ontario Development Corporation, or SODEC, or the Venture Capital Corporation of Nova Scotia. The assistance given by those corporations is tax exempt. The last budget also provides for deduction of the spouse's salary for non-incorporated businesses in Canada, and contains another program I have spoken of at length, the small business development bond.

I now come to the paperwork burden reduction, Mr. Speaker, since I am in charge of that program in the Department of Industry, Trade and Commerce. I know that this is one of the most constant and justified concerns of the Canadian small business community. It is figured that the paperwork required by the federal government from the business community, from both large and small businesses in Canada, would each year fill a train stretching from Montreal to Toronto. So this is to say to what extent we are flooded with paperwork, with a multiplicity of forms.

I was a little sorry to hear that the hon. member from the Progressive Conservative party was not aware of what had been achieved by the Paperwork Reduction Bureau, probably because he did not attend my press conferences. I would like to point out to him, for example, that in August of last year I announced a series of 50 measures precisely with a view to reducing the paperwork burden for small businesses in Canada. One of the most important will save about $100 million for the business community because we have limited to six years the retention of business records. Previously, as the hon. member knows, there was no limit, and some businesses kept papers for 50 years —

Mr. Munro (Esquimalt-Saanich): You still have to fill out forms!

Mr. Lapointe (Charlevoix): I will come back to that if the hon. member for Esquimalt-Saanich (Mr. Munro) will allow me to continue. Until last August, the burden of proof lay with businesses. They had to write Department "X", "Y" or "Z" to ask when they would be allowed to destroy those—I was going to say darned papers encumbering their basement, attic and warehouses. The onus is now reversed: We say: "The six-year period is up, you can discard all the old papers". If some departments want businesses to keep records for more than six years, they now have to ask for it and specify why they have to be kept.

So, after six years, businesses no longer need ask permission to destroy their files or records, and the onus is on the department to justify any request for keeping papers going back more than six years. Here is a more practical example: customs and excise regulations were amended and now allow importers to list all their shipments on a single form instead of having to fill out a separate form each time. They remit taxes and charges once a month instead of doing so for every shipment.

Statistics Canada was requested to change a number of inquiries, particularly the monthly inquiry on employment, payrolls and individual hours; it is hoped this will reduce the burden imposed on small businesses, saving them some $35 million. Also, the Department of Labour was requested to review the famous question of the time logbook that every trucker in the country must fill each night.

The Acting Speaker (Mr. Ethier): Order! I regret to interrupt the hon. minister, but his allotted time is expired.

[*English*]

Does the hon. member have unanimous consent to continue?

Some hon. Members: Agreed.

[*Translation*]

Mr. Lapointe (Charlevoix): I am thankful to hon. members for allowing me to conclude my remarks. As I said at the beginning of my remarks, I am very grateful to the hon. member for introducing this motion. I would like to indicate to him that I share his concerns in respect of risk capital, the financing of working capital, the red tape and the matter of research and development, and I accept wholeheartedly his offer to co-operate. To sum up, I would like to submit to the hon. member that at this point in time, if we look at the whole range of loans guaranteed under the Small Businesses Loans Act, all the loans from the Federal Business Development Bank, loans guaranteed under the business development program, the Canadian government currently has upwards of $3 billion in guaranteed loans to small businesses as of May, 1981. And if we add to that business development program grants, grants from the Department of Regional Economic Expansion, grants from the National Research Council of

Canada and other departments, we see that some $100 million in grants are extended to small businesses every year. And finally, as far as fiscal measures are concerned, if all revenues lost in the form of either tax deductions, preferred rates or business expansion bonds were added up, they would amount to $2 billion a year of extra help to small businesses. These in my view are huge investments, but admittedly we still have a long way to go, and I count on my colleagues from all sides of the House to help me bring back to a more acceptable level the red tape and regulation burden and create an over-all economic climate that will be more favourable to small business expansion.

● (1630)

[*English*]

Mr. Otto Jelinek (Halton): Mr. Speaker, it is obvious that the minister of state is sincere in his concern for the small business sector. I appreciate his sincerity, but I feel sorry for him. It is obvious that his hands are tied by the more senior cabinet ministers of this administration. They do not share his enthusiasm for small business. If one follows the record of the Trudeau administration, small business has been virtually ignored.

Just over one year ago the Liberal party platform during the election campaign was based on lower inflation, gasoline prices and interest rates. After the Liberals received their mandate presumably to pursue those policies, they instead subjected Canadians to over one year of debate on the Constitution. They virtually ignored the blatant signals of real economic difficulties.

When the constitutional debate left this House a few weeks ago to await the Supreme Court ruling, the first piece of legislation brought forward by the Liberal administration was the youth offenders legislation, followed by the elections act to shorten the period of elections. There has not been anything to deal with economic matters, especially those related to small businessmen. It has only been at the urging of the opposition parties that we have had an opportunity to debate any matters relating to the economy.

During this one-year period of inaction on the economy, gasoline prices increased by 49 cents per gallon and inflation climbed from around 10 per cent to nearly 13 per cent. The biggest culprit damaging the small business sector in Canada has been interest rates, which have now skyrocketed to nearly 20 per cent prime rate. That means small business pays well over that. At the same time, people are losing their homes, business bankruptcies are on the increase and farmers are being forced from the land.

The Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. MacEachen) have the gall to maintain that Canadians are much better off than they were a decade ago. I would like to quote from a letter to the editor in today's "Trudeau Star"—I mean the *Toronto Star*. I believe it expresses the feelings of the majority of Canadians. I quote:

> Regarding the article "No more aid to consumers, Trudeau says," Prime Minister Trudeau's statement to the House of Commons that Canadians' after tax income has risen 50 per cent over the last decade and, therefore, "Canadians are 50 per cent better off, on average, in 1980 than they were in 1970" is asinine.
>
> In 1970 we bought our home with a 10 per cent mortgage. My husband was and still is a municipal worker and I did not work. Our gas cost $10 a week to go to work and I could feed our family for $35 a week. Our property taxes were $250 a year. We managed on one salary.
>
> Ten years later, my husband's salary has increased—averaged over 10 years—approximately 60 per cent. This does sound fantastic!
>
> But it now costs us $30 per week for gas to go back and forth to work—an increase of 200 per cent. The mortgage rate is now 18 per cent, if you're lucky—an 80 per cent increase. It costs us $85 per week for food—another increase of almost 150 per cent and our taxes have more than doubled.
>
> I could go on and on with percentages of price increases, but I think every working Canadian family knows this.
>
> I now have a full time job myself, out of sheer necessity, and then I pick up the paper and read we are 50 per cent better off now than we were 10 years ago.
>
> Garbage!
>
> Trudeau's statement is an insult to my intelligence and the sooner he and Finance Minister Allan MacEachen get down off their high horses and start doing something to get Canada out of this economic mess it's in, the better off all Canadians will be.

I read that into the record because, from talking to my constituents and people across the country, I feel it exemplifies the feelings of Canadians today regarding the inaction of this government. The Minister of Finance says that high interest rates will reduce inflation. That is hogwash. The higher the interest rates, the more a businessman has to spend to finance his company. He will pass along the cost of that increase in his product to the consumer, the consumer will have to pay that much more and that feeds inflation. Economists do not often agree on anything, but they do agree that high interest rates feed inflation.

Government spending continues to rise. Government spending is the main reason for domestically caused inflation. There is no question about that. Last year this government spent an estimated $67.6 billion. Projected costs of services to government increased again this year by $4.7 billion. The Liberal government is spending at the rate of $129,000 per minute, 24 hours a day. It is the inability, ineffectiveness and obvious non-urgency of the Liberal administration which are causing the problems in our economy.

When they were in opposition, the Prime Minister and Minister of Finance condemned the PC government for trying to reduce government spending in the civil service in order to reduce inflation and, therefore, interest rates. During the election campaign, the present Minister of Industry, Trade and Commerce (Mr. Gray) promised to resign if interest rates did not go down if and when the Liberals again formed the government. The Liberals again form the government, interest rates have skyrocketed and the minister is still here, he is not resigning. On October 30, 1979, while a member of the loyal opposition, the same minister said:

> Because of the harmful effects of high interest rates on consumers, businessmen, especially small businessmen, and the entire economy, there should be an urgent study by the finance committee, where the Governor of the Bank of Canada would come, and the Minister of Finance.

He went on to say to the then finance minister, the hon. member for St. John's West (Mr. Crosbie):

I want to point out to you that your high interest rate policy would slow down the economy, it will mean the loss of thousands of jobs; it will mean increases in the cost of living. It will probably bring the housing and construction industry to a halt, with thousands of jobs being lost in these sectors.

How right he was, Mr. Speaker. Even so, the Progressive Conservative Party went on to meet his challenge by introducing a budget that would have returned purchasing power to the lower and middle-income earners. We were prepared to implement a small business policy that would meet the real needs of the vital sector of our economy. We reduced government spending and provided incentive to business and individuals. We proposed energy tax rebates to lower and middle-income families, an employment tax credit, and a mortgage and property tax reduction for middle and low-income families. We proposed all of these things, yet the government had the gall to tell us that interest was too high when it was below 14 per cent at the time and to defeat a budget which would have reduced interest rates and inflation even more.

● (1640)

What has this government done? It has initiated a debate on the Constitution for a year and has brought forward the young offenders legislation and things of that nature without having the least bit of compassion for the small businessman in this country or, indeed, for the individual across the land. Naturally every Canadian and every sector of the Canadian economy is adversely affected by this lack of action on the part of this insensitive and arrogant Liberal administration.

The one sector that is affected most by this lack of action is the small business community. We have said over and over again that the small business sector of this country is the backbone of our economy. It is the largest potential employing sector in Canada. In fact, the Minister of State for Small Businesses and Tourism (Mr. Lapointe) just stated it employed over 60 per cent of the labour force in Canada last year. This is why the Progressive Conservative Party has moved this motion today, and I should like to take the time to read it into the record once more:

That this House condemns the government for ignoring the consequences of its high interest policy and for its failure to assist the small business sector in Canada

(1) by increasing and extending the small business development bond program;

(2) by encouraging venture capital investment by means of appropriate tax adjustments;

(3) by relieving the small business sector from the massive weight of government regulation; and

(4) by fostering the research and development necessary to preserve the vitality of Canadian businesses of all sizes.

I very seldom get angry, but I am getting fed up and very angry about this inaction. I have talked to small businessmen in my constituency and across the country, and they are angry about the inability and the inaction of this government to take the necessary steps to reduce inflation by reducing government spending and bringing down interest rates. It is a cop-out to tie interest rates to the weekly bond issue, as the Prime Minister has done, and therefore absolve himself from the responsibility for high interest rates. It is a cop-out even to tie them to United States rates. They should not be tied to United States rates. We must accept temporarily lower exchange rates for the Canadian dollar if we untie interest rates from U.S. rates, I agree, but I believe, as does the majority of businessmen, that we will temporarily have to suffer a tougher exchange on the dollar if we are to bring interest rates down. The government must act on this question.

I feel sorry for the Minister of State for Small Businesses because he is not allowed to act on his own. It is obvious that in dealing with interest rates his hands are tied. He just had an opportunity to take some specific action in reducing interest rates but he could not do so.

The small business development program should be extended beyond 1981. The government did not want to extend it even to the end of this year. It was as a result of urging by my colleagues, myself and others in opposition and across the country that finally the government reluctantly moved to extend the program. It should be extended for another one, two or three years so that businessmen can make long-range plans instead of depending on the ad hoc, band-aid approaches and temporary programs this government has set up.

Perhaps the small business development bond program should be expanded to include venture working capital, because businesses cannot continue to carry inventory, payrolls and day after day production paying over 20 per cent in interest. Small business development bonds do not cover working or venture capital.

Perhaps loans under the small business development bond program should be tax deductible in order to benefit small businesses with profits as well as those which are not in the black. Profit should not be considered a dirty word—something which has resulted from this Liberal administration's policy. Businesses with profits today cannot deduct the interest paid on borrowings made under the small business development bond provisions. Therefore, profits from that bond program are minimal. The rates are nearly parallel to conventional loans.

The Minister of Finance has said from time to time that the government cannot afford to do this. Let me refer very quickly to a study made by the Canadian Federation of Independent Business on the economic impact of the small business development bond. It concluded that there was no net cost to the federal treasury for small business development bonds, but an actual gain of $77 million in the first year of the program. Surely that reduces the validity of the argument of the Minister of Finance that it is too costly a program. He just does not care about small businessmen and the interest rates they are paying today.

Since my time is running out perhaps I could make one final recommendation. I have nothing against profits. As I just said, profit has become a dirty word around this place in recent years, but I think profits tend to create productivity and

expansion of businesses. However, during these present circumstances the high bank profits of today should be channelled into loans at preferential rates for small businesses guaranteed by the government. This could be done through the existing Small Loans Act under which the government is already guaranteeing chartered bank loans at prime plus one, I believe it is. The minister of state boasts about the number of loans the government is guaranteeing under this act, but does the guaranteeing of loans at 21 per cent or perhaps 22 per cent help small business? I do not think it does and nor do small businessmen. This preferential rate should be tied to the cost of living or the inflation rate. These are some of the things that should be considered.

Unless immediate action is taken to bring down interest rates in this country, particularly in the small business sector, we will lose this sector as we now know it. It will no longer exist. This country was built through incentives, initiatives and the well-being of small businessmen. This is what we can grow from and build in the future, but what is this government doing? It is reducing small business to a small portion of our economic productivity, because small businesses are now dependent on the government's actions which cause them to suffer 20 per cent interest rates and more on their borrowings.

I do not care if we have to sit here for months on end, but if this Parliament does nothing else it should lower interest rates. The only way to do so is to start by providing preferential interest rates to the small business sector.

In closing, let me say that my colleagues have talked about regulations, directives and controls. These things still exist and they must be replaced by incentives. We must give tax rebates and other incentives to those small businesses which invest in research and development. We should provide an incentive tax credit to any Canadian citizen who makes a direct investment in the equity of a Canadian-owned business. Incentives must replace the many stringent regulations and controls that have been established during the Liberal reign in the last ten years. It is time the Minister of Finance and the Prime Minister put small business where it belongs, and that is at the top of their list of priorities.

● (1650)

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Mr. Speaker, this is the third almost consecutive day—

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The hon. member for Esquimalt-Saanich (Mr. Munro)—National Security—Missing Taschereau Commission papers and Mackenzie King diary; the hon. member for Edmonton-Stratchcona (Mr. Kilgour)—Supply and Services—Enquiry whether fire engine contract has been awarded to Walter Truck Canada; the hon. member for Cowichan-Malahat-The Islands (Mr. Manly)—Human rights and Indian Affairs.

I apologize for interrupting the hon. minister, but the list of questions had to be read before five o'clock. The hon. Minister of State (Finance).

GOVERNMENT ORDERS

[*Translation*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—CONDEMNATION OF FAILURE TO ASSIST SMALL BUSINESS

The House resumed consideration of the motion of Mr. Kempling:

That this House condemns the government for ignoring the consequences of its high interest policy and for its failure to assist the small business sector in Canada

(1) by increasing and extending the small business development bond program;

(2) by encouraging venture capital investment by means of appropriate tax adjustments;

(3) by relieving the small business sector from the massive weight of government regulation; and

(4) by fostering the research and development necessary to preserve the vitality of Canadian businesses of all sizes.

Mr. Bussières: Mr. Speaker, this is the third almost consecutive day that the business of the House has given us the opportunity to discuss the issue of high interest rates, and it is unfortunate that some forget to look at the problem in its general context. The opposition condemns the government for ignoring the consequences of high interest rates, as though short-term high interest rates did not result in the long run into a decrease in inflation and consequently in interest rates.

As you will recall, Mr. Speaker, we were able to explain last week in what context the current high interest rates in Canada had to be considered during the debate on the motion introduced by the New Democratic Party which suggested that interest rates in Canada were being set outside the country. We saw how economic conditions caused inflationary pressures and expectations, how these pressures resulted in certain monetary and fiscal policies which brought about higher interest rates, and how, if we wanted to have an effective policy against inflation, we had to suffer in the short term the unfortunate effects of certain measures so as to meet this medium and long-term objective of fighting against inflation.

What I find surprising is that after the motion of the New Democratic Party, a motion for the Progressive Conservative party was introduced by the hon. member for York-Peel (Mr. Stevens). He blamed, of course, the government for its high interest rates, and singled out as one of the causes the very large government deficit and the unlimited expenditures of the central government.

Mr. Speaker, the members opposite, especially on the side of the Progressive Conservatives, should make up their mind and decide whether we should reduce the deficit as the Minister of Finance (Mr. MacEachen) has undertaken to do and is now doing, or else they should say unequivocally that they do not believe in reducing the deficit, and do what the hon. member has done today and ask the government to increase its expenditures and extend the program of small business development bonds. The hon. member who has just spoken told us, on the basis of solid Social Crediter arithmetic, that this measure would cost the government nothing. He said that it would cost nothing and would even bring revenue to the government. He would have to prove it, and he has not done so yet. However, it is a well-known fact that a tax credit allows a business to deduct from its payable tax part of the interest due on its loan and also allows a lending institution to deduct from its revenue that part of the interest it will not collect. One has to calculate like a Social Crediter to suggest that it does not cost the government a thing because revenues not collected by the government are losses, and a tax expenditure, whether it is a taxation or a budgetary item, is an expenditure all the same.

I want to believe in authoritative arguments, but in arithmetic as in taxation, such arguments are inconclusive. Even if Mr. Y said that a tax expenditure does not cost anything, we can very well believe him, but let us ask him to explain how a tax expenditure does not cost anything to the government.

When amendments to the Income Tax Act were considered—if I am not mistaken, it was in early February—several members in all corners of the House, especially the Minister of State for Small Businesses, urged the government to extend the small business development loan. We remember that the Minister of Finance had rightly and reluctantly agreed to extend for another year the small business development loan. He did it for two reasons: first, because of the economic circumstances, high interest rates being prejudicial to the development of small business, and second—keep in mind that we were then still in a recession—in order to promote economic development. Small and medium-sized highly job-oriented businesses would be in a position to make further investments in order to give a new economic impetus.

The minister responsible told us a while ago how the government, with that small business development bond, with others institutions under his jurisdiction and with other government programs especially under the aegis of the Department of Industry, Trade and Commerce, promotes the development of small business and enables it not only to get through the difficult times we are now experiencing but to develop further in spite of those difficult times.

There was also some reference to tax measures designed to encourage small business risk capital. As for that particular aspect of risk capital, I should like to point out that the government has taken several steps to ensure the development of small businesses in a sound and favourable climate. Obviously, the measure I have just spoken of is of great importance to the development of small businesses, but we also have tax measures that are of great benefit to them. All privately-owned Canadian businesses enjoy a major income tax concession. The federal income tax rate that applies to them is 15.75 per cent as compared with the normal 37.8 per cent applied to big companies, or compared with the income tax rate that applies to foreign-controlled companies. In other words, the tax rate applied to small Canadian-owned companies, that is, 15.75 per cent, is roughly about half that applied to foreign-owned companies. So, when I am asked to provide special tax measures for risk capital, I say that having an income tax rate of barely half that normally applied to companies is clearly an advantageous tax measure, and it already exists, Mr. Speaker.

In the case of the profits of Canadian manufacturing and processing firms, the rate applied to small businesses is even lower than the privileged rate of 15.75 per cent I have been discussing; it stands at 10.5 per cent compared to the current rate of 31.5 per cent applied to unincorporated businesses. That substantially lower rate is clearly of special advantage to small Canadian business; it also represents an important federal government tax measure aimed at encouraging risk capital investment in small and medium-sized businesses. That type of tax expenditure in terms of lower tax rates amounts to about $1 billion in revenue losses for the Canadian treasury for the year 1979.

Research and development has also been mentioned, Mr. Speaker. In the field of taxation we also have an extremely important measure concerning research and development: a 25 per cent tax credit for investment in research and development in the case of expenses incurred by Canadian small businesses. A 25 per cent tax credit has to be a rather generous measure. Other tax measures are aimed at supporting provincial programs covering venture capital investment. There is also a

refundable 25 per cent tax exemption on investment dividends when the investor company is eligible as a venture capital company under certain provincial programs.

To sum up, Mr. Speaker, we are being urged to come up with special tax measures designed to promote research and development as well as venture capital investment, and it has been shown that our tax system already features measures applicable to any of the measures which the opposition is calling for.

Above all I would like to insist on the fact that three of the four suggestions made in the motion openly call for government expenditures. And yet, last week, the same Progressive Conservative party asked the government to reduce its deficit and its expenditures. Cut down your spending! Cut down the public deficit! But at the same time, hardly one day later, they forget everything they asked for and say: boost expenditures by extending the small business development bond program and by encouraging venture capital investment through tax measures. Where is the logic in that? It is the logic of the illogical Conservative policies. Now either you believe in the cutback approach or you do not. But if you do not, then you have to be consistent and stop behaving like a weathercock changing your views from day to day in an effort to gain some of the popularity that has been escaping you for some years now, and I am talking about the Progressive Conservatives.

Mr. Speaker, my colleague, the Minister of State for Small Businesses and Tourism (Mr. Lapointe) dealt eloquently with the third item, since he is responsible for lessening the burden of regulation and red tape which weighs down Canadian business. It is his responsibility and he is supported in his efforts by the President of Treasury Board (Mr. Johnston), and I certainly hope that with their combined efforts they will be able to lighten the burden of regulation and red tape which small business must now contend with.

In summary, Mr. Speaker, I would simply like to recall that the aim of this government is to fight against inflation so that in the short and mid-term, with a more balanced economy and improved economic health, Canadians will be better off. By trying to relieve some sectors, either temporarily by subsidies, or directly, or by tax deductions, we would only be destroying with the left hand what the right hand is trying to do as a matter of policy, that is to lessen inflationary pressures so as to have lower interest rates resulting from a more stable economy.

That was the basis and the outline of the budget the Minister of Finance introduced last October. I for one am convinced that if we pursue with determination this policy of reducing the federal deficit, of controlling expenditures, and of implementing a gradualist monetary policy, we will in the mid-term achieve a more stable economy, lower interest rates and a lower inflation rate.

Small Business

• (1700)

[*English*]

Mr. G. M. Gurbin (Bruce-Grey): Mr. Speaker, I am pleased to take part in this debate today on a matter which I am sure is of extreme importance to all Canadians. In following the Minister of State for Finance (Mr. Bussières) I think there are several comments that are appropriate, particularly to the references he has made both to the small business development bond and in terms of the government's monetary policy.

Perhaps one of the handicaps he has in looking at this is the advice of the same people who have been guiding the economic policy of the government for some years now, but I would like to refer him to a comment made May 20 in *The Globe and Mail* which was attributed to Walter Gordon, a previous minister of finance. Mr. Gordon, who was chairman of the Canadian Institute for Economic Policy, said at a press conference that the current high interest rate policy is fuelling, not fighting, inflation. The bank's present course has itself been a part of the problem rather than part of the solution.

The minister has just said that you get four different economists and four different policies. I suppose that is true. Perhaps it makes the objective assessment of what should really be done difficult, but at the very least it should bring into question the type of policy the government is following at the present time. Some of the other comments that have been made—and there have been many things written about this lately—would suggest indeed that the options of the Minister of Finance (Mr. MacEachen) are limited to the point where he is waiting to see what will happen with inactivity on his part. Indeed, as we recess for the summer the government will have an opportunity to remove itself from some of the pressure coming from a number of areas and different interest groups in the country that are feeling specific pressure for specific reasons, most of which are not of their own making.

As an example—and this stems from one of the comments of the minister in the House today—it is very difficult to believe he is not aware of what is going on in the country. He seemed to suggest that he did not believe that farmers were in more difficulty, that people were actually having to walk away from homes, that small businesses were experiencing increased bankruptcies.

I think the first thing that has to happen if there is to be any movement in this whole area is that the government must recognize the problem, but in light of the kind of comments that the Minister of Finance has been making it appears that he does not recognize the problem. I would extend to him an invitation, as I am sure most members on both sides of the House would, to go out into the country and talk to people; not just those who have experienced bankruptcies, but people who are forced to leave their businesses or who decide they can no longer hang in there.

I can tell the minister that in one area alone where I made an effort to draw up some statistics we are facing a situation where on a year over year basis we will have nearly five times the number of people who may not face the spectre of bank-

ruptcy but who will be forced, because of a change in their equity position in terms of their debt load, to get out of the business they are in, whether it be agriculture or otherwise. The number of farms for sale, particularly in my area, is expected to be 300 per cent higher this year than last year simply because of the economic climate the government is fostering now.

● (1710)

Also in his comments, the minister suggested that the reduction of the federal deficit was one of the prime efforts of the government. If we look at the deficit position of the government in the last year, it seems to me we are actually looking at an increase of $4 billion over what was projected in the Crosbie budget. I do not want to compare two different budgets, but in terms of looking at this as a mechanism for lowering inflation, I do not know from where the minister gets his figures. I have heard this several times in the House, but every time I look at the figures I realize they do not agree with his comments. Perhaps he would at some time try to bring me up to date on what kind of figures he is drawing from.

In this year alone government expenditures have risen to approximately $62 billion and the deficit is up to $14 billion. They are clearly giant increases in each area. It portends even worse for the future. In 1983, 1984 and 1985 we will be looking at yearly government expenditures somewhere near $90 billion. This is not in agreement with the kinds of things the minister has said.

I should like to comment briefly on what he said concerning the small business development bond. A previous speaker on this side of the House suggested that if the small business development bond were expanded, it would allow business to take advantage of lower interest rates. This would help them increase their activities and avoid bankruptcy. The minister suggested that it was costing the government a lot of money and that the presentation which has been made was not accurate.

Because there are a number of different economic theories from different economists, I think it is reasonable to quote one economist who suggested very strongly that we would benefit from this type of move because of the activity it would generate in the economy and, in the long run, tax dollars would be generated; this would return funds to the government. I think this is the idea of the hon. member. Certainly it suggests that the minister should rethink his position and perhaps take a look at a fresh viewpoint, rather that sticking with the same kind of attitude that has been adopted hitherto.

In a recent book entitled "How Ottawa Spends Your Tax Dollars", Bruce Doern noted that the Liberals have abandoned social priorities of the Pearson era and that a prime example is its failure to cushion lower-income groups from the effects of higher oil and gas prices as in the 1979 Crosbie tax credit.

In the perspective of economic distress under which we are now, I suggest very strongly that we are not dealing with the social aspects of what we are supposed to be doing or what I suggest we should try to do. The difference between lower and upper-income people and the number of people below the poverty line is increasing, not decreasing. We are not accomplishing the transfer of benefits to lower income groups, although it is suggested that we are doing all these things economically on behalf of the nation at large.

Much has been said about the government's interest rate policy, its impact on small business, and the way in which it is addressed. The Canadian Institute for Economic Policy indicated that small and medium-sized business, most of which are Canadian-owned, are borrowing heavily from the banks for their capital requirements. Many of these businesses have been driven into bankruptcy; they are in situations where they have no recourse but to go into bankruptcy.

Perhaps it is a sad commentary that one of the major bills before the House of Commons now is the bankruptcy bill. A bill addressing economic issues rather than bankruptcies would give a more favourable light to what are the activities and priorities of government. The number of bankruptcies in March, 1981 was 29 per cent higher than a year ago according to the figures of the institute. We heard a number of figures today, including 17 per cent and 18 per cent. Whatever it is, it is a significant amount. As was mentioned, even that amount does not address the entire problem because it does not indicate the number of people who are voluntarily withdrawing from business rather than face full bankruptcy.

There has been mention of the automobile industry. One of the more interesting and important viewpoints on this subject came recently from the United States and was published in the *Atlantic Monthly*. It drew a comparison between the automobile industry in North America and the automobile industry in Japan. Although we are addressing small business, I mention this becaause of the differentiation between small business and large business. Whether it is a large energy project or whatever the megaprojects will be, whether in fact it is agriculture versus small business, most come down to some common denominators. Certainly one major common denominator is the cost of borrowing money in order to do business.

The automobile industry in North America is experiencing severe distress. In the last year alone, Ford experienced a massive deficit of approximately $1.5 billion and Chrysler had losses of $1.7 billion. The market share of the North American industry has decreased significantly as Japanese models have come on stream.

There are many factors in this area. Many Canadians who have bought foreign cars tell us about their quality and the terrific relationship between Japanese workers and their parent organizations, as well as a number of other things.

The research and development aspect is perhaps one of the most important, but we should consider the amount of capital reinvested in research and development, the manner in which products are brought on stream and organized, as well as the entire series of marketing and other manoeuvres. The research and development aspect is one in which Canada in particular is vulnerable, as many people know, in a number of ways. It is vulnerable in the immediate sense in that we have not been able to maintain the competitive aspects either at the research

and development level or at the fully developed and commercialization phase. This speaks to the co-ordinating activity of the government as a prime mover in research and development. Regardless of its dedication to providing a certain percentage of the gross national product, allowing certain programs, a tax credit system or whatever mechanism it chooses, something has been lacking.

There are specific examples in a number of areas. However, the government has been lacking in the management aspect of the whole scene. This management aspect must be improved in terms of providing a relationship and a linkage between universities, government and business itself, particularly small business. Small business does not really have the facilities or the resources to develop products or do basic research on things which would be in their best interest, such as their product lines or things they would like to be innovative in. This was the consistent finding across Canada at all provincial government levels with which I had the opportunity to have discussions. It is something which has not been addressed meaningfully in the activities I have seen occurring or in government programming.

As the government looks at a five-year program in research and development, it is still treading lightly and very hesitantly in terms of adopting a full program. This is precisely the point. The management aspect of it requires a long-range view. It requires a consistency in funding and in programming. Indeed, it requires an understanding of the required management capabilities in order to be effective.

In a broader sense, I think the Canadian nuclear industry has been faced with the same thing. I mention that as an example since there is a recent reference to it which I think should be read by many people who are interested in this area. I am speaking about the Secor report which addresses Canada's situation in terms of the development of its research and the international aspect of what is quickly becoming a high cost and high technology area. The Candu reactor is a prime example of this.

There are many other areas which we will be developing, but the Secor report breaks down these so-called high cost and high technology areas into three or four major points. The report suggests that these areas have common factors in the global market and that the systems must really be sold across international boundaries in order to maintain a viable industry. The report states that these systems should be competitive in an international sense, that is, competing with other people in other countries at all times and continuing to do so. The competition must be won if these industries are to survive.

● (1720)

Finally, it is mentioned that there should be a technology push, that it is necessary and important to maintain technology investment and to keep up with changes in a technological way in terms of refinements which will allow industry to maintain whatever market share they have. These are matters which have never before been addressed in Canada. It does not appear as though they will be addressed in Canada.

I think the whole system suffers simply because we do not have the management or involvement that we will need if we are to keep up with international competition and if we want this high technology to survive. One of the major points which I think must be made is that if we do not choose to do this, or if we are unable to achieve it, whilst remaining competitive—unless we go the route of continual subsidies—then we will put ourselves back into a state where we are only able to provide raw resources. It is as simple as that. We do not have a great number of options from which to choose. We must face the international marketplace and its requirements. This issue must be faced in a meaningful way, not just in terms of one big industry but in terms of the peripheral activities which take place and which cause our economy to function.

I draw attention to the tar sands projects. *The Financial Post* has suggested that one of the few short-term hopes we have is in the area of tar sands development and heavy oil projects, that if we do not get them off the ground with the investment they require and do not realize the economic activity they will generate for small industries across the country, we will be out of luck in three or four years.

I think it was interesting to hear the minister of state suggest that with the programs the government has in place now we will not be out of trouble any sooner than three or four years. That is a comment made by another economist, not by myself. He says it will take that long to achieve the effect we want—at least three or four years before we will achieve the desired result. I do not think we can wait that long. I know that a great many small businesses and industries involved in agriculture simply will not survive unless there is some short-term redress to the problem which they are facing today.

One other point I would like to mention with regard to research and development which the government has missed to date is with regard to equipment. We could take a great deal of time to talk about what kind of training we must have. However, the limited time allotted to me at this juncture does not allow for that. There has been an additional assessment of the kinds of equipment our universities have and what is happening to our basic research and development programs at that level.

A task force which reported during the last few months has found that we are about ten years behind—most of our equipment is at about the ten-year vintage. While that speaks well for the maintainers of our technological equipment, it has put us out of the race in a great many high technology areas. We have been left behind because of the rapid change in equipment and the ability to maintain a competitive position is just not there. We have old equipment which will require a massive amount of investment in order to upgrade it. This task force report is available through the National Science and Engineering Research Council of Canada and I think would be worth while for many people to look at.

The Science Council report states in part:

> Complex scientific, technological and economic problems of the future cannot be met by using second rate institutions to generate new concepts and to train the manpower required.

Several times the priorities of the government have been mentioned and what has been done in the last year or so. I have a list before me of the government's priorities. At the top of the list, as we all know, is the Constitution, which has really taken a great deal of our energy. It is still very much unresolved and is a matter which still has to be addressed.

Returning to the list, the budget follows the Constitution in terms of priority. The number of budgetary measures which actually address the short-term economic problems which we face have been very few indeed. Next on the list come the National Energy Program, the western Canada strategy and a review of major social policy arrangements.

What has really been lacking is a sense of urgency with regard to making the economy the first priority. Until the government admits that the country is having difficulties we will not attain the appropriate priority this situation demands. We will continue to meet the foil of matters like the Constitution, matters of social policy and the like, which are not really addressing the real short-term needs of Canadians.

There are many things which can be said, but I feel that the major emphasis as far as research and development is concerned is that we must have a government which is sensitive, not just to simple funding, but to the entire concept of managing these programs. Co-operation among our universities, small businessmen and governments must be encouraged if we are to facilitate the basis for economic recovery in our country.

Mr. Norman Kelly (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, it is my privilege this afternoon to assess for the edification of members of this House the relationships that this administration has established and can be expected to promote between the federal government, research and development and the business community.

I would like to open my remarks by insisting that, the criticisms of the opposition notwithstanding, this government places a high priority on fostering research and development in industry, assisting companies of all sizes to increase their growth and profitability through the performance of R and D and by applying new technologies to their operations.

You will recall, Mr. Speaker, that the Minister of State for Science and Technology and Minister of the Environment (Mr. Roberts) announced the federal government's intention to foster an increase in national R and D expenditures to 1.5 per cent of GNP by 1985. Within this over-all target, it is proposed that the federal government's expenditures should rise from .4 per cent of GNP to .5 per cent, that industry shares should rise from .4 per cent to .75 per cent and that the balance of .25 per cent should be financed by the provinces, the universities and others.

• (1730)

It is clear, Mr. Speaker, that the largest increases in research and development will be required in the industrial sector, and the federal government intends to continue to place a high priority on assisting Canadian companies to undertake profitable research and development activities. It is equally clear, as most hon. members already know, that the major role will have to be played by the industrial companies themselves, but I hasten to add they will be greatly assisted by a business environment in which innovative activities are strongly encouraged.

The federal government has long recognized the importance of supporting research and development activities, and has therefore introduced a range of incentive programs and taxation incentives which, I believe it is fair to say, are among the most generous in the world. For example, very substantial financial assistance has been given to companies such as Pratt & Whitney, de Havilland, Canadair, and Bombardier, as well as many others in the high technology sectors of Canadian industry.

To focus on an area of particular importance, I would direct the attention of the House to the federal government's announcement of April, 1979, which initiated a special electronics program to introduce the secondary industry in Canada to the benefits of using microelectronics in their manufacturing processes and product design. The first part of this program consists of grants for major projects in all sectors of the manufacturing industry. Two very substantial grants have already been made under this section of the program, one to Mitel, and the other to Sentrol. However, it would be wrong to give the impression that only large companies in the electronics area can gain from this program. A number of smaller companies have applied—in the food, textiles, metals processing, and other industrial sectors—and grants have been approved for monitoring of diesel engines for small fishing vessels, pantyhose manufacturing, and control systems for bakery operations, while others are expected to be approved in the near future.

A second part of this program will promote the awareness of Canadian companies of the importance of applying microelectronics technology to their operations. In considering the role of technology, we must recognize the importance of the application of technology to industrial processes, in order to make the processes more productive and competitive. It is not only the supply of high technology products to world markets which is important—it is absolutely vital that we increase the productivity of all our manufacturing and processing operations if we are to prosper, or, perhaps, even to survive, in the future. So, I can assure the House that the federal government intends to play its role in order to ensure that Canadian companies are aware of the importance of the application of technology.

A large proportion of financial assistance in support of R and D has gone to the larger companies, for the simple reason that their research and development operations are much larger than those of smaller companies. Nevertheless, a substantial amount of assistance has been provided to smaller companies. Departments of the federal government, including the Department of Industry, Trade and Commerce and the Department of Regional Economic Expansion, have regional

offices in all parts of the country for the purpose of ensuring that assistance from the federal government is as effective as possible.

A large number of smaller companies have also been assisted through a variety of institutions which have been established under programs of the Department of Industry, Trade and Commerce. I am pleased to say that over $23 million have been invested in the establishment of 27 of these institutions, which provide research and development, testing and technical training services to industry in a variety of industrial sectors and in all regions of Canada.

It is well known that small companies have a difficult time in commercializing technology and starting up new companies, especially those which involve inventions and technical ideas. To provide such assistance to small companies, and even private individuals, the Department of Industry, Trade and Commerce has financed the start-up of two industrial innovation centres, one located at the University of Waterloo and the other at École Polytechnique in Montreal.

The Department of Industry, Trade and Commerce has a number of other programs to support industrial R and D. First, there is the Enterprise Development Program which will normally support 75 per cent of the direct costs of product and process development projects and market and productivity improvement studies. This program is administered, in the main, by the regional offices of DITC in the ten provinces in order that its application and use will be closely based on the needs of the various regions of Canada. Because of the criteria used in project selection, this program has been of particular assistance to small and medium-sized business.

Total spending under the program in 1980-81 was about $38 million, and it is estimated that approximately $2.0 billion of product sales will result over a period of five years.

The equivalent of the EDP program for those industries—primarily electronics and aerospace that are in the business of providing high technology military equipment for export market requirements—is the Defence Industry Productivity, DIP, Program. Under this program the federal government shares the cost of product developments related to export military markets as well as the costs of acquisition of modern production equipment. DIPP spending for the 1980-81 fiscal year is about $120 million and is expected to rise to over $150 million in 1981-82.

The National Research Council's Industrial Research Assistance Program, IRAP, and the Program Industry Laboratory Project, PILP, are other government vehicles for promoting and supporting industrial research and development in industry. Under these programs, financial support is provided for selected industrial research projects of good potential. During the period from April, 1962, to March 31, 1981, IRAP supported 1,313 projects from 655 companies for a total contribution of $183 million. It is estimated that each dollar of funding produced $20 of sales on average. IRAP's budget for 1981-82 will be about $29.4 million of which some $2 million will be directed towards companies with less that 100 employees. Approximately 400 projects from industry have been supported under the PILP program since its inception in 1975 for a total contribution of about $40 million. Is is expected some $12 million will be spent in the 1981-82 fiscal year.

In addition to these specific programs, the federal government has adopted a contracting-out policy for its own R and D requirements. The objective is to increase Canadian industry's R and D and innovative capability. Under this policy, federal government departments must contract out their R and D requirements to the private sector, except in those instances where there are compelling reasons for the work to be done in government laboratories themselves. In 1980-81 approximately $139 million was spent under 2,500 individual contracts.

In the important field of energy, the federal government is currently contributing some $15 million to the private sector for R and D work in renewable forms of energy—such as solar and biomass—and in energy conservation in industrial processes. In addition, $3 million is being provided for research on improved methods of extracting crude oil from tar sands and heavy oil deposits and in coal gasification and liquefaction.

In total, the federal government contributed some $264 million in grants and contracts to industry in 1980-81 for industrially initiated R and D. That figure is expected to increase to well over $300 million in 1981-82.

I trust, Mr. Speaker, that I have provided this House with convincing evidence of the federal government's resolve to assist companies of all sizes to develop a technological capability, to perform R and D which will assist them to meet the challenges which Canada must face in domestic and international markets, and to apply new technology to their processes so that they can remain competitive and productive in the face of international competition. I realize, of course, that government programs are not the whole story, by a long shot. Canadian industry must share its burden of the responsibility to remain innovative and competitive as I am sure it will, and thus ensure a sustained economic growth in Canada.

Some hon. Members: Hear, hear!

• (1740)

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, it is a privilege to speak on this motion introduced by my colleague, the hon. member for Burlington (Mr. Kempling).

Each morning as I walk to my office I find myself pausing frequently to enjoy the beauty of the Parliament Buildings and surrounding grounds. Inevitably my eyes are drawn to the top of the Peace Tower. There, night and day in all seasons, is the flag of this great nation at once both a symbol and a commitment, a symbol of a land of freedom and opportunity; a commitment that the people of this land will keep it ever so.

But today as I looked at that flag, I was struck with the contrast evident between potential and reality. It came to mind that, given the record of this government, the flag should have been flying upside down. It should be flying upside down, not as a gesture of disrespect but in compliance with the international code of distress. This country is not only in distress, it is

in severe distress. This country is in serious condition, and a great many of us are well aware of it. And because of the calculated indifference of this government, things seem to be getting worse. There is no doubt that everything else is upside down, so why not the flag? Is the government waiting perhaps until the economic chaos it has created gets so bad that it will simply then hoist the white flag of surrender? A good many of us feel the government should do that already.

The government is forcing thousands of Canadians to surrender. Every day that passes, more and more Canadians have to surrender their homes, their farms, their businesses and their jobs. Pretty soon we will all be waving white flags because there will be nothing more to surrender. There are others on this side of the House who have repeatedly and urgently tried to get the government to take responsible action to eliminate the mess we are now in. They have spoken of the plight of thousands of Canadians. They have dealt with the general situation and with particular segments. I join in condemning this government and wish to draw attention to a particular community in this country which is among those most hard hit by this government's economic mismanagement. I am speaking of the thousands and thousands of small businessmen in all provinces and in every sector of this country.

This government has subjected the small business community to a number of financially punishing burdens. The relentless push to metric conversion is a perfect example of this. Converting to the metric system has been a monetary nightmare for the business community and consequently the consumer.

Conversion in the retail food sector, forcing grocers to switch meat and produce scales from ounces and pounds to grams and kilograms, could cost us as much as $200 million. I noted the comments of the New Democratic critic, the hon. member for Kamloops-Shuswap (Mr. Riis). I also noted the comments of the Minister of State for Small Businesses and Tourism (Mr. Lapointe) who seemed to raise his eyebrows at that amount, implying he thought it was a ridiculous figure. I believe he quoted conversion costs as amounting to between $45,000 and $48,000. I presume he meant that $45,000 to $48,000 would apply to certain individual stores. He is shaking his head. But I am quite sure that for Eaton's, Simpsons, and the Bay the cost of conversion will be a lot higher than $50,000. It was mentioned earlier by other speakers that the majority of the metric scales will have to be purchased abroad which, in turn, will provide jobs outside of the country instead of here in Canada. This relentless target date of January 1, 1982, is certainly unpopular.

One grocer in a metric conversion test area said that he had to pay $900 to convert his scale, and the test cost him $100,000 in lost sales when customers went elsewhere.

An overwhelming majority of businessmen and consumers are opposed to metric conversion. But this government has never shown the slightest inclination or willingness to respond to public opinion, and there is no indication that it ever will. The devastating impact of the fiscal ineptitude of this government is quickly and painfully destroying hundreds of small businesses in this country every day. Because the small businessman and businesswoman live in the shadow of the giant corporations, the impact is harder for many to recognize.

There are over one million small businesses in Canada and they create two thirds of the jobs. Small businesses in this country generate at least 20 per cent of the value of all goods and services produced. The small business community is obviously a vital segment in our economy, a very important constituency that cannot and should not be treated in an offhand manner.

I am sure that the minister for small businesses understands this. I would suggest to him though that he ensure that his own aides realize it as well. It was disturbing to learn that a call to his office last week to obtain figures on the small businesses which I have just cited resulted in a reply that the office kept no such figures, and the suggestion was made that the caller try elsewhere. Surely the credibility of a minister is in question when people in the minister's own office plead ignorance when asked the most basic of questions. I heard the minister today give some indication as to the importance of small business. If people in his own office do not seem to have this information, I would suggest that he have his aides read his speech carefully so they will have it. If small businesses were to operate in the same manner as some of the people in the minister's office, they would soon be out of business. One would think, given the reams and reams of paperwork forced on small businesses by the government, that statistics would be crowding the minister right out of his office.

For years the small business community has been inundated with mandatory government forms. Some businessmen and women spend about as much time on government paper work as they do in operating their own businesses. This pile of paper, completed under duress, is both annoying and costly. It is frequently unnecessary. The small businessman and woman, not having the resources to hire high-priced lawyers or accountants like their multinational counterparts, must shoulder the paper work burden alone. A good many of them burn the midnight oil in order to complete these many forms. Some of the paper work these days involves government bankruptcy forms.

There are more bankruptcies in small businesses than in any other segment of the economy. We heard statistics and figures given showing just how many bankruptcies there are at the present time. Thanks to the government's acceptance of the policy of higher and higher interest rates, many small businesses have gone under, and there are reportedly hundreds more which are on the verge of bankruptcy.

Just this past weekend I spoke to two or three of the businessmen in my community. One in particular, a hardware merchant, mentioned the high interest rate he was paying on loans, I believe it was 21 per cent. This is a staggering amount. It is also a reason why so many small businesses are in such serious condition.

People all across the country, who have worked hard enough to save money to start their own businesses and who have put in long hours to make sure their business remains viable, are

now losing everything. Many of them mortgaged their own homes as collateral to help their businesses get started or to expand and are, therefore, in a position now where they may even be losing their own homes.

When small businesses fail, the owners of those businesses are not the only ones affected. Their businesses, collectively, employ millions of people. In fact, the majority of working men and women in this country work for small firms, not for large corporations and not for government. Therefore, when a business goes bankrupt, the unemployment level rises. When hundreds of businesses go under, thousands of people lose their jobs. This tragic situation did not occur overnight. On the contrary, things have been getting progressively worse for months. When members on this side of the House were requesting urgent and immediate action on economic issues, the Prime Minister (Mr. Trudeau) had more important matters. The Prime Minister had his Constitution and his charter of rights and, to him, these were of prime importance. We are well aware they took up the time of the House of Commons for months. They were concluded only recently, having been sent to the Supreme Court.

● (1750)

A place in the history of the nation will be valueless if the nation itself is destroyed. With the constitutional issue now before the Supreme Court, the Prime Minister wants to reassure the nation that the economy is headed in the right direction. To demonstrate that he is taking things seriously, he has spoken of holding a federal-provincial meeting on economic issues. If such a meeting is held, the climate of consensus would hardly be achieved.

How could the provincial premiers be expected to consult, exchange views and attempt to resolve problems with the very man who, during the constitutional debate, treated them with ridicule and contempt; much the same sort of contempt he and his government obviously have for the small business community. This government neither understands nor has compassion for the problems facing the owners of small businesses. The Prime Minister and members of his government have demonstrated they are oblivious to the problem. The only problem they seem to acknowledge is that people are angry and complaining.

The government does not know why people are upset. We are told time and time again that all is well, that the universe is unfolding as it should. Well, I have news for this government. The universe, for thousands of Canadians is coming apart at the seams. The threads of the economy of this nation are unravelling at an alarming rate.

The growing number of bankruptcies should indicate to this government that something is seriously wrong, wrong with its policies and wrong with its attitude. That hundreds of small businesses have gone bankrupt, and hundreds of others are on the verge of bankruptcy should be a source of alarm for this government.

Let me illustrate for members of this House the reason why even a single bankruptcy can result in a potentially horrendous domino effect. Let us take a small tourist operation, of which there are many in my constituency. The resort, faced with exorbitant interest rates, cannot afford to seek financial assistance for its summer operation. Without sufficient funds to cover the purchase of supplies and salaries for the initial start-up, the tourist resort has to close. Cooks, waitresses, the cleaning staff, office staff and handymen are suddenly unemployed. The owner and employees now have no extra money with which to purchase goods and services in the community.

Other small businesses in the community immediately begin to feel the pinch. With fewer people to supply, the owners of these other firms soon have to lay off staff, and the list of the unemployed grows. The tourists who have in the past stayed at the resort now look for other facilities, and again business in the community suffers. Again other people are out of work. Some of those out of work will move to other centres in the hope of securing employment, but others, for a variety of circumstances, will be forced to apply for unemployment insurance or accept welfare. Then, because of one business closing, the community and the country is faced with the prospect of higher taxes to support those whose only resort is the social benefit programs. Everyone's disposable income takes a slight plunge, and the vicious cycle is about to be repeated on other levels.

What I have described is only a small part of the sad circumstances of a single bankruptcy. When you have several small firms going under, the effects on the community and the country are calamitous. How then in heaven's name can this government sit back and do nothing, tell us all is well, when what is happening now is affecting us all?

We cannot afford to lose one of our small businesses, but there are some whose loss to the nation will create more hardship than others. I am thinking now in particular of the small farmer. In these days of automation and plastic wrapped meat and produce, there are those who speak fondly of the farming of yesterday. Like sideshow attractions, historic villages offer glimpses of the disappearing communities of yore and display what are now considered quaint methods of production and commerce. Today's farm is indeed often automated, but today's farmer, trying to run his business, cannot cope with the rising interest rates and an absence of economic planning, and he too is going under.

When thousands of small farmers go bankrupt, or lose their farms through bank foreclosure, who will feed this nation? The farmer can be classified as a small businessman. When the price reaches even higher levels than those we have today, who will be able to afford to buy what is available? With so many businesses closing down, will there be anything left to buy?

Mention was made of the small business development bond which was introduced by the Clark government and adopted by the present government, for which they are to be commended. However, it is restrictive in the sense that it is only available to incorporated companies. I hope that because of pressure from all parties, including government backbenchers, the government will consider making it available to individuals and partnerships and continue it beyond the present deadline

of December 31 next. It should be a law on the books, and it should continue.

Rather than being restrictive, the government would do well to enlarge the bond so that it provides working capital. Also, it should be available for used machinery and equipment. This would provide much needed assistance to the small businessman. As well, the farmers could take advantage of it.

The Minister of State for Finance (Mr. Bussières) took exception with one statement coming from this side. It was said that this would not cost anything. The minister said it was costing X number of dollars. However, if the small business development bond helps businesses to stay in operation, pay salaries, make purchases and sell their goods, as the hon. member for Halton (Mr. Jelinek) stated, then in the long run the government will end up making money. It cannot be classed as an excessive cost when everything is weighed in the balance.

This government knows all about bankruptcy. In fact this government would have been bankrupt long ago had it not been for its taxing power which enables it to spend into eternity. It cannot go bankrupt. It just prints more money. The government has been bankrupt in thought and deed for some time. It has been said that misery loves company. Therefore, the government seems determined it will not be alone in its mess. The problem is that it is not. It is astonishing to hear the government say that high interest rates are not causing the problem.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his time has expired.

Mr. D. M. Collenette (Parliamentary Secretary of President of the Privy Council): Mr. Speaker, unfortunately I was absent briefly following the question period and unable to give the answers to the order paper questions. I understand there will be consent to my giving these answers now.

The Acting Speaker (Mr. Ethier): This can be done with unanimous consent. We will interrupt the debate and go back to questions on the order paper. Is that agreed?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): It is so ordered.

Mr. Collenette: I thank hon. members for their consideration.

ROUTINE PROCEEDINGS

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 1,217, 1,314, 2,156, 2,201, 2,222, 2,314, 2,351, 2,378 and 2,386.

[*Text*]

MR. MICHAEL PITFIELD

Question No. 1,217—**Mr. Cossitt:**

1. Was Mr. Michael Pitfield, secretary to the cabinet and Clerk of the Privy Council, absent from his job at any time since he reassumed his position and, if so (a) for how many days and on what dates (b) for what purpose and where (c) was he paid his usual government salary during the days absent and (i) if so, under what authority (ii) if not, what amount was deducted for each day absent or part thereof and what was the total amount deducted to the date this question is answered?

2. Did his absences include first class transportation to Boston and, if so, was such travel made at public expense?

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

1 and 2. Since his reappointment as Clerk of the Privy Council and secretary to the cabinet on March 11, 1980, Mr. Pitfield has not been absent from his job save for normal holiday leave. During the period immediately following his reappointment, and in accordance with arrangements made at that time, Mr. Pitfield's family continued to reside in Boston, Massachusetts, until the end of the 1980-81 academic year. He made regular visits there to visit his family and to complete his teaching obligations to Harvard University. Mr. Pitfield was authorized to use first class transportation where circumstances required. See also reply to question 2,386 answered today.

MR. G. R. D'AVIGNON—ADDITIONAL POSITION

Question No. 1,314—**Mr. Cossitt:**

1. Was Mr. G. R. D'Avignon, deputy minister of Supply, appointed to the additional position of chairman of the board of directors of the Royal Canadian Mint and, if so (a) for what reason (b) what are his qualifications for the job?

2. Is the Minister of Supply and Services presently making an investigation of any kind concerning Mr. Yvon Gariépy, Master of the Royal Canadian Mint and does the appointment of Mr. D'Avignon have significance of any kind in this connection?

Hon. J.-J. Blais (Minister of Supply and Services):

1. Yes.

(a) It has been an established practice for the deputy minister of supply to hold that position.

(b) Mr. D'Avignon's knowledge and experience makes him a highly suitable candidate for the job.

2. (a) No; (b) No.

CNR NEWSPAPER ADVERTISING

Question No. 2,156—**Mr. Turner:**

1. Did CNR purchase newspaper advertising in 24 Canadian newspapers congratulating CP of Montreal on its Centennial and, if so (a) at what cost (b) what was the cost in each case?

2. (a) Which cities were chosen and for what reason (b) who made the decision to choose each of the 24 newspapers?

3. What was the criterion for the selection of each newspaper and who made the final decision?

4. Did Mr. Lorne Perry, manager of advertising and graphics, make any decisions and, if so, what were they?

5. Was the decision made by an advertising board and, if so, what was the name of each representative?

6. For what reason was the advertising money not utilized by some other method so CNR equipment and road beds could be brought up to the high safety standards of the 1940s and 1950s?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advises as follows: 1. Canadian National purchased advertising space in 23 Canadian newspapers.

(a) $64,244.

(b) Through advertising agencies, CN purchased the space from the newspapers at their normal published space rates.

2. (a) Moncton, Halifax, Montreal, Quebec, Toronto, Ottawa, Calgary, Edmonton, Regina, Saskatoon, Winnipeg, Vancouver, St. Boniface. These cities are major Canadian centres where Canadian Pacific does a considerable volume of business, and wherein reside significant numbers of its employees and officers.

(b) Mr. D. E. Todd, general manager, public affairs and advertisement.

3. The criteria used for selection of the newspapers was circulation, the appropriateness of the medium to the message, and recognition of the need to be represented in both English and French newspapers in cities where both exist. The final selection was made by Mr. D. E. Todd.

4. Once the decision to go ahead had been made, Mr. Perry, manager, advertising and graphics fulfilled liaison duties with the various advertising agencies involved in the program.

5. No, the decision was made by Mr. Robert A. Bandeen, president and chief executive officer.

6. It is perceived by management and the board of directors that such a large and diverse enterprise as Canadian National should be involved in many activities unrelated to the maintenance of equipment and roadbeds, and that advertising is a proper and normal activity of the railway as it provides communications support for CN by enhancing the business climate in which it operates.

Since 1974 (when CN Rail computerized its accident reporting system), concerted efforts by both management and labour to improve safety performance have resulted in an annual decrease in practically all categories of accident and casualty statistics. These efforts include an ongoing track rehabilitation program, better equipment, more employee training, and the application of research to improve rail safety. In 1980, CN Rail was among the four safest railways in North America.

Order Paper Questions

FARM OWNERSHIP

Question No. 2,201—**Mr. Herbert:**

1. What percentage of farms is owned by (a) incorporated companies (b) non-incorporated individuals or groups?

2. What is the percentage of farm land owned by incorporated companies?

3. What percentage of the incorporated companies is more than fifty per cent foreign owned and what percentage of farm land do they control?

Hon. J.-J. Blais (Minister of Supply and Services): Statistics Canada reports: according to the 1976 Census of Agriculture,

1. Percentage of farms owned by

(a) Incorporated companies (incorporated business with shares owned by operator and his family)	3.78 per cent
or	
Incorporated businesses (with shares owned by other than operator and family)	.62 per cent
	4.40 per cent
(b) Non-incorporated individuals or groups	
Individual or family (owned or not)	91.46 per cent
Partnership (only operations having a formalized partnership agreement)	3.77 per cent
Institution or community pasture (land owned by municipality, province or federal government)	.26 per cent
	95.49 per cent
Other (lands operated privately for estate, trust company, Hutterite colonies, co-operative farms	.11 per cent
Canada	100 per cent

2. The Census of Agriculture asks farm operators to report information about the land they are operating. If an operator rents or leases all or a portion of the land area he operates, the area of rented land is known, but information is not given about the ownership of that land. The table below outlines the information available on areas of land operated and owned. The difference between the two totals (which represents roughly one third of all farm area operated) is acreage leased or rented by an operator for which no ownership information is available.

Type of Operator	Number of Farms	Total Farm Area	
		Operated	Owned
		(acres)	
Individual	274,490	134,983,151	98,390,624
Partnership	11,313	7,979,595	4,892,755
Institution	771	6,436,841	1,914,210
Company—family	11,348	12,505,476	7,780,330
Company—other	1,864	2,389,154	1,194,852
Estate, Trust Co., etc.	332	1,682,043	1,375,105
Total	300,118	165,976,260	115,547,876

From these data, the proportion of farm area owned by an incorporated company (family and other) is 7.77 per cent.

3. Foreign ownership information is collected under the Corporation and Labour Union Returns Act, and only corporations with $250,000 or more in assets are covered. In 1978, Statistics Canada estimates that 59 corporations in this class operating farms were foreign owned out of a population of farm corporations of 4,328. Thus 1.36 per cent of these farm corporations were foreign owned. No information is available on the area of farm land controlled by these corporations.

SALE OF CMHC ACQUISITIONED UNITS

Question No. 2,222—**Mr. Herbert:**

In 1980, what percentage of the houses sold by CMHC after acquisition were sold for more than (a) 10 (b) 20 (c) 30 per cent less than the (i) original mortgage total (ii) cost of acquisition?

Hon. Paul J. Cosgrove (Minister of Public Works): I am advised by Canada Mortgage and Housing Corporation as follows:

	Original Mortgage Total	Acquisition Cost
The percentage of sales over 100 per cent of	48.5 per cent	18.6 per cent
The percentage of sales at 90—99 per cent of	21.4	17.5
The percentage of sales at 80—89 per cent of	12.7	25.4
The percentage of sales at 70—79 per cent of	7.3	19.0
The percentage of sales at less than 70 per cent of	10.1	19.5
	100 per cent	100 per cent

COTEAU-DU-LAC, QUE.—MUNICIPAL GRANTS

Question No. 2,314—**Mr. Herbert:**

What amount (a) was paid in 1980 (b) will be paid in 1981 to the municipality of Coteau-Du-Lac, Quebec for the historical site under the municipal grants program?

Hon. Paul J. Cosgrove (Minister of Public Works):

(a) Appraisal cards requested from the municipality of Coteau-du-Lac, Québec, have not yet been received, therefore no 1980 grant on this property has been paid.

(b) The 1981 grant amount cannot be estimated until the values and tax rates are forwarded by the municipality.

MR. WILLIAM ELLIS (L. 12973)

Question No. 2,351—**Mr. McKenzie:**

Was Mr. William Ellis (L. 12973) a member of the South Saskatchewan Regiment during World War II and, if so (a) did he take part in the 1942 Dieppe Raid with the regiment (b) is he also a veteran of World War I (c) is he the last living Dieppe Raid survivor of the regiment who had also served in World War I (d) does he receive a veterans pension or allowance from the government and, if not, for what reason?

Hon. J. Gilles Lamontagne (Minister of National Defence): This question requests information of a personal nature concerning Mr. William Ellis, the disclosure of which is governed by the Canadian Human Rights Act, Part IV.

SPEECH WRITTEN BY MR. PAUL DOUCET

Question No. 2,378—**Mr. Cossitt:**

1. Did Mr. John de Bondt, acting director, public affairs division, Canadian International Development Agency, write a letter dated February 24, 1981 to Mr. Frank Hawes, 5-56 Rideau Terrace, Ottawa and, if so, was the letter to act as a contract when signed by both parties for a speech to be written for the director general, communications, CIDA, Mr. Paul Doucet?

2. Was the speech to be delivered during the "round table on the North/South Dialogue of Sietar's Conference"?

3. (a) Was Mr. Hawes offered $1,600 to prepare the speech and, if not, what was the amount (b) was Mr. Hawes asked to send an invoice in triplicate and was the invoice paid and, if so, in what amount?

4. Did the letter further instruct Mr. Hawes as to what source material to utilize?

5. For what reason could Mr. Doucet not prepare his own speech or use persons within CIDA to assist him?

6. How many speeches has Mr. Doucet delivered since he was first employed by CIDA and, in each case (a) what was the cost to the taxpayer (b) where was it delivered (c) what was the subject-matter?

Hon. Mark MacGuigan (Secretary of State for External Affairs):

1. Yes.

2. Yes.

3. (a) Yes.

(b) Yes, $1,600.

4. Yes.

5. A round table on the North-South Dialogue was one of the activities at the Sietar Conference. Mr. Louis Sabourin, president of the Development Centre of the Organization for Economic Co-operation and Development was to have participated in a round table which included a representative from Africa, a representative from Latin America, and the assistant secretary for administration of the Organization of American States. Mr. Sabourin, who would be the only Canadian present at this round table, had to cancel ten days before the opening of the conference.

In order to ensure a Canadian presence for this session, Mr. Paul Doucet agreed to be one of the panel participants. The subject was "The intercultural variable as a condition for the effectiveness of interventions by experts in developing countries".

Precise data on this aspect of international development exist in two studies. One was published by the Canadian government and entitled "Canadians in Development"; the other, by the University of Saarbrucken for the Federal Republic of Germany. Frank Hawes who had co-authored the Canadian study knew not only the results of the German study

but the non-published data of the two studies. That is why he was selected to prepare notes for Mr. Doucet's presentation.

It should be noted that at this conference and at the preceding working session, Mr. Doucet was co-host with Pierre Casse of the World Bank. Besides his role as host, Mr. Doucet had already agreed to make two presentations; one tracing the history of the project "Agenda for a Small Planet" and the other to deliver the final address.

6. In his five years as director general of communications at CIDA, Mr. Paul Doucet gave at least 50 speeches and numerous interviews on radio, television and in the press on the subject of international development. He never had recourse to outside specialists for these activities.

MR. MICHAEL PITFIELD

Question No. 2,386—**Mr. Friesen:**

1. Is Mr. Michael Pitfield presently the William Lyon Mackenzie King Visiting Professor of Canadian Studies at Harvard University?

2. Is he employed by the university in another capacity and (a) if so, what is his title (b) if not, on what date did he terminate his employment with the university?

3. Is Mr. Pitfield on temporary leave from the university and, if so (a) from which position (b) what are the terms of the leave?

4. Does Mr. Pitfield receive a salary, honorarium, stipend or other type of remuneration from the university and, if so, what are the terms?

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

1. Yes.

2. No.

3. Mr. Pitfield is on leave from the William Lyon Mackenzie King Visiting Professorship in Canadian Studies.

4. Mr. Pitfield receives no remuneration from Harvard University. Nevertheless in recognition of Harvard University's generosity in releasing Mr. Pitfield to serve the Government of Canada at the Prime Minister's express request, the government asked Mr. Pitfield to ensure that any obligations remaining from the time when he was actively serving as the Mackenzie King Visiting Professor be fulfilled as part of Mr. Pitfield's responsibilities.

* * *

[*English*]

STARRED QUESTION

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, would you be so kind as to call starred question No. 2,308?

● (1800)

[*Text*]

*MR. JAMES FAY, EXECUTIVE ASSISTANT TO THE MINISTER OF AGRICULTURE

Question No. 2,308—**Mr. Bosley:**

Did Mr. James Fay, Executive Assistant to the Minister of Agriculture, take plane trips at government expense between Ottawa and Prince Edward Island in the fiscal year 1980-81 and, if so (a) how many at what cost (b) for each trip, what was the purpose?

[*English*]

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, in response to the hon. member for Don Valley West (Mr. Bosley), the answer is yes, eight trips at a cost of $1,523 excluding the return travel trips nos. 2 and 7 listed in part (b) of this answer, which were trips with the minister on a government aircraft.

The purpose of the trips were as follows: 1, to attend potato hearings and meet with producers on the minister's behalf; 2, to discuss a potato agency with members of the P.E.I. Potato Producers Association; 3, to meet with the Maritime Agency Potato Producers on the minister's behalf; 4, to meet individuals from the agricultural industry on the minister's behalf; 5, to meet with P.E.I. potato producers on the minister's behalf; 6, to meet with officials of the potato industry on the minister's behalf; 7, to attend meetings accompanying the minister; and 8, to meet agricultural groups on the minister's behalf. This answer was supplied on behalf of the Minister of Agriculture (Mr. Whelan).

I would ask that the remaining questions be allowed to stand.

The Acting Speaker (Mr. Ethier): Is it agreed that the remaining questions be allowed to stand?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): It being six o'clock, I do now leave the chair to return at eight o'clock p.m.

At 6.02 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—CONDEMNATION OF FAILURE TO ASSIST SMALL BUSINESS

The House resumed consideration of the motion of Mr. Kempling:

That this House condemns the government for ignoring the consequences of its high interest policy and for its failure to assist the small business sector in Canada

(1) by increasing and extending the small business development bond program;

(2) by encouraging venture capital investment by means of appropriate tax adjustments;

(3) by relieving the small business sector from the massive weight of government regulation; and

(4) by fostering the research and development necessary to preserve the vitality of Canadian business of all sizes.

Mr. Deputy Speaker: Order, please. When the debate was interrupted at six o'clock, the hon. member for Parry Sound-Muskoka (Mr. Darling) had about one minute remaining.

Mr. Darling: Mr. Speaker, not much can be said in one minute, so I will defer to the next speaker.

Mr. Roy MacLaren (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, that was an admirably brief statement from the hon. member opposite. However, we have heard some rather longer statements today, which to my mind indicates how little some hon. members opposite appreciate what has been happening in the area of government support for the small business sector. The opposition motion might have been relevant 30 years ago, 20 years ago or perhaps even ten years ago, but today the motion seems to reflect the curiously anachronistic character of the party which sponsored it.

In any event, let us start at the beginning, because evidently hon. members opposite need information about what the national government is doing in terms of support and incentive for the growth of small business in Canada.

Back in 1976, some five years ago, this government appointed Canada's first minister of state for small business. Since then our efforts to assist small business have proliferated to the point where one of the outstanding, and occasionally justified, complaints of small businessmen was that they have been unable to find their way through the various programs offered by both the federal and provincial governments.

Accordingly, the Department of Industry, Trade and Commerce, through its regional offices located in every province and territory, and its unique small business secretariat, has maintained continuous contact with the small business community. Instant telephone service is available at all times to provide small businessmen with the information they require about the variety of services available. Of course, I want to emphasize that in addition to those services provided by the public service, members of Parliament, at least from this side of the House, have their doors open on all occasions to small businessmen seeking assistance.

● (2010)

It is obviously impossible in the short time allocated this evening to review all the efforts made by the national government to assist the growth of that essential sector of our economy, the small business sector; efforts which, I might note, have won the praise of chambers of commerce, boards of trade, and indeed of the Canadian Federation of Independent Business. However, since there seems to be some confusion in the minds of the members opposite about those programs, I wish to note a few highlights.

Some members may recall, for example, that we have introduced income tax measures which benefit small businesses by about $2 billion annually. Secondly, we have responded to the requests of individual entrepreneurs and business associations by reducing the amount of the paper burden that has proven increasingly bothersome to business over the past decades. Resultant savings amount now to something over $300 million annually. I only wish that some provincial governments had been equally imaginative and also had reduced that time-consuming demand facing the small businessman. We have greatly increased the opportunities for Canadian suppliers, especially small businesses, to obtain government contracts, often working nationally with provincial governments to achieve maximum benefit. Incidentally, for small businessmen with complaints about paperwork, red tape, excessive government regulation, or indeed any other problem, we have created a small business advocacy office within the small business secretariat.

Government help first becomes available, Mr. Speaker, when an entrepreneur is starting or contemplates expanding his existing operation. In such circumstances, his main concern is to obtain sound financing. Although the commercial banks necessarily remain the principal source of capital, some firms have continued to encounter difficulty in obtaining funds from them. However, these firms have access to the Federal Business Development Bank, an expanding corporation owned by the people of Canada which now has more than 100 branches across the country. Although the bank assists businesses of every size and variety, emphasis is placed on helping small business. In fact, of the 165,000 loans granted by the bank in 1979, over 90 per cent were for $100,000 or less, with the average loan being only about $50,000, obviously in response to the particular needs of small business. Customers of the FBDB may borrow in order to acquire land or to improve their buildings or equipment, to strengthen their working capital, or indeed to establish a new business. The point I wish to make in referring to the activities of the FBDB is simply that venture capital is available and indeed has been available in increasing amounts for some time. Not including the much larger level of direct loans now amounting to some $840 million to over 40,000 customers across Canada, the bank has recently embarked upon direct equity investment. This now amounts to some $25 million, which is in effect invested in the dreams and aspirations of Canadian entrepreneurs.

I should also briefly mention that the bank extends other services to businessmen, for example, the important services of counselling which are often provided by retired experts from the business community, and management training and investment services are available from the bank. Opposition members will, I hope, join with government members in referring their constituents interested in small business assistance to the local branch of the bank.

Another instance, Mr. Speaker, where government has encouraged venture capital development is through the Canada Development Corporation. The CDC has an important subsidiary which unfortunately is not generally recognized, called Canada Ventures. It in turn has significant holdings in several of Canada's major venture capital compa-

nies. Yet another source of financial assistance is provided by the Small Businesses Loans Act under which the government guarantees loans mades by commercial banks and other private sector financial institutions to assist small business to start up and to expand. I would note that last year this government raised the ceiling on such loans to $100,000. With the guarantee provided by this act, commercial banks, for example, are encouraged to make loans to small businesses which they might otherwise consider too risky. I might also note that last year the bank expanded its capacity by increasing the total amount that may be advanced from some $200 million to $475 million.

I have only sketched in outline, Mr. Speaker, the degree and variety of federal small business assistance. Once a small business has been established, however, there are a number of federal tax measures geared to promote and foster its growth. Let me mention one or two of the more important. Small business tax deductions substantially reduce the impact of federal taxes. What is the effect? Obviously the cash flow of the business improves substantially; there can be no question that the small business thereby gains in terms of its ability to reinvest, to expand and indeed to have a diminished need for financing from outside sources. Our government also extends assistance to small business for capital losses, which differs substantially from that afforded larger corporations. Small business investors are permitted unlimited deduction of their eligible capital losses from their income, a great advantage not available to larger enterprises.

Federal money, Mr. Speaker, is available to help small businesses improve their energy technology, a subject very much in the minds of Canadians today. We are working through the small business secretariat and the Department of Energy, Mines and Resources to improve the efficiency of energy use in small businesses. We have recently announced our intention to widen the extent of that commitment. Financial support is, for example, offered for research and demonstration projects to ensure that there is greater energy conservation in industrial processes. I might mention that only a fortnight or so ago the Minister of Energy, Mines and Resources (Mr. Lalonde) opened in Winnipeg the new headquarters of Canartech, the Crown corporation created to promote renewable energy technology. That technology is to be developed, through the use of small businesses in particular to promote small businesses engaged in the provision of renewable energy. I do not doubt that we shall see that Crown corporation grow into one of the most imaginative and effective catalysts for small business development.

● (2020)

Another source of federal assistance upon which I would like to touch for a moment with regard to energy management and conservation is a program that, when applied by industry, has substantially reduced energy consumption in the industrial processes, bringing spectacular savings for small businessmen as well as larger corporations that can reduce their expenditures for fuel and electricity.

The fourth part of the opposition motion before us touches on the question of federal government support for research and development. The first three parts of the opposition motion pertain particularly to small business. The fourth part alleges that the federal government has been laggard in providing support for all types of business in the area of research and development. However, I would ask the mover of the motion and other hon. members opposite to note that only recently the business community widely welcomed the announcement that our government intends to raise the national research and development expenditure to 1.5 per cent of Canada's gross national product four years from now, in 1985.

The government itself will contribute about one third of this targeted figure, but in total it represents a co-operative effort with the private sector. Small businesses which have a particularly important part to play in entrepreneurship and in innovative technology, offer some of the best prospects for growth in research and development.

To that end, the federal government will spend about $200 million more this year than last year on research and development so as to move us toward the attainment of our national target of 1.5 per cent of the gross national product. Obviously a part of those funds will be channelled toward university research and development, some will go to government programs themselves, but a substantial proportion will go to co-operative programs with industry. We have already seen emerging in the private sector a concentration of R and D resources on space, communications and energy technology. But I have no doubt that in those areas the support of the federal government has been warmly welcomed and that the support will continue and expand in the future.

Also there are tax incentives available to companies engaged in research and development. Only 100 companies took advantage of those tax incentives as recently as 1977. But the following year the number ballooned to almost 500. That growth has continued, giving substance to the claim that the program is obviously taking effect.

I could continue about the work of the federal government in the area of research and development which the hon. member opposite seems to ignore or of which he is unaware. I want to note that fiscal incentives in the form of tax credits and accelerated write-offs have already had a substantial impact. The second area of concern is the general support programs of the federal government. Further recent initiatives indicate that funds are generally available for financing any sound project, irrespective of the industry sector in which it happens to fall. In that connection, small business support is particularly in the minds of those administering the program.

Also I want to draw attention to the government's policy of contracting out research and development which can have a major benefit on the growth and diversification of activities on the part of companies engaged in high technology areas.

I want to draw attention also to the industrial R and D available through a growing number of programs announced in recent months, programs which were virtually unknown only a few years ago. For example, the enterprise development pro-

gram has a special fund for microelectronics. In the area of energy, the Department of Energy, Mines and Resources and the Ministry of State for Small Businesses have a co-operative program in research. The Department of Communications recently had a major program which led to the development of Telidon, one of the more promising successes of Canadian technology in recent years.

I draw the attention of hon. members to the programs in aerospace which not only involve a significant number of major corporations, but also contribute substantially to the growing competence of a number of small enterprises. All these programs, of which the hon. member opposite seems either to be unaware or whose real importance he does not evaluate, require funds, of course. It seems to me idle for some members opposite to call for substantial reductions in government spending and at the same time to advocate expanded activities on the part of government to finance research and development and incentives for the growth of small business in Canada.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. parliamentary secretary, but the time allotted to him has expired.

Mr. Simon de Jong (Regina East): Mr. Speaker, I wish to join in the debate this evening on the motion before us, and particularly to deal with the importance of research and development. It must play an important part in the development of a viable and strong small business sector in Canada today.

There is no doubt that various reports, very often commissioned by the government opposite, and various commissions, have shown the importance research and development can play in terms of creating jobs, increased productivity and increased exports, and helping with our balance of payments.

For example, Mr. Pocock, a researcher for the Lamontagne Commission on Research and Development stated:

> —if Canada had had a GERD of 1.5 per cent in 1978 and assuming 85 per cent of the increase would have been an increase in R&D by industry, there would have been an extra 10,600 jobs for scientists and engineers, which would have also resulted in a total of 1.52 million extra jobs created in new industrial activity and an extra $15.54 billion in exports.

It is amazing when government planners opposite look at ways and means to reduce unemployment and our adverse balance of payments that they do not listen and do not remember the recommendations and words of their own thinkers, their own commissions or their own inquiries. We know that sometimes the Liberals enjoy appointing royal commissions. They enjoy receiving reports and commissioning studies; but not very often do we see the government acting on its own recommendations and findings. Do I need to say that the benefits of increasing research and development would result in increased employment, greater output, greater productivity, improved competitiveness by Canadian industry and businessmen and, indeed, lower prices?

• (2030)

Since I am the critic for science and technology of the New Democratic Party and since I faithfully attend all of the committee meetings, I have learned a great deal. For example, I learned of the Industrial Research Assistance Program of the National Research Council. The NRC conducted an analysis of its program for the years 1973 to 1977. It took the 400 industrial projects represented by 250 companies and the IRAP invested some $93 million of public money which was matched dollar for dollar by private industry. These were the results of the analysis. The investment of some $93 million of private money resulted in a $1.8 billion return to the industries. In other words, it was a return of one dollar for every dollar. The government coffers were increased by some $350 million in taxes which were collected as a result of this investment.

The previous speaker from the government side indicated that the opposition was crying for fewer government expenditures. In some ways we are. I agree in some ways with the Conservative members to my right who say that there can be some trimming in the government's activities. Expenditures in the research and development field are not expenditures, they are an investment. It is an investment which will yield a return of greater tax dollars, of greater economic activity and employment. It is an investment in the country and in its human resources. The IRAP program is but one example of the success which direct investment in research and development can give to the country as a whole. There are several modifications to the IRAP program. For example, there is the mini-IRAP program which is especially geared to smaller industries. What this particular type of program does is to give access to the business community to the biggest resource and the greatest scientific knowledge in this country, that is, public knowledge and public research in the field of science and technology.

The goal of increasing our research and development to 1.5 per cent of our gross national product is certainly not a new goal. I believe it was in 1968 that we heard the government opposite suggesting this goal. It was repeated in 1972 by the Lamontagne commission. In fact, that commission suggested, I understand, that up to 2 per cent of our gross national product should go to research and development. So, the government must understand that when it trots out with a new goal of 1.5 per cent for 1985, the Canadian public and the opposition remain a little sceptical. Our position is to wait and see.

Finally, I hope that the government is serious about increasing research and development in this country and that we will see some action. In some ways the jury is still out. Definitely, some of the five year plans proposed by such funding agencies as the Natural Science and Engineering Research Council have not been met. For example, the NSERC funding has not reached the level which the five-year plan projected for the second year—it is still below. The government has still not given it's commitment to these research organizations.

We are finding that the universities, which are essential if we are to have the trained personnel to fulfil our objectives,

are afraid. They are afraid that they will see a continuing decline in funding. Young university students are not completing their doctorate programs; they are not even commencing their master's programs because there is no assurance that there will be jobs for them. There is a general feeling of insecurity in the scientific community as to what the commitment of this government is and what the future will be. This will affect the business community as well.

One of the major reasons why we have very low expenditures in research and development in Canada compared to other developed countries is to be found in our economic and business structure. Our expenditure is roughly on par with what Portugal and Ireland spend on research and development. Why is this? The major reason is that private industry has not contributed to research and development activities as it has in other countries.

I would like to read into the record the OECD international comparisons for R and D funding shares as a percentile for 1977 in various countries. For example, in Denmark industry contributed 51.3 per cent, in Finland it was 55.3 per cent, in France 41.1 per cent, in Germany 55.6 per cent, in Japan 65.8 per cent, in Norway 40.8 per cent, in Sweden 59.3 per cent and in the U.S.A. 43.9 per cent. In Canada the percentage is 35.8 per cent—dismally low. It is not small Canadian industry that is to blame. Canadian industry invests in research and development roughly on par with other countries. The fault is that much of the Canadian economy is controlled by multinational firms; and these firms, for a variety of reasons, prefer to do their research outside Canada. One of the two main reasons is that multinational firms have access to high technology from the parent company. Since we are a branch plant economy, there is no reason for them to do their research in the branch plant. This flow of technology across the border has hindered the development of a viable research and development community in Canada. This is the central problem which the government must tackle if we are to achieve our goal of 1.5 per cent. There is no indication that the government is willing or capable of tackling this essential problem. It is not that it does not know about it. The Science Council of Canada have pointed out in various reports the basic structural problem which exists in Canada and which prevents us from achieving our stated goal.

There are no solutions coming from this government. In fact, the slide continues, the slide that we saw during the 1970s when there was a decrease in the expenditures on research and development. We in the New Democratic Party believe that science and the development which flows from it, for example new technology, can and should be used as an important instrument by which Canadians can achieve a great measure of control over their destiny. We believe that R and D should rate a higher priority. It should have an essential priority in the development of any industrial, economic and social strategy for Canada.

We do not believe that throwing money into research and development is a solution. In the past, this government has spent huge sums of money on R and D from which multinational oil companies have benefited greatly. Technologies have been developed to which the Canadian public has no access but for which it has paid. This is not an appropriate type of research and development that we would talk about. We suggest that in Canada we agree with what the National Research Council of Canada presented in its five-year plan entitled "The Urgent Investment". I would like to quote three sentences from that report:

> Because of Canada's comparatively low population and its unique geographical distribution, a large portion of Canada's manufactured goods is produced in relatively low volume. The technology introduced here must have the flexibility to reduce the inefficiencies found in traditional low volume production techniques.

The National Research Council in its five-year plan refers briefly to the appropriate technologies which we should develop in Canada because they are appropriate to us as a country. I mentioned before that we in this party believe that research and development must play an important part if we are to gain a measure of control over our destinies. It is not enough for us as a country to react to technological innovations all over the globe. It is not enough for us as a society to continually react. Surely we must begin to be in control of events. That is why we feel that the public has an important part to play in developing proper research strategies.

● (2040)

It is also important for us to develop the appropriate technologies. Very often these are not heavily capital intensive but are those that allow local self-sufficiency to develop and a move away from the large, capital intensive, centrally and globally controlled production toward greater decentralization and self-sufficiency.

I feel that this direction is very appropriate for our country, Mr. Speaker. It is an opportunity for Canada to make a significant contribution to the development of Third World countries in particular. It is also an area very appropriate for small Canadian businesses. It would strengthen small Canadian businesses immeasurably. Instead of technologies that require heavy capital funding that depend on the international capital markets, that depend on technologies whose patents are controlled and owned outside our borders, we would, should, and could, develop technologies appropriate to the small-scale production which is suited to our population and which would allow greater participation by small businesses. It would also be more labour intensive.

In the last few decades, small businesses have been wiped out all over the world and markets are controlled by larger and larger firms. High interest rates are but a continuation of this. The economic policies of this government and, in fact, the former Conservative government, and the attitude toward research and development, have all helped to engender a greater concentration on and control over the productive forces.

We suggest that there is a way out, Mr. Speaker. Indeed, research into the appropriate technologies for energy, food production and all the other basic human needs, would make this country into a new, more contemporary country—a coun-

try which has a great deal of control over its destiny. It would allow this country to have the self-sufficiency and freedom that it does not have at present.

In conclusion, Mr. Speaker, I wish to say that much of what my colleagues in the Conservative party suggested today makes sense, particularly when they spoke of the neglect of research and development in this country. I hope the government is taking note of the presentations made in the various committees about the need to develop some clear plans for the future that would allow a strong and viable research community to grow in this country, that would benefit small business, the workers and the farmers, and that would make Canada a stronger country.

Some hon. Members: Hear, hear!

Mr. Bill Vankoughnet (Hastings-Frontenac-Lennox and Addington): Mr. Speaker, I welcome this opportunity to discuss various important and pressing issues facing Canadians and small business today as a result of the government's economic mismanagement and high interest rate policies.

We have a federal government that has done so little for so many for so long, at the same time as it has done so much to so many for so long. The government has become insensitive and uncaring about the plight of the average and low-income Canadian.

The farm and small business sector along with the consumer and home owner are suffering from the record interest rates that are in place today. To say that the interest rate is high is an understatement; soaring in the clouds is more like it. The government has been soaring high in the clouds for some time without sufficient oxygen to induce clear thinking. Interest rates have taken off like the space shuttle, but with one big difference—the space shuttle came back to earth. The government is taking us on a one-way trip—straight up. I suppose it could use the slogan, "Lost in Space" for its next campaign instead of some of its past logos, such as "The Land is Strong".

The land was strong and it can be strong again, but not under the spell and the rule of the federal government. Inflation, unemployment, interest rates and an energy policy are all important issues, and they need to be solved with leadership and initiative coming from the federal government. Industry needs long-term planning to be effective and competitive in a competitive world. We see countries with few resources become successful world trading nations. The reasons are government support, long-range planning and faith and belief in the country and in the people and, most important, pride in the future.

In Canada we have an abundance of raw materials, know-how and human resources. Many other countries that have done so much with so little must wonder what on earth Canadians need in order to develop their potential. The government should come out of orbit and down to earth and provide some ground control and ground rules for our future.

I have spoken in the House about the need for a comprehensive industrial strategy for Canada, and made specific reference to the textile and clothing industry in particular and the need to ensure that this industry survives and grows. I have stressed the need for the government to ensure that Canadian industry grows for the future so that we do not become dangerously dependent on a wide range of imports.

In its latest report, the textile and clothing board recommended that bilateral agreements and quotas should be extended to cover the period ending December 31, 1990. I supported the industry's position in asking the Minister of Industry, Trade and Commerce (Mr. Gray) and the government to announce the decision on the board's report no later than March 31, 1981, so that business could look with more certainty and support to the future and get on with needed investment and growth.

The industry is still waiting for the government's decision, Mr. Speaker. It is not asking for handouts, but rather for guidance and direction so that it can effectively plan for the future.

The government should realize how important effective planning can be. It lets industry as well as the consumer feel confident about tomorrow and the day after. Planning offers incentives for advancement and the confidence to pursue this. It gets people stirred up in a constructive way. Idleness becomes eagerness, as Canadians are restored to working hard for that great concept of Canada.

Investors need confidence to make the large-scale commitments necessary today. Farming is very big business, even though it could be classified as small business. Start-up costs are extremely high, taking into account necessary machinery and land purchases. The textile and clothing industry requires large capital outlays as well. Such long-range expenditures require future security, and this in turn requires government support through an effective industrial strategy.

The government must combine this with effective emphasis on fostering research and development. This is the key to the future. We cannot sit around on our hands or our laurels and expect to compete or prosper. We can see examples of this in such cases as the British and Japanese automobile industries.

For years Britain had a thriving automobile industry. Then we saw the results of the Japanese introduction of intensive research and development. The British automobile industry was hard hit. We must ensure that our industries do not suffer the same fate.

Research and development and adequate technical training should be high on the government's list of priorities. The success of small and large business in the future requires a co-ordinated effort combined with a comprehensive industrial strategy. This is a big job but it is not insurmountable. Other countries have done it and so can we.

The government must realize the serious state of our economy and must direct its energies to priority issues. Let us tackle the bread and butter issues of inflation, unemployment and high interest rates, and then many of the other concerns will be

mitigated. If theories are not working, then the government must take some initiative and act, not sit back and watch the country slide down the rungs of the economic ladder.

● (2050)

Gross economic mismanagement and throwaway overspending have left Canada with a huge deficit and unhealthy interest payments. The government needs a plan to reduce the deficit in the hope of trying to get Canada back on its feet. While in opposition, the Liberals condemned the government of the day for high bank interest rates of some 14 per cent. On January 12, 1980, in Toronto the present Prime Minister (Mr. Trudeau) said the following:

We have an economic program for the 1980s which will enhance dignity, create opportunity, and provide security.

Since the Liberals took office, the bank rate has risen from 14 per cent to a record 19.06 per cent, as recently announced. The government says it can do nothing about this sorry trend. The truth is that the government cannot be bothered to do anything for the people of Canada who are being so burdened by present economic developments. For many Canadians their universe, instead of unfolding as it should, is closing around them.

The present economic policy of the federal government is a nightmare for small business, for home owners renewing mortgages and for farmers. High interest rates are said to slow down borrowing and spending in an effort to curb inflation. This might have some validity for needless expenditures or certain luxuries, but it is not fair for the Canadian home owner who has to renew his mortgage. This is not a frivolous expenditure, although in light of present government policy it certainly looks more like a luxury when it should, in effect, be a right.

The home owner has already borrowed this money to buy his house and is striving to pay off such a loan. This is not a deliberate new expenditure with new borrowed money to fuel inflation. Yet the home owner is forced to renew this existing debt at greatly increased interest costs in order to maintain the home in which he and his family live.

The government should realize the seriousness and unfairness of this situation and bring in some positive measure to aid home owners facing such high interest increases. We need action now.

Canada is its people and Canada's health and welfare depends on that of its people. How can a country be strong when its economic backbone, comprising small business and the farming industry, are scrambling to make ends meet instead of planning with certainty for the future? The answer is that it cannot. Government cannot sit back and wait for the bubble to burst. The nation, its industry, business and people, need action now. Confidence in the marketplace is essential for planning and future growth.

The present government promised to hold the line on government spending growth to under the rate of the Gross National Product and yet we see spending growth in fiscal year 1980-1981 at 15.2 per cent, compared to the nominal GNP growth of 10.7 per cent.

The annual federal deficit is at a high $14 billion, and we pay over $11 billion a year on interest payments alone. These factors, along with borrowing on the foreign markets, are fuelling inflation. The federal government wants Canadians to show restraint and help combat inflation. Canadians would like the federal government to set an example and show some restraint and responsibility to commence and maintain the fight against inflation.

The average Canadian citizen is reeling from the current economic situation before us today. Their standard of living appears to be decreasing despite their efforts to get ahead. And yet, at the same time there is a $51 million increase in expenditures on the correctional service of Canada. This must seem hard to understand for the average law-abiding citizen who works to better himself in society. Perhaps such an amount of money would have been better spent if directed toward some mortgage assistance fund for home owners or to fund a program to aid small business and farmers in difficulty during these difficult times.

We have seen how the uncertainties of the National Energy Program have caused havoc in the oil and gas industry in Canada. This affects businesses both large and small. The government's Canadianization of the industry is at huge cost to the taxpayer while not ensuring one new drop of oil. Drilling exploration and capital expenditures are down substantially because of this program, along with a significant decrease in jobs in the industry. This slowdown is felt across Canada in the operations that supply the industry.

Energy supplies and costs are a significant aspect of the cost of doing business to both small business and large-scale business. Again, it is hard for business to plan and to budget when there exists so much uncertainty in the market today. We have been faced with a multitude of energy increases since the last federal election. Relations with the producing provinces have suffered because of the National Energy Program and the Constitution, both imposed on Canadians by the present government. All this leads to uncertainty in the marketplace.

The government is not setting the proper framework to produce the confidence and enthusiasm for investors and business to expand. This framework is needed now so that we can rebuild our economy, fight inflation and unemployment and return to the lifestyle Canadians used to enjoy. We have the potential, and what we need now is leadership and confidence which all together can snowball into a dynamic future for Canada. Concrete measures need to be taken.

While in power, the Progressive Conservative government introduced the small business development bond when interest rates started to climb. This was done in an effort to bring relief to incorporated small businesses. The measure was adopted by the present government and passed by the House in February of this year. After pressure from the Progressive Conservative party along with the business community, the small business development bond was extended to the end of 1981 for qualified borrowers.

This measure has been of great help to small businesses, especially in light of the escalating interest rates. The bond is

helping to instil some growth in the economy by providing the vehicle to provide the capital needed to carry out plans for the expansion and renovation of businesses.

The government should look at the possibility of extending this measure to unincorporated businesses so that more farmers and small businesses could benefit.

Small business in general needs some relief from the crippling interest rates at which many of them are forced to borrow money. Programs, such as the small business development bond, are useful as positive government measures designed to support Canadian business.

Let us build up Canadian business with pride and give it the support it deserves. These small businesses and farm operations are run by our friends, neighbours and constituents, all fellow Canadians. They contribute to our lifestyle and our economic cycle. When their businesses are strong and growing we all benefit.

We must keep Canadian money in Canada to help Canadians. It does not make much sense to me to pay foreign countries, such as Mexico, millions and millions of dollars for oil when at the same time we pay fellow Canadians much less for a superior product produced at home. That money leaves Canada, much of it forever. Our borrowing on the foreign market has run up an unhealthy deficit which the government seems unable to control. Money that should be used for a variety of constructive measures goes just to try to pay the interest charges on the government's deficit. This adds to the inflation cycle. It is not a good way to run a business, let alone a country.

Canada has the potential to be great, and I think the people realize this. Government can co-exist with business in a free enterprise system without the aspect of socializing everything. There are many options open to a conscientious and responsible government willing to implement realistic long-term solutions for the good of the country. This can be done without stifling business with regulation upon regulation. A prime example of this is the metric madness before us today.

Therefore, I ask the government to come down to earth because that is where the people of Canada are living and trying to cope. A far-reaching and comprehensive industrial policy to allow business to plan for the future is needed to provide a stimulus for growth. Interest rates must be brought under control so that businesses can move ahead, not go under. Programs, such as the small business development bond, should be explored and made available to those businesses who need assistance before it is too late. Canadians want to be able to pay their mortgages while, at the same time, enjoying life, not mortgaging it away.

The government has much work ahead of it. It must build a strong foundation and attack the roots of our economic problems. Inflation must be brought under control and steadily reduced. The present administration has spent years getting Canada into its present condition with irresponsible spending and short-term inconsistencies. I would not be surprised if the government tried to reintroduce wage and price controls after they had taken us even further down the road. The government cannot patch up its past mistakes with cosmetic measures. They put us into this economic mess and their meddling will only make things worse.

● (2100)

The people of Canada deserve better treatment and realistic long-term solutions, such as those proposed by the Clark Conservative government and the new U.S. administration.

Mr. Ralph Ferguson (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): Mr. Speaker, I welcome this opportunity to take part in the debate this evening. While listening to the speakers this afternoon and this evening, I could not help thinking that perhaps they have overlooked a great deal that has been brought in by this government.

This afternoon we heard mention of the introduction of wages paid to spouses as a business expense. The rate of taxation on small businesses is lower as compared to larger corporations; it is 15.75 per cent. This lower rate is a clear advantage for small Canadian-owned businesses.

Some members feel we are not doing enough research and development. We have a 25 per cent tax credit for research and development. This measure is designed to encourage venture capital and more Canadian research and development here in this country.

The small business development bond issue was spoken about this afternoon, as well as the Small Businesses Loans Act and amendments to the Federal Business Development Bank. The Federal Business Development Bank is one of the few lending institutions in this period of time in Canada which lends at a fixed interest rate that is renewable or renegotiable after three years.

We heard about the retail scale conversion program to metric which is estimated to cost between $45 million and $50 million. The government provides assistance with regard to retail scales of less than 100 kilograms. Remission of duty is available on imported conversion parts. Such parts are exempt from federal sales tax and are written off as an expense for business. A few days ago we heard indications that none of these are manufactured in Canada. They are manufactured in Canada, one of the plants being in Toronto.

I welcome this opportunity given me today to speak, for example, about the reduction of the paper burden that cuts the paper work required. This government initiative provides for the retention of records for only six years and allows for the submitting of customs and excise documents on a monthly basis. This is a very important move on behalf of the government to assist the small business person.

I would like to elaborate briefly on four major initiatives taken by four different groups pursuing a common goal, namely the alleviation of the paper burden and regulation on the small business community.

In February, 1978, the then minister of state for small business was charged with the responsibility of creating a

small business focal point in government, of finding solutions to specific paper burden problems, as well as of identifying long-term methods to alleviate this problem.

After listening to the small business community's complaints, suggestions and requests, after consulting and negotiating with the various departments, the present Minister of State for Small Businesses and Tourism (Mr. Lapointe) was in a position to put forward to cabinet a series of recommendations to reduce the paper burden stemming from government forms, reports and surveys, record-keeping requirements and unnecessarily complex regulations and procedures; the two major irritants to small businesses.

These specific measures, developed in co-operation with most government departments, resulted in annual savings to business of at least $300 million per year. These results would not have been achieved without everyone's co-operation in the public and private sectors.

The effort to reduce the paper burden in Canada is a very good example of the kind of action that can be undertaken successfully. Through this activity, however, it was confirmed that the paper burden was only a symptom of, and a direct result from, unnecessarily complex regulations and procedures.

Simultaneously, the federal government, in conjunction with the provincial governments, decided to attack the whole matter of economic regulations. At the meetings of first ministers on February 13-15, 1978, the following was agreed:

> That the whole matter of economic regulations at all levels of government should be referred to the Economic Council of Canada for recommendations for action, in consultation with the provinces and the private sector.

The interim report of the council was produced in November, 1979. It contained procedural recommendations t increase the accountability of government agencies. The report stressed the need for better consultation procedures with affected groups prior to the introduction of new regulatory initiatives through assessments of the costs and benefits of new regulations. This final report, which will be presented to the Prime Minister (Mr. Trudeau) and the government on June 11, 1981, will propose a system for better management of government decisions about economic regulations. It will feature three major components: first, advance notice and consultation; second, prior assessment; and third, periodic evaluation of existing regulatory programs. The efforts of the Economic Council will certainly serve as a catalyst for assessing the existing myriad of regulations and regulatory agencies.

This House also played a very active role in minimizing the regulatory burden on the private sector. A special House committee was formed to make recommendations on regulatory reform. Individuals, groups, provincial governments as well as officials from a variety of federal departments and agencies contributed to the effort of this committee.

The report released on December 19, 1980, contained 29 recommendations aimed at reaching three primary objectives: first, to improve the process whereby new regulations are drafted; second, to re-evaluate the effectiveness of existing regulations on a regular basis; third, to enhance the accountability of regulation-making bodies to cabinet and to Parliament.

This special committee, among many excellent recommendations, stressed the early consultation aspect with the private sector, including the small business community in the following terms:

> The key to more effective regulation involving the least possible burden on the private sector is the participation of a wide variety of interests in the process of regulation from the earliest possible stage.

While this committee found widespread support for regulatory reform from the public and private sectors, it did not obtain the same total support for "deregulation". However, we are positive that, in some instances, deregulation will result from the implementation of some of the committee's recommendations. This initiative will create major benefits for the small business sector.

Another example that proves the government's commitment to regulatory reform and, by the way, to help the small business sector, is the fact that the President of the Treasury Board (Mr. Johnston) has been assigned by the Prime Minister the responsibility to oversee and co-ordinate the government's regulatory reform efforts. I understand that good progress is being made in the elimination of unused, ineffective and undesirable laws and that a bill to this effect will be introduced very shortly.

Another activity that retains the attention of the small business sector is the one related to the guidelines for standardizing and, in some cases, reducing the periods of time for which the federal records must be retained by the business community. An interdepartmental committee, under the chairmanship of the co-ordinator, regulatory reform, is actively involved in the work, with the participation of all departments which administer statutes requiring the private sector to keep records. Ten other major projects now fall under the responsibility of that committee, projects which should have a greater impact on the small business community.

● (2110)

In my remarks today, Mr. Speaker, I have tried to show factually the serious commitment of the government toward reducing the paper burden and the regulations required of the small business community. These different approaches reflect the wisdom of the government in recognizing the fact that any effort to reduce the paper burden and the regulations must not compromise the needed flow of information. We all want regulatory reform. Great care and thought is needed to design the changes required. I believe the government is on the right track in this area of great importance to the private sector. The small business community is looking to this House for leadership and guidance in the matter of regulations and paper burden. Certainly we cannot and will not disappoint this important group. Thank you very much, Mr. Speaker.

Mr. Bill Wright (Calgary North): Mr. Speaker, I rise to discuss this most important motion presented by the hon. member for Burlington (Mr. Kempling). I should like to read

it into the record once again because of its importance. It states:

> That this House condemns the government for ignoring the consequences of its high interest policy and for its failure to assist the small business sector in Canada
>
> (1) by increasing and extending the small business development bond program;
>
> (2) by encouraging venture capital investment by means of appropriate tax adjustments;
>
> (3) by relieving the small business sector from the massive weight of government regulation; and
>
> (4) by fostering the research and development necessary to preserve the vitality of Canadian businesses of all sizes.

I should like to discuss just a couple of things relating to this motion. My colleagues have addressed most of the matters, but let me deal first with the high interest rate policy of this government. I do not think there is anyone here who would deny that the high interest rate policy is ruining many individuals, many business people and many farmers in Canada. It is particularly hard on senior citizens and people on fixed incomes.

We have a prime rate in Canada of 19.5 per cent, but most people cannot borrow at that rate. That rate is only for the most credit-worthy customers of the chartered banks. Most people who borrow must borrow at commercial rates of around 20 per cent, 21 per cent or 22 per cent. Those who owe money through credit card use, pay anywhere from 24 per cent to 30 per cent, and those who borrow from finance companies, are paying 26 per cent, 27 per cent or 28 per cent. Those who are forced to borrow through second mortgages, are in some cases paying up to 35 per cent.

It is an atrocious situation when we have to put up with a government with another three years to go which is dedicated to high interest rates and more deficits. This government has no fiscal policy to speak of and it cannot defend this policy.

If we consider some of the rates in other countries and make a comparison of the inflation rates, we can see some of the areas in which we have gone wrong. In Canada we have a prime rate of 19.5 per cent with an inflation rate of 13.9 per cent, and rising. That is the bad feature. Our interest rates are going up while the interest rates in other countries are going down.

The United States at present has a prime interest rate of 20.5 per cent with an inflation rate of 10.2 per cent, and many economists suggest it is going down. If it does, it will pull ours along with it, as is usually the case when that economy recovers.

Germany has a prime interest rate of 12 per cent—and many businesses there are unhappy about that rate—with an inflation rate of only 5.6 per cent. That is a country which 35 years ago was ravished, with nothing left of its business community.

Japan has a prime interest rate of around 7 per cent with an inflation rate of 6.2 per cent. That country was also ravished, perhaps even worse than Germany in some respects.

I find it very strange that about one year ago the governor of the Bank of Canada stood before the committee on finance and said, "I will not allow the inflation rate to go to 15 per cent; under no conditions will I allow it". The rate is now almost at 14 per cent and is going up. What has happened to the governor of the Bank of Canada? I suggest he is simply following the instructions of the Minister of Finance (Mr. MacEachen). The Minister of Finance has no alternative, because of the deficits of this government but to keep interest rates high in order to encourage investors to buy Government of Canada bonds.

Government borrowings now account for over 50 per cent of all borrowing in Canada compared to 25 per cent 15 years ago. In the last seven years we have had over $20 billion in deficits. In this current year we have a $14 billion deficit, but the government is telling us it is going down. I do not believe that. Government spending is going up by 16 per cent this year. We know the estimates the government provides are not true estimates. If you or I as an individual were to show an expense of $7,000 on our income tax return, the Department of Revenue would assume that was a true expense. If we had $3,000 in revenue which we applied against those expenses, they would not be true expenses. Our expenses then should be $10,000. That is what the government is doing with its estimates. It uses the netting effect. What we see as government expenditures of approximately $61 billion is not a true figure; it is false. Of the $3.8 billion we are paying out for imported oil, the government is showing approximately $500 million. It is not showing the true figures, and this sort of thing goes on and on in the estimates. This is the netting effect. This is not a $61 billion or $64 billion expenditure, it is something more like $80 billion or $90 billion.

Once again the government does not want the people of Canada to know this and it says it will look after it. The government is spending approximately 25 per cent more than it is taking in. This is unbelievable, but it has been doing it for years. About 20 cents of every dollar the government takes in is used just to service debt. The government has no intention of ever paying off its debts. How could a small business or an individual operate like that? The government would never allow them to do that.

Just last week I did an analysis of the money supply in Canada and its relationship to inflation. In the mid-1970s the government told us it would have to control the rate of growth of the money supply—which is credit—so that it could control inflation. But when we control the money supply, there is a tendency for interest rates to go up. The government kept telling us that this would benefit us because inflation would be controlled. I have figures here for the last ten years. In only one year, 1977, when the money supply decreased did inflation go down. In four years the money supply increased and inflation decreased. In three years the money supply decreased and inflation increased. In two years the money supply increased and inflation also increased. We cannot control inflation by controlling the money supply unless we can control government spending. That is why this monetary policy of the

government does not work, and that is why small businesses have problems. They do not have access to many lenders. There is only one lender to which they go.

• (2120)

I hate to think of the legacy this Prime Minister is leaving behind. I am afraid the Liberal party will never recover. When this Prime Minister leaves this chamber, members of the Liberal party will be telling us they have new policies and new leaders. It will be the same old story. There will be large deficits, high interest rates and many bankruptices. The small business community is being ignored. Its profits are decreasing. It is not able to finance properly. Seven times in the last five elections this Prime Minister has stood before the people of Canada and said "I will control government spending". Government spending has increased from $500 million in deficits in 1968 to $14 billion annually in 1981. I do not know anyone in Canada who should believe the Prime Minister and the Liberal party, least of all the small business community.

There have been 11 increases in the price of gasoline and heating oil over the past year. Those prices have increased over 50 per cent. Those increases have been presided over by a government which said it would keep gasoline prices down. This government bought heavy oil, unseen, from Mexico. It cannot be refined at Canadian refineries. This government does not know what it is doing.

There are 1.1 million small businesses in Canada. They account for over 66 per cent of the employment and job creation in Canada. The small business community provides more opportunities for both skilled and unskilled labour than any other industry.

In 1979 the Canadian Federation of Independent Business surveyed 9,000 small businesses. Five of the most serious problems cited were, first, finance; second, inflation; third, shortage of skilled help; fourth, government regulation and paper work; and fifth, taxation. I would like to review a couple of these.

The small business development bond was introduced by the Conservative government. Fortunately the Liberal government decided to continue that program. It is a very favourable type of borrowing for small businesses. The terms are good, up to five years. The rate is approximately one half of prime, and small businesses can borrow amounts ranging from $10,000 to $0.5 million. However, small businesses were asked recently why they do not borrow from the small business development bond, and they replied that small businesses have considered, but rejected, government-backed loans because of the danger of becoming entangled in bureaucratic red tape. That red tape keeps getting worse and worse.

Small businesses are particularly hard hit by inflation. There is no question that large businesses can cut back on their inventories in certain areas, but small businesses cannot. There is no question that one of the major problems small businesses are having right now is the high cost of financing their inventories. In few areas other than the area of small business can one say that high financing costs will defeat a business so easily. Small businesses must finance to carry inventories.

Another concern of small business people is government regulation and paper work. Businessmen have told me that 20 per cent of their time is taken up by government regulation and paper work. Even the Minister of State for Small Businesses and Tourism (Mr. Lapointe) admits that there is too much paper work. I was astounded to hear him say this afternoon that there is a six-year limit on the retention of documents. That will not help relieve the paper burden. Having been involved in storing documents in a business for many years, I can tell the House that once documents are put away, they are put away. The biggest problem is the amount of paper which must be gathered each year and put away. The documents which are put aside do not take up anything but space. That is a cost to a business, but it is a minor cost compared with the cost of the time spent doing paper work. This minister tells us he is helping small business, but he really has not solved the problem. He had a lot of gall to say what he said this afternoon.

I am going to present three recommendations to the government tonight. The Minister of Finance is always saying in this House that the opposition never makes any suggestions. The problem is that he is not listening. If I had my way, I would cancel the national energy policy completely. There is no question that that damned policy is ruining Canadians. It accounts for the high interest rates we have right now. Let me explain briefly why. Approximately two billion exploration dollars are leaving the country, and money will continue to leave the country over the next five years. It is not hard to find many businesses in Canada which do nothing else but raise money for Canadian drilling companies drilling in the United States. They are still doing it. It is estimated that the figure is up to $2 billion. I have spoken with representatives of firms which do this, and they have told me that they will raise $2 billion in total each year for the next five years. Fifty per cent of all the drilling rigs which operated in Canada last year are now in the United States, and they are being supported by funds from Canada. That is one of the reasons we have high interest rates.

With respect to the export of natural gas, natural gas firms in western Canada have stated on more than one occasion—and have proved it—that they can export up to 50 per cent more natural gas than they are exporting right now, but the price of natural gas is tied to the price of imported oil. Every time the price of imported oil increases, so does the price of natural gas. Those prices should not be tied. Natural gas has nothing to do with imported oil. It is not an import. We are exporting natural gas. We have to get away from the formula which ties the price of natural gas to the price of imported crude oil. In 1980 we exported $4 billion worth of natural gas. And that, these firms are telling us, is 50 per cent of what they could do. This is a very serious problem because we are not talking about multinationals but about small Canadian firms which have locked themselves in gas wells for a minimum of five years and they do not know what they are going to do. I

can tell you what they are going to do: they are going to persist until they can no longer finance the wells and then they will be taken over by the governments. That is what this government wants to do. It will buy up these shut-in gas wells for 25 per cent of their real value, which is the value put on them right now by the banks. They are prepared to give credit for 25 per cent of the real value because they will be shut in for up to five years.

• (2130)

My last suggestion to the Liberals is that the government bring in a program related to mortgage interest and property tax credits. I was not here when the Conservative government brought in this policy, but of all the things I have seen this seemed to make the most sense because it has the immediate effect of reducing the financing costs of the average home owner by at least 3 to 4 per cent. My calculations suggest at least that, but it could perhaps be higher depending on the tax bracket. However, surely this government can bend a little on policy and recognize a few of the excellent programs the Conservative government brought in. There are 500,000 home owners renewing their mortgages this year. They just cannot go on with this.

The Minister of Finance was, for lack of a better term, sucked in by the Minister of Energy, Mines and Resources (Mr. Lalonde) on a program to nationalize the oil industry. There is no other word for it. You can talk to the staff in his department and they will tell you that they have a policy to nationalize the oil industry. If you want to read some of the books of our Prime Minister (Mr. Trudeau), it says right there that the way to socialize or nationalize this country is to make sure that private industry does not work.

Some hon. Members: That is right.

Mr. Wright: It says that in those words. You have to make sure private enterprise in this country does not work. And who operates 66 per cent of the business in Canada but small businessmen?

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but his time has expired.

Mr. Jim Schroder (Guelph): Mr. Speaker, I am pleased to add my voice to this debate. My constituency has a large number of small businesses, and we value them very highly. I am sure that everyone realizes the answers to our economic problems are not simple ones. They are complex problems and we do not want to be like that great knight Sir Ronald, the hero in Stephen Leacock's novel, who jumped upon his horse and rode off in all directions.

The question of who invented the small business development bond reminds me of the story about who invented the telephone. They finally came to the conclusion that the answer to this problem had to be that it was conceived in Brantford, Ontario and born in Boston. So I suppose that the small business development bond, we have to agree, was conceived by the opposition when they were in power and was delivered by the Liberal government.

Now, I am somewhat disturbed when our Prime Minister (Mr. Trudeau) is criticized for his leadership in the North-South dialogue, and recently the Minister of Finance (Mr. MacEachen) was criticized for his activities in the World Bank, and I would just like to draw to your attention the fact there is a very close relationship and dependency between the economy of the rich and poor countries of the world.

I would just like to read to you for the record from a supplement to the report of the Parliamentary Task Force on North-South Relations. North-South, what is it? Why should Canadians care? Here are some examples of the consequences which might befall us if the governments of north and south do not curtail and reverse the growth of world poverty. If there is a loan default by only one or two of the ten countries which account for 70 per cent of the $300 billion debt owed mainly to northern banks, the industrialized countries face the possibility of a full-fledged depression. Political instability, fed by massive poverty increases the likelihood one of those isolated skirmishes in the Third World will escalate into super power confrontation, causing us to spend more and more tax dollars fortifying our security systems. Let there be no doubt that there is a relationship.

I would now like to talk for a moment about the small business development bond. The opposition contends that this government has been insensitive to the plight of the small businessman who today faces a record high interest burden. However, these critics choose to belittle an extremely significant interest subsidy that was implemented by this government for small businesses. I am speaking of the small business development bond.

The measure was designed primarily to assist small businesses to expand their operations by enabling them to obtain loans at reduced interest rates to carry out such expansions. However, its scope is much broader than that. It is also designed to assist small businesses that are unable to meet their financial commitments by enabling them to reduce their interest burden.

This latter aspect of the program is often overlooked but can be an extremely important one. For example, let us assume that a small incorporated hardware store owes $100,000 to a bank in respect of the mortgage on the property in which the store carries on its business. The mortgage has come up for renewal and the applicable rate has increased from 10 per cent to 18 per cent. Unfortunately, the actual and expected profits of the business are inadequate to cover this increased expense. The result would be a mortgage foreclosure.

The hardware store in this instance can likely reduce its interest costs to the 10 per cent level on the old mortgage by using the SBDB measure. The paperwork involved is minimal. The store and its bank need only complete a single page election form in respect of the new mortgage and mail it to the Revenue Canada district taxation office to which the store normally mails its annual tax return.

As a result of making such an election, the bank will not be taxed on any interest it earns on the new mortgage. Thus it will earn after tax the same amount on the new mortgage by charging 9 per cent interest as it did on the old mortgage by charging 18 per cent. The administration costs associated with the procedure will probably result in the bank requesting a 10 or 11 per cent rate of return. This rate is not fixed by the government and is completely subject to negotiation by the borrower and the lender.

The bank in the above example does not lose anything by accepting the reduced interest rate since it is not taxed on it. On the contrary, it benefits by the fact the hardware store will be more likely to repay its loan. There is no government department or agency from which the bank or hardware store is required to obtain approval before such a loan is made. However, in practice, cautious lenders often take steps to obtain an assurance from Revenue Canada officials that the prerequisites for making a small business development bond loan are satisfied.

● (2140)

This device can be used by incorporated farmers whose carrying costs have reached unmanageable levels. Although care should be taken to consult the actual small business development bond rules in specific cases, one can say in general that any small incorporated Canadian active business with retained earnings which do not surpass $750,000 which is unable to repay a loan can utilize the small business development bond vehicle to slash its interest costs by almost 50 per cent on up to $500,000 of qualifying debt.

Undoubtedly the opposition will point out that the measure is not available for healthy corporations which, though hard hit by high interest rates, are able to handle their debt load. We acknowledge this fact, but we do not feel the need to apologize for it. The government's interest rate policy would be severely undermined if all small businesses were insulated from its effects. The assistance provided was reserved for those who needed it most.

However, in order to help our economy to recover its former strength and vigour, provision was made in the small business development bond program to assist all small businesses to expand their operations. Thus, even healthy businesses can benefit from the interest rate relief afforded by the program if they use the funds obtained to build new structures, to purchase new equipment, or to carry out scientific research and development. In this manner we hope to foster growth in our economy and to lower levels of unemployment. The measure was restricted to new capital asset purchases in an effort to stimulate simultaneously the manufacturing sector.

The opposition suggested that the measure be made available to unincorporated businesses. The nature of unincorporated businesses is such that it would be very difficult to ensure that borrowed funds were used for permitted purposes, since even the separation of business and personal assets is often unclear in the case of unincorporated businesses.

Further, complex rules would be required to assess the smallness of an unincorporated business, whereas well-known rules already exist to accomplish this objective in respect of incorporated businesses.

I must also point out that the incorporation of the business is now a simple and relatively inexpensive operation. In addition, rules were provided in the small business development bond legislation to permit qualifying assets acquired by unincorporated businesses to qualify when transferred to a newly incorporated company. Further, the existing tax law permits assets to be transferred without tax costs into a new company. In the case of unincorporated farmers and small family businesses, it provides parallel treatment for the intergenerational transfer of shares of a family farm or small business corporation. Thus, there appears to be no valid reason to introduce further complexity into the small business development bond legislation by creating rules for unincorporated businesses.

The suggestion has also been made that the measure be expanded to cover working capital loans. The revenue costs associated with an unlimited expansion to working capital loans are very significant. Our estimates indicate that such costs could attain several million dollars. As indicated, the measure was not intended to be a general interest rate subsidy. Such a subsidy would conflict with the government's over-all policy to reduce inflation. It was designed solely to provide relief in those cases where it was most needed, that is where there was genuine financial difficulty, and most desirable, that is where capital expansion and scientific research were to be done. The preceding considerations are equally applicable to all businesses. There is no justification for an extension of the measure to cover the inventory carrying costs of one particular business group.

Although we are unable to provide actual figures, all our sources in the financial community indicate that the small business development bond program has been very widely used by small businesses in all regions of the country and that it can only, at this point in time, be categorized as an unqualified success.

To summarize, it is erroneous to say that the government has failed to assist the small business sector in Canada. It is true that no general interest rate subsidy was made available to the small business sector. However, as indicated previously, relief was provided in those cases where it was most needed and most desirable. A general interest rate subsidy for the small business sector was not provided for two very important reasons. First, such a move would largely undermine the very purpose which present interest rates are intended to serve. Second, such a program would likely cost the government and taxpayers several hundred million dollars. We are not prepared to adopt such a course of action at this time.

In so far as the possible extension of the program is concerned, such a decision requires that we carefully assess whether there is a continued need for the program and whether it is cost effective. It is much too early to attempt to predict whether there will be a need for the program next year. Further, the data required to assess the cost effectiveness of

the measure is not yet available. These matters will likely be dealt with in the course of our upcoming budget in October.

Some hon. Members: Hear, hear!

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, I was most interested in the eulogy given by the hon. member for Guelph (Mr. Schroder). He read the departmental letter most beautifully. He did not give credit where credit is due.

When the small business development bond program was introduced in the House, the government wanted the bond issue ended on last March 31. It was only as a result of one week of tough debate by this side that the government finally relented and made the bond run until the end of December for new investment.

The hon. member for Guelph read a departmental memo. There are rules in the House about reading things. One usually quotes the author. I hope he tells *Hansard* who the author was so that they can put quotation marks around it.

Mr. Deputy Speaker: Order, please. The hon. member has delivered his speech and it is not in order to reflect in that sense on it. I invite the hon. member for Mississauga South (Mr. Blenkarn) to keep his remarks in the conventional parliamentary context.

Mr. Blenkarn: Certainly I want to keep my remarks in proper parliamentary context, Mr. Speaker. When I came back from my recent trip with the House committee on fiscal arrangements, I received a wonderful booklet; Mr. Speaker probably received it too. It is entitled: "The Government of Canada and the small business". I whipped over to the section entitled: "getting started". It is a fine publication. It is in both languages, of course. It is pocket size. It reads:

> Although the FBDB assists businesses of almost every type and size, special emphasis is put on helping smaller enterprises. In fact, 90 per cent of the 16,500 loans it authorized in 1979 were for $100,000 or less—

The last time I talked to the FDBD, it indicated that it made loans to businessmen at four points over prime. Their prime rate is four points over prime. Its prime rate is 23½ per cent. Its rate for loans which are a bit risky is six points over prime—only 25½ per cent! That is the kind of help this government advertises as giving to small business. Mr. Speaker, that is the kind of help that Household Finance used to offer. Superior Discount used to offer the same kind of help. Those are the kinds of rates that you would go to jail for if you were part of the mafia. This is the brochure the Minister of Finance (Mr. MacEachen) hands out in all seriousness. It is fancy, and well-printed. There are coloured pictures in it of young people who are getting along. Household Finance ads used to look like this. It looks like great stuff. This is the kind of help we receive from the Government of Canada for small business.

● (2150)

In order to borrow $60 million of fresh money on Thursday last, the Government of Canada renewed about $1 billion worth of treasury bills. To borrow $60 million worth of fresh money the government had to bid the rate up to 18.1 per cent. Why did it do that? It wanted to preserve the validity of the Canadian dollar. It wanted to ensure that we did not have a devaluation of our dollar so that the Canadian dollar would remain at about 83.5 cents. So the Government of Canada went out into the marketplace and paid 3 per cent more than the government of the United States had to pay on equal security. Of course we could say that the credit of the Government of Canada is that much worse than the credit of the government of the United States. With our natural resources maybe our credit is worse than the United States.

Mr. Nickerson: Of course it is worse. Look at the kind of government we have.

Mr. Blenkarn: My friend says of course it is worse than the United States. The truth of the matter is that we paid 3 per cent more than the government of the United States paid for money because we do not manage our affairs in Canada properly and because people need that kind of return in order to invest in Canada. This is because we do not have an energy policy which means anything to anybody, because we have a government which drives investors away from the private market. This is what our Prime Minister (Mr. Trudeau) did when he tried to drive investors away from the Canada Development Corporation. Of course we have to pay more—because we have to bribe people to bring their money to Canada.

An hon. Member: They retire here.

Mr. Blenkarn: The hon. member opposite says they retire here. They don't retire here, they retire in a great many other places, but not necessarily here. The hon. member opposite will have to retire soon, when his constituents begin to realize what kind of government he is sponsoring.

Sir, what happens with the prime rate? The Government of Canada creates an interest rate and the banks immediately follow. So, we have a 19.5 per cent prime rate. Let us look at how that works with respect to small business. A small businessman goes to his banker and says, "I need a line of credit for 1981." Let us say that he receives approval for a line of credit of $300,000, which is not that much today. The banker says, "The rate of interest you will have to pay is 1½ over prime." When the small businessman made that arrangement in September of last year, he could have had his interest factor somewhere around 13.5 per cent. Today he is paying 21 per cent. How can he make a profit at 21 per cent? There is no way he can.

The other day I was examining a balance sheet and a proposal for some clients who were organizing the purchase of a business through my law firm. I was giving them advice on the proposal. The business was earning 16.5 per cent. Not very long ago that would have been a pretty good business. But today anyone who bought that kind of business would have to have scrambled eggs for brains. It would be more sensible to go out and buy treasury bills at 18.81 per cent rather than to invest in Canada. That is certainly what is being done. Why is

that the case? It need not be the case, but it is. This is so because of the totally inept financial leadership that we have seen in this country.

When we get into this kind of situation, we are asked by the Minister of Finance to supply some alternative. In the motion before us we have suggested to the minister that here is a tax expenditure method like the small business development bond. We have suggested that he expand the purpose of that bond to allow small businessmen the use of it for inventory, for accounts receivable or for working capital. The Minister of Finance says, "My goodness, my treasury will be raided." But does he talk that way when he allows foreign investors to buy Government of Canada securities, foreign investors who pay no withholding tax and no income tax to Canada when those securities are bought and when interest is received from Canada on them? Not in the least. He said that is quite all right. In fact, foreign investors can come into this country, buy bonds, even corporate ones, and pay no income tax on the interest received from Canada. But when a small businessman wants to borrow from his bank the minister says, "My goodness, you will tear my budget apart. You will rip me asunder." Mr. Speaker, the minister says that the small businessman is not entitled to the same advantages that the big boys are entitled to because this government wants to tax, tax and tax small business since it is not prepared to be imaginative in financing the small businesses of this country. That is why interest rates are between 23 and 25 per cent at the Federal Business Development Bank. That is why we have two situations occurring throughout the country. We have big business able to swallow up the little guys because it has the credit to go to the banks and borrow the money for takeovers, while small business can either try to pass the cost of credit on to consumers or go bust. And the very nature of small business is that there are a number of little fellows in the game competing with one another. The result of this high interest rate policy is that only the very strong will survive—the weak will perish and prices will rise.

When the government says that this interest rate policy is an anti-inflation policy, it is really saying that it is a big business policy, a high price policy—a policy in favour of inflation. There is only one way that business can survive with this kind of policy, and that is to raise prices. If it does not raise prices, it will go bust. That is the result of the high interest policy with which we are faced today.

[*Translation*]

Mr. Deputy Speaker: Order, please. The debate being concluded, pursuant to Section (11) of Standing Order 58, the proceedings on the motion now before the House have expired.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

NATIONAL SECURITY—MISSING TASCHEREAU COMMISSION PAPERS AND MACKENZIE KING DIARY

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, in reply to a question I put to him on April 13 about missing documents in the Taschereau-Mackenzie King papers, the Solicitor General (Mr. Kaplan) indicated to me, as reported at page 9197 of *Hansard,* without so much as batting an eyelid, that his interest in the question was more historical than political because, he said, the loss of one of Mackenzie King's diaries was recorded years ago.

Has it occurred to him to be a little curious about why the diary should have disappeared in 1947? Is he so sure that the Taschereau documentation is complete? If that documentation reveals gaps, what does he propose to do?

Is the man naive? Has he learned nothing from interwar history, or more particularly, from post-war history? Does he give no credence to what those outstanding Russian dissidents, Aleksandr Solzhenitsyn and Andrei Sakharov have been saying about Soviet threats to the west for the past decade or so—not the nuclear threat, but the threat to our social fabric and to our economic organization that the Soviet Union and its workers are set on destroying one way or another? Does he discount such pleas, such urgings, such warnings as mere rhetoric spawned in the minds of overwrought neurotics? Has he written Solzhenitsyn and Sakharov off as kooks? He is ready enough to charge the Soviet Union with bad faith when it comes to mistreating their citizens and denying exit permits to the Shumok's and the Shcharansky's of this world. Why does he refuse to believe the Soviet Union when it says to the West, "We'll bury you"? Why should he berate them in one instance and be ready to exonerate them in the other?

Has he read Sakharov's "Letter from Exile" written in exile in Gorky in May, 1980, and smuggled out of the Soviet Union to appear in print in the *New York Times* Magazine Supplement on June 8, 1980? Does he consider that Sakharov is a raving lunatic when he lists the four groups of citizens in the west who, by reason of their positions in government, in the industrial sector and in the media, are able to promote Soviet influence and expansionist goals? Or does he hold that the Sakharov letter is a forgery? He may have forgotten that Gouzenko said as much in a letter published on October 12, 1968, in the Congressional Record, 20 years after giving evidence in Ottawa.

Why should he think Canada is immune from subversion? Does the loss of documents relating to subversion not make him feel just a little, tiny bit uncomfortable? Is he really

concerned with history and with personal privacy, as he says in answer to my supplementary question? Has he not thought of the implications of the losses for the nation's security? How has he come to convince himself, given the loss of strategic documentation, and for other reasons, that there are no moles at work at various levels in Canada's government service? Strategically important documents do not disappear on their own. They need a helping hand. Whose hand was at work and is it still at work? Is he not concerned about the apparent indifference of the government in determining whether those moles are not still burrowing away? Where are they located or is he so blind because he has been hoodwinked into believing there are no such moles? How naive can the Solicitor General be? Has it not struck him and the Canadian people that, since 1945, Canada is the only major western country which has not had a first-rate spy scandal? To what do we owe this special immunity? I lay this at the door of the government's indifference. It is purblindness or even perversity, whichever is the worst. There may even be a more sinister explanation. Are those moles in Canada being protected by persons in positions of influence?

● (2205)

Britain has had its Philbys, its Burgesses and its MacLeans. More recently it has had its Blunts, and now a shadow is cast over another prominent British secret agent. The Germans have had their problems too, as have the U.S.A. and Australia. Are Canadians such dedicated patriots that we have prevented infiltration entirely? That is difficult to credit. Given our strategic position geographically and politically in the western world, Canada cannot be anything else but a prime target for infiltration and subversion unless, of course, suspicion about our moles had made our friends unwilling to show us any vital secrets. I fear for the future of this country when I am obliged to note the attitude of this government to the live threat confronting us. I am at a loss to know how to shake it up. I am the more fearful when I recall that 35 years ago, the Taschereau report of the Gouzenko investigation mentioned the presence of several spy rings in Canada and referred to the difficulty in identifying the members of more than one of them, namely the Zabotin Ring—

Mr. Deputy Speaker: I regret to interrupt the hon. member but his allotted time has expired.

Mr. Munro (Esquimalt-Saanich): Where are the other rings and why have they not been discovered?

Mr. Norman Kelly (Parliamentary Secretary to the Minister of Supply and Services): Mr. Speaker, we could be here all night if we all attempted to address the broad issues raised by the hon. gentleman opposite. Therefore, I shall restrict my remarks specifically to one portion of his address, namely the Taschereau commission papers.

I am pleased to respond to the question raised by the hon. member for Esquimalt-Saanich (Mr. Munro). In his question of April 13, 1981, the hon. member asked several questions relating to the so-called missing Taschereau commission papers and the so-called missing MacKenzie King diaries. Specifically, the hon. member asked why the minister and his colleagues were "so indifferent to the disappearance of these documents." He also asked for an assurance that an inquiry was taking place within the department and in the department of the Secretary of State, "to make sure every possible clue is being followed up to find out where these documents might be." The minister has asked officials in his department and in other departments of the Government of Canada to attempt to determine the exact composition and present disposition of the documentation relating to the Taschereau commission and the papers of the late prime minister.

It has been determined that there are four known copies of the transcripts of the Taschereau-Kellock royal commission. One copy is divided into ten volumes with two indices and comprises the testimony of 110 witnesses recorded in 6,042 pages. This copy was retained by the Privy Council office until 1963, and then transferred to the Public Archives. It was retrieved by the Privy Council office in 1976 for examination, and returned again in 1978 to the Public Archives. It was withdrawn once again by the Privy Council office in March, 1981, and is the document currently under review for the purposes of eventual publication. This document is complete, and there are no missing sections.

Copies two and three are divided into 49 volumes and both are located at the RCMP archives. These documents are complete. I wish to notify hon. members that the exhibits and miscellaneous papers of the Taschereau-Kellock commission, involving some 601 original statements, personal notebooks of persons interviewed by the commission, etc., are also stored in RCMP archives.

Mr. Deputy Speaker: I regret to interrupt the parliamentary secretary but the time allotted to him has expired.

Mr. Munro (Esquimalt-Saanich): Give him another minute.

[*Translation*]

SUPPLY AND SERVICES—INQUIRY WHETHER FIRE ENGINE CONTRACT HAS BEEN AWARDED TO WALTER TRUCK CANADA

● (2210)

Mr. David Kilgour (Edmonton-Strathcona): Mr. Speaker, last Thursday, I asked a question of the Minister of Supply and Services (Mr. Blais) about the award of a fire engine contract in connection with the Walter Truck affair. The contract has been awarded to the Walter Truck Canada Company, and I thought that I had found certain facts which deserved the attention of the House. The Department of National Defence needed these special crash trucks and the order amounted to $6 million for 32 trucks. The lowest bidder was the firm les Camions Pierre Thibault Inc., of Pierreville, in Quebec, which has a well-established reputation, good Canadian content and the required expertise.

The second lowest bidder was the Walter Truck Canada Company, from Ville D'Ajou, in Quebec. This company was

purchased at the time when the bids were submitted, it had never built fire engines such as those requested and it had neither the staff nor the expertise required when the bid was made. The only thing they had in hand were the plans for a fire truck almost identical to that requested, and indeed the plans were bought from a bankrupt American company. If I may be allowed a comparison, let us say that the Walter Truck Company, at the time of tendering, was as well equipped as any private individual in Canada having in hand the plans for a warship which would meet the requirements of a Supply and Services order. That individual could be awarded the contract without any previous experience in shipbuilding. The least we could say is that such tendering practices are unbelievable. To my supplementary question in this House, the minister answered as follows, and I quote:

—the contract was awarded to the Walter Truck Canada Company because it did guarantee more Canadian content than the lowest bid which was rejected.

In a press interview, the president of the Walter Truck Company, Mr. Georges Laporte, stated on November 11, 1980, he had the plans from an American company and the Canadian content was only 62 per cent, while the Thibault trucks had a 70 per cent content.

As the saying goes in trade talk, it is the pump that makes the fire truck. The Walter pump is made in the U.S.A., while the Thibault pump is manufactured here in Canada. The Pierre Thibault company have been manufacturing all kinds of fire trucks for more than 72 years. The Walter Truck Canada Company is a recently established firm which as of the time tenders were called had never built anything else but snow-plows.

The thought of questioning the integrity of our officials never occurred to me. I was myself a civil servant for ten years and I am sure that they correctly performed the work that they were asked to do. However, one may wonder whether at the time tenders were called there was not a lack of information or at least of flexibility which did not allow for a more serious perusal of that tender nor a greater stress on the benefit of experience, technique and the more competitive prices of Pierre Thibault Inc.

Last Thursday, in reply to a question I asked him, the Minister of Supply and Services said that Walter Truck Canada had a greater Canadian content than Pierre Thibault Inc., that being one of the reasons why it was chosen.

Now, I would like to say, Mr. Speaker, in the few minutes I have left, that that argument simply does not hold water. This company's Canadian content is only 62 per cent. Thibault, on the other hand, states that the Canadian content of its trucks is 70 per cent. Is it the kind of Canadian content that is considered?

This is the answer the minister gave to my first question, and I quote:

—the bids filed were very thoroughly examined.

I wonder, in closing, Mr. Speaker, whether the minister would consider asking for a review by an independent engineering firm to ascertain the quality of the trucks submitted and to determine which is the better one.

• (2215)

[*English*]

Mr. Norman Kelly (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, I want to preface my remarks by saying I am pleased the hon. member has desisted from implying that there has been any wrongdoing by officials of the Department of Supply and Services. That certainly was his original intent and I am delighted now that he has publicly recanted.

Mr. Kilgour: On a point of order, Mr. Speaker.

Mr. Deputy Speaker: I recognize the hon. member for Edmonton-Strathcona (Mr. Kilgour) on a point of order. At this stage of the proceedings points of order are rarely entertained, but in these circumstances I will recognize the hon. member.

[*Translation*]

Mr. Kilgour: My opinion concerning the Canadian content is still the same. Mr. Speaker, I have never suggested that the officials were guilty of anything—

[*English*]

Mr. Deputy Speaker: Order, please. I recognize the Parliamentary Secretary to the Minister of Supply and Services (Mr. Kelly).

Mr. Kelly: By way of elaboration, Mr. Speaker, let me say that I think I stated very clearly that the hon. member implied that very strongly in his statement in the House earlier, and he certainly implied it during his appearance at the Miscellaneous Estimates Committee this evening.

Everyone in this House should know that no government at any level of major jurisdiction accepts the lowest bid automatically. The bid that is considered acceptable is the bid that is the lowest and that is compatible with the specifications of the contract. In this particular instance, the Walter Truck company submitted the lowest bid which met the specifications. The specification was that the bidder present to the government evidence of a foam system that was tried and true. The company did that, whereas the other bidder did not. There was absolutely nothing untoward about this particular bid. Different contracts at times carry different specifications. In this instance the specifications were met and the contract was offered to the lowest bidder. Everything was above board and according to the practices of this government and every other government which is involved in the bidding or tendering process in Canada.

HUMAN RIGHTS AND INDIAN AFFAIRS—1. INTRODUCTION OF LEGISLATION TO END DISCRIMINATION AGAINST INDIAN WOMEN. 2. REQUEST FOR INCREASE IN BAND RESOURCES

Mr. Jim Manly (Cowichan-Malahat-The Islands): Mr. Speaker, on April 6 I asked the Secretary of State for External

Affairs (Mr. MacGuigan) and the Minister of Indian Affairs and Northern Development (Mr. Munro) about Canada's commitment to the United Nation's Human Rights Committee. Last November Canada indicated to the committee that it would introduce legislation by mid-1981 to end the discrimination against Indian women which now exists under the Indian Act.

In response to my question, the minister referred once again to his "powers under the Indian Act to set aside those provisions which discriminate against status women who marry white men and lose their status" whenever a band chief and council passed resolutions asking him to do so. The minister said:

> We have received some of these resolutions now, and I am acting on them.

That same day, April 6, 1981, in response to a question asked in the Standing Committee on Indian Affairs and Northern Development on April 2, 1981, a departmental official wrote:

> Unfortunately we have not been able to act on any of these requests. Simply removing application of Section 12(1)(b) will not achieve the minister's objective of placing Indian women who marry non-Indians on equal footing with Indian men who marry non-Indians. The Department of Justice has not as yet been able to determine which sections can be removed to achieve this goal.

Obviously when the minister promised to use Section 4 of the Indian Act to get around the ugly fact of discrimination, he was either perpetrating a fraud or he did not know what he was talking about.

● (2220)

In the same way, the Department of External Affairs deceived the United Nations Human Rights Committee when it suggested mid-1981 as the time when legislation would be introduced to eliminate this discrimination. On May 12 when the Minister of Indian Affairs and Northern Development appeared before the committee, he finally admitted that there would be no such legislation by mid-1981. Rather, he talked about a three-year period while we are waiting for the Charter of Rights and Freedoms to come into effect.

I would be interested in knowing if Canada is going to revise the answer it gave to the United Nations Human Rights Committee. In November the government said to that committee that the legislation would be tabled by mid-1981. Last summer the Prime Minister (Mr. Trudeau) said that Indian women would have to wait one or two years more for justice. Now the minister tells us not to worry and that we have a period of three years to find a solution to this problem. Is Canada going to go to the United Nations and inform it about this change in its intentions? I agree with the minister that the problem is complex and that in our desire to do justice to Indian women we do not want to ride roughshod over the rights of the Indian people as a whole. But the Canadian government's failure to act will not make the problem go away. Instead, it will continue to fester until it erupts in a manner which will hurt all Indian people.

We in our party do not want to see a solution imposed. We hope that by a process of negotiation, this discrimination can be eliminated quickly without doing violence to the Indian people. More and more of the Indian people themselves, both men and women, are speaking up on this matter and urging that the government take action.

My question is: when will the government show some leadership and some initiative to end this discrimination? Or is it going to continue a policy of drift and indecision and of promising one thing to the United Nations, something else to the House of Commons and something else again to the Indian people? I fear that unless the government does show leadership, it will end up with a crisis on its hands and it will act in a stupid, unthinking manner which will only make matters worse.

When will the government show some leadership and sit down with Indian organizations, including Indian women's organizations, to erase this black mark against human rights in Canada?

Mr. Norman Kelly (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, Canada's response to the questions from the United Nations Human Rights Committee arising from the submission of Sandra Lovelace and her loss of Indian status as a result of her marriage to a non-Indian under section 12(1)(b) of the Indian Act was forwarded by the Government of Canada in November, 1980. In the course of that response, the federal government outlined the nature of the situation facing Indian women marrying non-Indian men and, in particular, referred to statements made by Ms Lovelace herself concerning her relationships with the Tobique Indian Band Council, particularly in respect of housing on the reserve.

In addition, the question of what steps the Government of Canada was contemplating in respect of section 12(1)(b) was asked. The government's reply indicated that there was a commitment to end discrimination based upon sex against Indian women, and further outlined that any future revisions to the Indian Act would address this question in such a way that provisions in the act would apply equally to both Indian men and Indian women.

Some of the proposed items under consideration were referred to as well as the fact that additional revision concerning local Indian band government was also being considered at this time. The nature of this legislation which my colleague, the Minister of Indian Affairs and Northern Development (Mr. Munro), has referred to on a number of occasions in this chamber would be enabling legislation under which individual Indian bands could choose to operate under a newly legislated form of Indian government giving them responsibility and authority for their own social, economic and cultural development at the local band level.

The response to the United Nations Human Rights Committee specifically stated that one of the items being considered under that enabling legislation referred to band control over membership. It is anticipated that any such band control would also be exercised on the basis of the application of uniform, non-discriminatory bylaws concerning membership.

• (2225)

The government's reply indicated that it hoped to present legislation containing non-discriminatory membership provisions to the House during 1981. As the members are aware, the Prime Minister (Mr. Trudeau) has also referred to the fact that it is this government's intention to seek general Indian agreement on revisions to these sections of the Indian Act, and he hoped that such an agreement could be obtained within the next year or so. If it continues to be difficult to achieve such a consensus, then the Prime Minister also indicated that the government would be prepared to move on its own accord in introducing such revisions to the Indian Act.

[*Translation*]

Mr. Deputy Speaker: Order, please. A motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o'clock p.m.

At 10.26 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, May 26, 1981

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

HOUSING

CALL FOR MORTGAGE INTEREST DEDUCTIBILITY PROGRAM—MOTION UNDER S.O. 43

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, under the provisions of Standing Order 43 I rise on a matter of urgent and pressing necessity. In view of the fact that 500,000 Canadian home owners who secured their mortgages initially at 12 per cent in 1976 will have to renegotiate them at the staggering rate of at least 18.5 per cent, and perhaps as high as 20 per cent, forcing many people to sell their homes, and since HUDAC officials are expressing the view that this situation is far more serious than the government will admit, I move, seconded by the hon. member for Surrey-White Rock-North Delta (Mr. Friesen):

That this House instruct the Minister of Finance to implement immediately a mortgage interest deductibility program to protect the average home owner in Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FINANCE

FIGURES GIVEN IN NATIONAL ACCOUNTS—MOTION UNDER S.O. 43

Mr. Don Blenkarn (Mississauga South): Madam Speaker, in a release dated May 13, 1981, the Minister of Finance (Mr. MacEachen) indicated that in the month of March, 1981, he had a surplus of $836 million. The fact of the matter is that this surplus was there because the minister revalued certain government assets to the tune of $1.268 billion. Actually in March the minister lost $432 million. Last year in the month of March the government spent $4.9 billion and received in taxes $4.862 billion for a loss of only $47 million. Canada was nine times worse off in March this year than last. I therefore move, seconded by the hon. member for St. Catharines (Mr. Reid):

That the Minister of Finance today on motions explain to the House why he reclassified assets and liabilities during the month of March so as to pretend to show a surplus in national accounts and explain to the House why he issued what can only be described as a misleading release to the public dated May 13, 1981.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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ENVIRONMENTAL AFFAIRS

REPRESENTATIONS TO UNITED STATES GOVERNMENT—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I rise under the provisions of Standing Order 43. Since waste disposal negotiations between the United States federal government, the state of New York, and Hooker Chemicals and Plastics Corporation, will form the basis for agreements with several hundred other waste disposal companies in the New York state area, since Canadian interests are not represented at these negotiations, and since the Canadian public do not want their environmental concerns represented by the company responsible for the Love Canal waste disposal site, I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That this House instruct the Minister of the Environment to advise the U.S. government immediately of Canada's concerns in this matter and insist that we have representations at these discussions to protect Canada's interests and protect our lakes and waterways from becoming a sewage system for U.S. industrial wastes.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FINANCE

SMALL BUSINESS DEVELOPMENT BOND PROGRAM—AMENDMENT OF PROVISIONS—MOTION UNDER S.O. 43

Mr. Otto Jelinek (Halton): Madam Speaker, I rise today under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that the

S.O. 43

Minister of Finance (Mr. MacEachen) has repeatedly refused to extend the provisions of the small business development bond program, citing the government's inability to absorb additional costs, and because a new study by the Canadian Federation of Independent Business recently concluded that the SBDB program will, in fact, produce a net gain in government revenue of $77 million in the first year alone, I move particularly since the government refuses to take any action in order to reduce the damaging interest rates in this country, seconded by the hon. member for St. John's West (Mr. Crosbie):

That this House instruct the Minister of Finance to amend immediately the provisions of the small business development bond program to include venture or working capital and to render unincorporated businesses, farmers and fishermen eligible to receive such benefits, and further that the program itself be extended beyond the December 31, 1981, deadline.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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METRIC CONVERSION

SUGGESTED POSTPONEMENT OF PROGRAM—MOTION UNDER S.O. 43

Mr. Bill Domm (Peterborough): Madam Speaker, I rise on a matter that becomes more urgent and pressing every day, especially in view of the six-month lead time foreign scale manufacturers will require in order to supply the Canadian grocery store guinea pigs on January 1, 1982. In the last month the Retail Council of Canada stated "it would be desirable to defer initiation of the scale conversion process until it is clear that the U.S. is close to catching up with Canada". The Canadian Federation of Retail Grocers stated the same thing, that Canada should not convert until the Americans, our neighbours to the south, do. Loblaw companies, on behalf of the corporate chains, stated "We would recommend that the timing of retail scale conversion in Canada be set to coincide with the conversion of the industry in the U.S." I therefore move, seconded by the hon. member for Red Deer (Mr. Towers):

That the government respond to the clearly expressed wishes of those most affected by metric scale conversion and immediately take steps to halt the scheduled conversion program in the retail food stores and follow the most sensible course of a co-ordinated conversion with our major trading partner and tourist source, the United States of America.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1410)

HEALTH CARE

PROVISION OF SERVICES TO JAMES BAY CREE—MOTION UNDER S.O. 43

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, I rise under the provisions of Standing Order 43.

Whereas this morning at a meeting of the Standing Committee on Health, Welfare and Social Affairs the members, by unanimous vote, directed the Minister of National Health and Welfare (Miss Bégin), and the Minister of Indian Affairs and Northern Development (Mr. Munro), to provide primary health services to the James Bay Cree until such time as the terms of the James Bay and Northern Quebec Agreement are fulfilled, and given the fact that all doctors serving the Cree will have left the area by June 19 and no replacements will arrive until September, and that there are serious and urgent health problems facing the James Bay Cree, I move, seconded by the hon. member for Oxford (Mr. Halliday):

That the Minister of National Health and Welfare immediately ensure that adequate and comprehensive health care services are provided to the Cree of northern Quebec on a temporary, humanitarian basis, to alleviate their very serious health problems.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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GRAIN

NEGOTIATION OF SALE TO RUSSIA—MOTION UNDER S.O. 43

Mr. Garnet M. Bloomfield (London-Middlesex): Madam Speaker, I rise on a matter of urgent and pressing necessity. Given the announcement today that Canada has negotiated a huge grain sale to the Soviet Union, I move, seconded by the hon. member for St. Boniface (Mr. Bockstael):

That this House convey its support for the work being done by the minister responsible for the Wheat Board in expanding Canadian grain sales abroad.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

SHIPMENTS THROUGH PORT OF CHURCHILL—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, my motion under the provisions of Standing Order 43 is on the same topic.

In light of the long-term grain agreement with the U.S.S.R., which is a strange way to conduct an embargo, and in view of the neglect of the Port of Churchill by the federal government, I move, seconded by the hon. member for Dauphin (Mr. Lewycky):

That the government now commit itself to ship 4 per cent of grain shipments through this port and further commit itself to building a merchant marine so that we can ship our grain on Canadian ships.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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HAZARDOUS SUBSTANCES

FUNGICIDE CAPTAN—NEED FOR PUBLIC INFORMATION—MOTION UNDER S.O. 43

Hon. David Crombie (Rosedale): Madam Speaker, I too rise to propose a motion under the provisions of Standing Order 43.

Whereas the American government has asked the Captan manufacturers to show cause why Captan should not be banned, and whereas the health protection branch in Canada has urged that a ban, or severe restriction, be placed on Captan, and whereas the Canadian government has refused to make any information public while the Americans published last August their information on potential health hazards, and further, any information Canadians have so far obtained they have obtained from the United States, where it has been public for over nine months, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the Minister of Agriculture and the Minister of National Health and Welfare be directed to make public immediately all information concerning Captan.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN NATIONAL RAILWAYS

PENSIONS PAID TO RETIRED EMPLOYEES—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I rise under the provisions of Standing Order 43.

Canadian National Railway pensioners were notified last week that they would be getting a cost of living increase in their pension cheques for the year 1981 only. This increase varied from a high of $25 per month to a minimum of $8.18 per month for a widow whose husband retired in 1971. While this increase could not be considered satisfactory under any circumstances, the fact that it is for the current year only adds insult to injury.

I therefore move, seconded by the hon. member for Red Deer (Mr. Towers):

That the Minister of Transport instruct CNR to make this paltry increase a part of the basic pension rate ensuring thereby that these underpaid pensioners will continue to get this money beyond December 31, 1981.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PROPERTY RIGHTS

PRINCIPLE OF PRIVATE OWNERSHIP—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity.

Now that the government has acknowledged the error of its ways, accepted good advice and agreed to amend Bill C-48 to modify the clause dealing with appropriation without compensation, I move, seconded by the hon. member for Yukon (Mr. Nielsen):

That this House reaffirm and uphold the principle that no private property, ownership rights, or proprietary interests will be expropriated by government or any Crown corporation of government without due compensation and/or access to due process of law.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1415)

ORAL QUESTION PERIOD

[*English*]

HOUSING

ASSISTANCE TO HOME OWNERS TO MEET INCREASED MORTGAGE PAYMENTS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Minister of Finance. It has to do with the high cost of housing and interest rates. I put it to the Minister of Finance that he is prepared to have his government pay $1.5 billion for an oil company but is not prepared to come to the aid of Canadians who are facing high interest rate charges and who are faced with the prospect of not being able to renew their mortgages.

The minister will recall that in the throne speech the government promised, and I quote:

—to assist those unable to bear the burden of renegotiating their home mortgages in the present abnormal situation so that the spectre of foreclosure will be avoided.

That was a firm commitment made in the throne speech opening this Parliament, before $1.5 billion was spent on Petrofina. Does the Minister of Finance intend to honour that commitment, or will that commitment to Canadians be abandoned, and will Canadians who are facing renewal of their mortgages now in many cases be forced simply to let their houses go?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as I mentioned yesterday in reply to a question from a member of the opposition, there was indeed a similar situation existing in the country respecting interest rates at the time the Speech from the Throne was made public and announced. We were all very deeply concerned about the very sharp increase in interest rates not only in Canada but also in the United States. It was in that context that that was commitment made.

Subsequently, however, as the Right Hon. Leader of the Opposition recalls, interest rates in Canada dropped sharply, and the fact of the matter was that after very careful monitoring by the government, and after co-operation arranged with financial institutions by the minister responsible for the Canada Mortgage and Housing Corporation, most home owners—indeed all—were able to renegotiate without any difficulty in that situation.

Since that time I have given the assurance to the House that I am monitoring the current interest rate situation and the impact it may have on the ability of those who are currently renegotiating their mortgages, and that is the commitment I restate now.

Mr. Clark: Madam Speaker, for those Canadians who might have missed that, the clear message of the minister is that he intends to abandon absolutely the promise he gave to Canadians. His word is worth nothing. That is what he is saying.

REQUEST FOR INTRODUCTION OF MORTGAGE TAX CREDIT PROGRAM

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the Minister of Finance talks about the easy situation Canadians are facing. Perhaps he would like know, as the House should know, that a typical Canadian home owner trying to renew this year a $30,000 mortgage will be paying $90 a month more in interest alone than he or she would have had to pay if that renewal had occurred when this government came to office. Ninety dollars a month is the high cost of Allan MacEachen.

In light of this burden which is being placed upon Canadians, many of whom are faced with the prospect of losing their homes, will the Government of Canada not honour its obligation and honour its word, recognizing that $90 a month more now than would have been paid when this government was elected is indeed a heavy burden for most Canadians? Will the Government of Canada not do what it should do and bring in the kind of measure my government proposed, a mortgage tax credit, which would have met all that extra cost, or will the government take some other action? Will the minister help those Canadians who are now paying $90 a month more for the "privilege" of having a do-nothing Minister of Finance?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the only suggestion the Leader of the Opposition is ever able to make when he asks questions on the orders of the day in so far as the economy is concerned, is that we should spend more money. Every day he gets up and says, "Let's have a new program. Let's add to the deficit. Let's increase expenditures"—

Mr. Nielsen: What about Petrofina?

Mr. MacEachen: —while his former minister of finance, the hon. member for St. John's West, looks away in embarrassment at the naivete of the Right Hon. Leader of the Opposition.

Some hon. Members: Hear, hear!

• (1420)

Mr. Clark: The difference, Madam Speaker, is the direction of the spending. This government is prepared to spend $500 million to aid the OPEC countries because it cannot sign an energy agreement. This government is prepared to pay $1,500 million for an oil company that the country does not need, but it ignores the needs of ordinary Canadians who are being driven into bankruptcy or driven out of their homes.

Some hon. Members: Hear, hear!

Mr. Clark: The minister, who is interested in spending, might know that while he was out of the country, running away from his responsibilities last week, the Minister of Labour indicated that he intended to bring in expensive new programs. He said, and I quote, "I don't give a hoot how much it costs." That is the spending of the Liberal party.

The Minister of National Health and Welfare in the Minister of Finance's absence last week indicated that she proposes higher child tax credits—Allan gets out of town and the government starts to spend everything it can. That is the position of this government.

Some hon. Members: Hear, hear!

Mr. Clark: Madam Speaker, when is this government going to recognize that the Conference Board of Canada, Wood Gundy, Data Resources, that everyone knowledgeable about the housing industry is indicating there is going to be an increase of at least 15 per cent per year in the price of houses in Canada unless there is some change in the government's policy? I ask the Minister of Finance will he not accept his responsibility to help those Canadians who are already paying too much for housing and who are going to be facing further

increases? Will he come home to his responsibilities, and will he help those Canadians in need?

Some hon. Members: Hear, hear!

Mr. MacEachen: The Leader of the Opposition has included a lot of political polemic in his so-called question, and he alluded to the Canadianization program which is part of the NEP and which is widely accepted by the Canadian people. He ought to remember the stand he took on Petro-Canada and which sent him down the chute.

Some hon. Members: Hear, hear!

Mr. MacEachen: I am telling you that if he takes the same attitude on the Canadianization program, he will have the same retreat into political oblivion.

Some hon. Members: Hear, hear!

EFFECT OF MONETARY POLICY ON HOUSING COSTS

Hon. James A. McGrath (St. John's East): Madam Speaker, I have a supplementary question for the Minister of Finance. Executives of HUDAC are presently meeting in Ottawa on what has been described as the worst housing crisis in Canadian history. The Conference Board of Canada estimates the cost of financing a single detached home will be 81 per cent higher this year than in 1979. That is a direct result of the government's monetary policy and high interest rates. People are being forced to sell their homes, with nowhere else to go because housing starts are going down and the vacancy rate in major cities is practically non-existent.

Some hon. Members: Order, order.

Mr. McGrath: Madam Speaker, that is a crisis, and it is clearly the responsibility of the government to face up to that critical situation. I ask the Minister of Finance, who is a compassionate man, what does he propose to do about it?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has denounced the monetary policy being followed by the Government of Canada. What we are doing is supporting the monetary policy of the Governor of the Bank of Canada.

Some hon. Members: Oh, oh!

Mr. MacEachen: I would remind the hon. member that his colleague from St. John's West, in a speech not very long ago in this House, gave his support to Governor Bouey in the current circumstances, and that is the monetary policy we are supporting.

However, I would also remind the hon. member, before he gets carried away by a lot of intemperate inaccuracies, that housing starts, for example, were higher in April, 1981, than at any time since November, 1978. And the hon. member is totally wrong when he talks about the housing industry being in a state of crisis, because there has been considerable acceleration in the rate of housing starts in Canada at the present time.

• (1425)

SITUATION IN ATLANTIC PROVINCES

Hon. James A. McGrath (St. John's East): Madam Speaker, my supplementary question is directed to the same minister. It is true that the Governor of the Bank of Canada may be responsible for monetary policy, but the Minister of Finance and his colleagues are responsible for the welfare of Canadians, and the minister has failed to live up to that responsibility. Because of the critical situation we face today, people are being forced to sell their homes, and housing starts are beginning to decline at a rapid rate.

Mr. MacEachen: No. They are going up.

Mr. McGrath: We have been told that today. I want to put a position to the minister regarding our own region, the Atlantic provinces. The average industrial wage in Atlantic Canada this year will be just under $16,500. The family income required to purchase a new home has increased from $17,500 in 1979 to $31,800 in 1981. Given these startling statistics, and given the fact that the people of the Atlantic provinces, more so than people in any other part of the country, want to own their own homes, what is the minister prepared to do to help the young people of his own region to satisfy their dreams and aspirations? Under him, the dream of home ownership is becoming a dream which will be unfulfilled.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker, I do not agree at all with the very pessimistic approach taken by the hon. member with respect to the possibility of home ownership in the country. Recently the statistics indicated a very sharp increase in the number of housing starts in Canada. I do not believe it is to anybody's benefit to create a false picture of what is the situation.

Miss MacDonald: Take off your rose-coloured glasses.

Mr. MacEachen: But I want to remind the hon. member of this point: no Canadian will ever have his dreams or aspirations fulfilled in the next five or ten years—

Mr. Crosbie: Under this government.

Mr. MacEachen: —unless the government, at the present time, takes the very difficult decision of doing the things that are required to arrest inflation in Canada.

Mr. Clark: Unless he is Maurice Strong.

Mr. MacEachen: If hon. members opposite want to ensure—

Mr. Clark: Pay for the pork-barrelling and ignore the home owner.

Mr. MacEachen: —lower interest rates in the future, and that young people will be able to—

Mr. Clark: Let them give one million bucks to Maurice Strong.

Mr. MacEachen: —to provide for home ownership, then they ought to get behind the battle I am fighting against inflation in Canada.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

* * *

HAZARDOUS SUBSTANCES

FUNGICIDE CAPTAN—RECOMMENDATIONS OF DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Mr. Simon de Jong (Regina East): Madam Speaker, my question is directed to the Minister of National Health and Welfare. The Department of National Health and Welfare made certain recommendations to the Department of Agriculture concerning the use of the fungicide Captan, which is apparently strongly linked to cancer, birth deformities, and miscarriages. Will the minister make public the recommendations of her department to the Department of Agriculture? Will she also state what her own department will do to control the use of Captan in such non-agricultural uses as wallpaper, cosmetics, and pharmaceuticals?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I have no hesitation in making public the letter and the recommendations which I sent to my colleague the Minister of Agriculture, and also, if required—and if the Minister of Agriculture feels this appropriate since he is in a client relationship with my department—in making public also the basic study which gives an update of scientific literature about the dangers of the fungicide Captan which are known at the present time, and in this regard, I do not agree with the preamble of the hon. member. However, if we are to follow the rules of the game, this question would be better addressed to the Minister of Agriculture himself since he has the legal responsibility to publish these documents. I would certainly not object to it.

[*English*]

Mr. de Jong: Madam Speaker, in fact the Minister of Agriculture was asked and, as usual, he gave an answer which nobody quite understands yet.

ROLE PLAYED BY DEPARTMENT OF AGRICULTURE COMMITTEE

Mr. Simon de Jong (Regina East): My supplementary question is directed to the same minister. On May 22 the Minister of Agriculture established a 17-member committee to review the Captan issue and other issues relating to fungicides, herbicides, etc. Does this new committee replace the role the Department of National Health and Welfare has played in terms of its recommendations for the registration of these chemicals? If so, what new technology and what new capacity would this committee bring to the job that the Department of National Health and Welfare does not have?

● (1430)

Hon. Monique Bégin (Minister of National Health and Welfare): No, Madam Speaker. The role of Health and Welfare is quite clear. I am looking into the eventual need of making the procedure for giving health advice more stringent and formal. Our role is not replaced by that committee. If the hon. member had read the press release it would be absolutely obvious to him that my advice to the agriculture department concerns the exact state of knowledge we have with regard to Captan, and any recommendations. The basic recommendation is to ban Captan from domestic household use—and there was a wide misinterpretation of what I had recommended—because of small open spaces in city gardens where children and, perhaps, pregnant mothers may be exposed to it. So we want to ban the household use of Captan and not its use by farmers in wide open spaces, and according to more strict control and eventual limitation of its use. It is not a ban which we are recommending for farmers. Rather, the committee will study other recommendations which will change the use of a great many of these products.

* * *

THE ADMINISTRATION

RESPONSIBILITY FOR CHEMICALS AND TOXIC SUBSTANCES

Mr. Simon de Jong (Regina East): Madam Speaker, my final supplementary question is directed to the Prime Minister. What we have here is a special committee established by the Department of Agriculture which seems to all of us to begin to replace what the Department of Health should be doing, despite what the Minister of National Health and Welfare has just said. As well, the Minister of the Environment, in a news release of March 31, 1981, stated that his department will become thoroughly involved with toxic materials and that it would become a major priority of his department—

Madam Speaker: Order, please.

Mr. de Jong: The Minister of the Environment states that he is concerned about toxic materials which are not even included for discussion by the committee established by the Minister of Agriculture. The Department of Health is really being ignored. Who is in charge of the question of chemicals and toxic substances in Canada?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, since this particular chemical substance is used in relation to agriculture it was deemed that the Minister of

Agriculture should be put in charge of this particular aspect of environmental and health concerns.

It frequently occurs that a particular subject matter falls within the purview of several departments. We attempt to put the minister who is more directly concerned in charge.

The Minister of Agriculture is presently attending the World Food Conference. He is frequently available in the House, and he will be happy to deal with hon. members' questions as soon as he returns.

* * *

THE ECONOMY

INCREASE IN RESIDENTIAL MORTGAGE INTEREST RATES

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is for the Minister of Finance. In a speech which I gave a week or so ago I advised the public not to blame Governor Bouey but to blame the government which got us into this mess, and which will do nothing to get us out.

Some hon. Members: Hear, hear!

Mr. Crosbie: On October 29, 1979, the present Minister of Employment and Immigration was the housing critic for the party in opposition at a time when mortgage rates were 11½ per cent—8 per cent lower than they are now. At that time he said this:

> If there is a requirement to raise interest rates, there is an equal requirement to help those people who are hurt by those interest rate increases.

That was the policy of the Liberal party on October 29, 1979. Interest rates have risen 7 per cent to 8 per cent since then, and mortgage interest rates are hurting hundreds of thousands across the country. When will the minister observe the requirement to help those people who are hurt by these interest rate increases and who did not cause them?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think I answered that question in reply to a question put by the Leader of the Opposition.

Miss MacDonald: When did you answer a question.

ASSISTANCE TO HOME OWNERS

Hon. John C. Crosbie (St. John's West): Madam Speaker, the minister is giving us more gibberish from Gabon. The minister's policy is the Gabon policy—return to the jungle. Is that his advice to Canadians?

Some hon. Members: Oh, oh!

Mr. Crosbie: All we need are tree houses and we can swing from tree to tree!

My question to the minister is this: on March 11, 1980, the minister said that the federal government will consider special assistance to home owners if interest rates soar under the new floating rate approach. Interest rates have now gone up 5 per cent more than they were in March of 1980.

I have in my hand a letter from a man whose mortgage is at 11.25 per cent now and will be raised to 19 per cent—

Some hon. Members: Order.

Madam Speaker: Order, please.

Mr. Crosbie: —he has already stopped buying groceries, clothing—

Madam Speaker: Order, please.

Mr. Crosbie: My question to the minister is: here is one of thousands of Canadians, who has cut down spending on groceries, clothing, maintenance—

Madam Speaker: Order, please.

Mr. Crosbie: What action will the minister now take to carry out his commitment?

Madam Speaker: I am sure the hon. member heard me call Order. I must remind him that when I do call for order he must resume his seat and find out why—

Mr. Crosbie: We cannot hear you because of the din by members opposite.

Madam Speaker: —I am calling him back to order. I think the hon. member knows his question has been a bit lengthy.

Mr. Crosbie: When will the minister take action to carry out that commitment made on March 11, particularly in view of the fact that housing starts in Newfoundland, for example, will be down 25 per cent this year from the housing starts forecast?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, once again I want to remind the hon. member, as I reminded the hon. member for St. John's East, that there has been a very sharp increase in housing starts, both in urban and rural centres in all parts of Canada.

Mr. Crosbie: That is the past.

Mr. MacEachen: The hon. member says that that is the past. I am talking about the month of April, 1981, which showed an increase of 50 per cent, which showed a very substantial increase in housing starts over April of 1980.

The hon. member has quoted statements which were made more than a year ago about the interest rate situation which existed at that time. The hon. member knows that at that particular time we monitored the situation very carefully. We entered into discussions with financial institutions, and arrangements were made by the minister responsible for Canada Mortgage and Housing Corporation to assist where required. The fact of the matter was that because of the very rapid increase in incomes which took place between the original negotiation for the mortgage and its renewal, the problem

was handled and managed. I have said in the House of Commons, Madam Speaker, that I am taking the same attitude at the present time.

I want to tell the hon. member for Kingston and the Islands that she will never have to worry that the hon. member for St. John's West will qualify as secretary of state for external affairs after his views about Gabon.

Some hon. Members: Hear, hear!

* * *

RESTRICTIVE TRADE PRACTICES

INQUIRY INTO MARKETING OF URANIUM

Hon. Sinclair Stevens (York-Peel): Madam Speaker, in the absence of the Minister of Consumer and Corporate Affairs my question is directed to the Prime Minister. In view of the fact that the inquiry into the marketing of uranium in Canada has been going on for 44 months, and since we can only presume that Mr. Bertrand would not have been dumped into the Anti-dumping Tribunal without that inquiry being completed, would the Prime Minister confirm that the inquiry has been completed, that a report is in position, and would he indicate when it will be made public?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it is my understanding that the report has been completed and that it was Mr. Bertrand's intention to hand it over to the relevant people had he not been involved in a premature leakage of his change of functions. I understand that the report has been completed and that Mr. Bertrand has transmitted it.

Mr. Stevens: Madam Speaker, my recollection is that Mr. Bertrand's shift was announced by the government and not leaked.

REQUEST THAT REPORT BE MADE PUBLIC

Hon. Sinclair Stevens (York-Peel): I would like to follow up my line of questioning. If the report is complete, and since it may touch on certain former ministers and senior public servants, as well as various mining and other companies in Canada, would the Prime Minister or perhaps the Attorney General of Canada, since I see he is preparing himself to answer my question, indicate what is intended with respect to the report? Will it all be made public? Can we be assured that none of the report will be changed; and, above all, will prosecutions or other action be taken?

• (1440)

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I can tell the hon. member that the director has sent his report to the Attorney General of Canada. We received it last week and we have begun to examine it. We shall have to make the decisions concerning the recommendations it contains in the weeks to come, and we are not in a position to make any other comment before the review by the Department of Justice is completed.

* * *

[*English*]

HEALTH CARE

CONTINUATION OF SERVICES TO JAMES BAY CREE

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, my question is directed to the Minister of Health and Welfare. The minister knows that the Health, Welfare and Social Affairs Committee this morning requested her to convene a meeting involving herself, the Minister of Indian Affairs and Northern Development, Quebec authorities, and the James Bay Cree. The meetings were to resolve questions of jurisdiction and funding regarding the health care of the James Bay Cree. Pending the outcome of such meetings, the committee moved that the Departments of National Health and Welfare and of Indian Affairs and Northern Development should continue to meet their responsibilities for the health care of the James Bay Cree. Will the minister now permit her department to meet its responsibility for the health care of the Cree and to prevent another outbreak of gastroenteritis like the one which last year took the lives of several infant children?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I do not know if it is customary to repeat the discussions held in a committee. The situation is this: this morning, an amendment to the main motion, which I welcome since finally all the interested parties will be able to have a round-table discussion on the health of Indians and health infrastructures, was passed. I objected to the amendment for the simple reason that—and I can repeat it to the House—since the transfer of powers and responsibilities several months ago, the federal Minister of National Health and Welfare cannot get into the health stations, such as the hospitals, and so on, unless it is at the request of the Cree Indians and the province of Quebec. I suggested to the hon. members that they amend their resolution for that very reason, but they refused to do so. Therefore, I am unfortunately unable to act on the basis of the amendment.

[*English*]

PROVISION OF SERVICES FOLLOWING DEPARTURE OF DOCTORS

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, the committee requested that the departments continue their historic obligations in this way. There is nothing in the James Bay agreement that absolves these departments from that responsibility. Summer is the time when sewage and water problems become most acute, and the problem of gastroenteritis is going to come to the fore again. I ask the minister

what steps is she going to take to ensure that there will be adequate medical attention for the people of that area when the doctors finally leave in another two or three weeks from the hospital at Chisasibi?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam speaker, I thought that I had made myself clearly understood. We have given an answer to this same question I do not know how many times. The immediate responsibility for the health of the James Bay Indians is no longer mine. I am not even authorized to go into health stations, for instance. It seems to me that I am explaining my position very clearly. I have spoken with the Quebec authorities about this matter. After the meeting this morning, I spoke once again with my officials, and they assured me that they have very recent information to the effect that health workers of Quebec, those who were hired under contract, as well as the board of directors for health of the Cree Indians, are working very well at this moment and that all health workers are in place. I cannot give the hon. member any other assurance. The following step will be to see to it that the health infrastructures, including sewers and drinking water, are in place, at least in a basic but sufficient form, and I shall see to it as requested by the committee.

* * *

[*English*]

RESTRICTIVE TRADE PRACTICES

MARKETING OF URANIUM—REQUEST FOR RESCINDING ORDER IN COUNCIL

Mr. Chris Speyer (Cambridge): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. The minister will know that ten years have elapsed since the formation of the uranium cartel, and that in 1976 the government invoked an order in council which has really effectively prevented the people of Canada from understanding the facts and details with respect to that cartel and government participation in the cartel.

In light of the answer by the Prime Minister that the report is now completed, and in light of the fact that 12 major firms have settled their anti-trust lawsuits in the United States, will the minister immediately rescind the order in council so that freedom of speech and freedom of disclosure can again see the light of day in this area?

Some hon. Members: Hear, hear!

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I do not have the authority to repeal orders in council.

[*English*]

REPETITION OF REQUEST

Mr. Chris Speyer (Cambridge): Madam Speaker, I pose exactly the same question to the Prime Minister, who does have the power.

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member may not have noticed, but I was talking to the Minister of National Health and Welfare when the question was being asked. Will the hon. member please repeat it?

Mr. Speyer: It has been ten years since the formation of the uranium cartel. We know that there has been a restrictive series of orders in council; one in September of 1976 and one in April of 1977. One of them is still in place, and that limits freedom of speech and limits freedom of disclosure.

In light of the Prime Minister's answer to the effect that the inquiry is now ready to be published, and in light of the fact that the major uranium firms have settled their anti-trust lawsuits in the United States, will the Prime Minister take immediate action to ensure that this order in council, which is odious to all of us who believe in free speech, is immediately rescinded?

Some hon. Members: Hear, hear!

Mr. Trudeau: Madam Speaker, the hon. member declares that the order in council is odious to everyone who believes in free speech. I would like to remind the hon. member and the House that these orders in council were adopted in defence of Canadian interests against the extraterritorial application of American law.

If the hon. member remembers the circumstance, it was the American uranium industry and government which took restrictive measures preventing the entry into the United States of competitive Canadian producers, and that is why many countries joined with Canada in an international understanding in order to make sure that the Canadian industry would not be destroyed by the American industry. When the case was taken to the American courts, the Canadian government took action to make sure that American law would not be binding and compelling on Canadian citizens and corporations. That is the circumstance with respect to what the hon. member described as odious legislation.

Some hon. Members: No, no!

Mr. Trudeau: The hon. member asks if I will consider rescinding these orders in council. I will certainly take that under advisement. If there is no longer any danger of damage or of prosecution to Canadian nationals, then I see no reason why we should not make it public.

Oral Questions

PUBLIC SERVICE

THREATS TO CUSTOMS OFFICIALS—MANNING OF ISOLATED POSTS

Mr. Rod Murphy (Churchill): Madam Speaker, my question is directed to the President of the Treasury Board. Yesterday the Public Service Alliance of Canada released an extensive report on the health and safety hazards of customs inspectors. This document gives information on case after case where officials have been threatened or beaten up at isolated posts at Canada's borders. These locations are well known to criminal elements, escaped convicts and smugglers. Will the minister authorize funding which will allow two persons to be at these posts for every shift of the day?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I was somewhat surprised to read of the report, not having received a prior copy or having had discussions with the Public Service Alliance with respect thereto. Obviously the report will be studied, and if it is decided that there are safety issues involved of the magnitude that have been discussed at the press conference and in today's press, then clearly some action may be required.

RIGHT TO REFUSE DANGEROUS WORK

Mr. Rod Murphy (Churchill): Madam Speaker, the minister admits that there have been extensive discussions over the years, but what we need is action because the beatings and the threats are still taking place. This report also lists work place hazards which the customs officials face, especially exhaust fumes, carbon monoxide and nitrogen dioxide and other fumes which are hurting the health of these workers. Since the minister has shown little sympathy for allowing federal government employees the protection of part IV of the Canada Labour Code, will the minister guarantee the right to refuse work which is dangerous, to all customs officials?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I am somewhat astonished by the allegation that I have shown little concern about the health and safety of public service employees. In fact, I have pointed out to the hon. member for Churchill on a number of occasions that the standards established by the Treasury Board with respect to employees of the public service have, in nearly every instance, exceeded those provided for under part IV of the Canada Labour Code. The hon. member is aware of that. Therefore the allegation is completely and totally without foundation.

• (1450)

Our safety record and our concern for the health of employees are well known. As I pointed out a moment ago, if we determine that there is validity to these allegations, and the facts justify action, then appropriate action will be taken.

[*Translation*]

ADMINISTRATION OF JUSTICE

PORNOGRAPHY—BANNING OF YOUTH PARTICIPATION

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, my question is for the Minister of Justice.

A Quebec newspaper reports today that over 325,000 people have signed a petition asking all levels of government to ban the sale of pornographic material to minors.

Would the minister tell us whether he intends to change Bill C-53 so as to include a ban on pornographic publications involving minors, children? Would the minister also inform us whether he intends to amend the Criminal Code or the Excise Tax Act in order to prohibit more adequately the import of pornographic material using minors into Canada?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, the purpose of Bill C-53 which is now before the House is to amend the Criminal Code in order to put teeth into the provisions regarding pornography with minors. When the bill is sent to committee, the hon. member can put his suggestions, if he has any, to members of that committee. We are ready to proceed with consideration of this bill. However if we can come to an agreement with opposition parties for quick passage so that the bill can be sent to committee, we shall of course give due consideration to any suggestions hon. members may wish to make.

INQUIRY WHETHER MINISTER INTENDS TO TAX PORNOGRAPHIC PRODUCTS

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, unfortunately, the bill the minister refers to does not deal, to my mind, with the import of pornographic material involving minors.

I should also like to put a supplementary to the Minister of National Revenue. According to Mrs. Sheila Finestone, retiring president of the Fédération des Femmes du Québec, present laws dealing with the sale, display and publicity of pornographic material are not being enforced.

Does the Minister of National Revenue intend to levy new taxes or increase present ones on that kind of material? In addition, does the minister intend to amend the Excise Tax Act or departmental regulations in order to slow down or put a stop to the import into Canada of pornographic material involving children?

[*English*]

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, the levying of taxes and amendments to the act in question are not under my purview, but under that of the Minister of Finance. We implement the act as the law exists, and my officials screen pornographic material and

prohibit its import into Canada. We intend to enforce the law as it presently exists. With regard to the future law, I will, of course, be consulting with my colleagues, the Minister of Justice and the Minister of Finance.

* * *

METRIC CONVERSION

REQUEST FOR POSTPONEMENT OF PROGRAM AS APPLIED TO SMALL BUSINESS

Mr. Bill Domm (Peterborough): Madam Speaker, my question is for the Minister of State for Small Businesses and Tourism. It stems from two notices which arrived in my office this morning. One is a transcript of one sentence from the executive director of the Metric Commission in which he says the members in the sector dealing with scales in the retail food industry at a scheduled meeting for conversion of scales had, and I quote:

—agreed that the conversion to metric in Canada in 1982 should be more closely tied to our trading partner to the south, the United States—

For that reason the executive director was recommending a delay in the implementation of metric at this time.

In light of the minister's answer in the House a week ago that he would take into consideration the submissions of the Canadian Federation of Retail Grocers and the major corporate chains, and now that he has the Metric Commission opposed to the implementation of metric at this time, will the minister finally represent the small business sector in Canada and go before cabinet to delay forcing metric conversion, making Canadian measurement illegal in January, 1982?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, the hon. member should have read the second paragraph of the notice that was sent to me by the task force on metric scale conversion in the retail food sector; he would then have indicated that in fact the task force recommends to defer initiation of the scale conversion process, however in the second paragraph it is mentioned that should the government decide to go ahead, it will be willing to co-operate fully with the government.

[*English*]

REQUEST THAT MINISTER INTERCEDE

Mr. Bill Domm (Peterborough): Madam Speaker, I would like to read what the executive director said in his second paragraph:

However, if the federal government proceeds against the wishes of this sector to publish that part of the *Gazette* making Canadian measurement illegal, the working group on scales in the retail food industry will continue to meet to minimize the costs and the confusion.

The third paragraph reads:

The committee members called upon the government—

Madam Speaker: Order, please. Does the hon. member have a question, or does he just want to read a communique to the minister?

Mr. Domm: Madam Speaker, I have a question, but we continue to get bad answers from the other side.

However, my supplementary question is also for the Minister of State for Small Businesses and Tourism. Will he intercede and remove the order in council causing fines, imprisonment and lockups if people continue using imperial measurement in 1982 and 1983? Will the minister represent the small business sector, or will he go the route of the last two cabinet ministers on the government side who failed to listen to the small business sector?

Madam Speaker: Order, please.

Some hon. Members: Oh, oh!

Mr. Nielsen: Do we not receive an answer?

* * *

ENERGY

NEGOTIATIONS WITH PROVINCE OF ALBERTA ON PRICING AGREEMENT

Mr. Peter Elzinga (Pembina): Madam Speaker, my question is for the Right Hon. Prime Minister. Because of the impasse as far as reaching an energy agreement with the producing provinces is concerned, will the Prime Minister give consideration to instructing his Minister of Energy, Mines and Resources to send the Petro-Canada negotiating team responsible for negotiating the Petrofina agreement to Alberta to negotiate a pricing agreement?

An hon. Member: What about Maurice Strong?

Mr. Andre: He is too busy on his ranch in Colorado.

Some hon. Members: Oh, oh!

Right Hon. P. E. Trudeau (Prime Minister): I think the hon. member has the answers, Madam Speaker.

* * *

ENVIRONMENTAL AFFAIRS

NEGOTIATION OF AGREEMENT ON ACID RAIN WITH UNITED STATES GOVERNMENT

Hon. George Hees (Northumberland): Madam Speaker, I wish to address a question to the Minister of the Environment. As the minister has had several meetings with officials of the United States government since President Reagan's visit to Canada when he assured Canadians that the American government would work with the Canadian government to greatly decrease acid rain, would the minister advise the House what movement there has been so far on the part of the

American government to work in this direction? If there has been none so far, what action is planned immediately by that government?

Hon. John Roberts (Minister of State for Science and Technology and Minister of the Environment): Madam Speaker, as the hon. member may know, I have, on several occasions, visited Washington to discuss with officials of the American administration our common problem which is caused by the acid rain generated in our two countries. So far, the response that we have received from the administration is encouraging. I can tell the hon. member that we expect to begin the formal process of negotiation of the international accord governing air quality standards probably in the third week in June.

* * *

RESTRICTIVE TRADE PRACTICES

PUBLICATION OF REPORT ON MARKETING OF URANIUM

Hon. Bill Jarvis (Perth): Madam Speaker, my question is for the Right Hon. Prime Minister. It seeks some clarification of earlier answers with respect to the report of the uranium inquiry. As I understand it, the report is completed and has been referred to the Attorney General. Pursuant to the Minister of Consumer and Corporate Affairs, undertaking in the House on March 4 when he indicated that, when completed, the findings would be made public, is the Prime Minister in a position to tell the House when he expects that report to be made public?

Right Hon. P. E. Trudeau (Prime Minister): No, Madam Speaker.

ASSURANCE SOUGHT RESPECTING UNEXPURGATED REPORT

Hon. Bill Jarvis (Perth): Madam Speaker, second and more important, the Prime Minister will be aware that from time to time reports received by government, usually those dealing with security and intelligence, have had certain sections expurgated before they are made public. Is the Prime Minister prepared to undertake to the House that the report resulting from the uranium inquiry is not of that character and that the report, once made public, will be a complete report with no expurgated sections?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have not seen the report myself. I do not know its contents and, therefore, I cannot answer a hypothetical question.

I would point out to the hon. member that when reports are expurgated the reason is indicated, and generally it is done in agreement with the authors of the report or, at least, with their approval, because they recognize, too, that they may have some matters in a report which could be confidential or desirable to keep in camera. I cannot answer in this particular case because I do not know.

Mr. Hnatyshyn: What about the accused?

* * *

• (1500)

FINANCE

EXTENSION OF SMALL BUSINESS DEVELOPMENT BOND PROGRAM

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I have a question for the Minister of Finance. During the minister's absence last week questions were directed to the government House leader with regard to the possibility, and the government's intention, of extending the small business development bond to cover unincorporated businesses for working capital inventory, and an extension beyond the year which would benefit many people, including farmers and fishermen, those who are unincorporated. There was an undertaking that there would be discussions upon the minister's return. Have those discussions been held and, if so, what is the position of the government with regard to that extension?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am currently having discussions with the minister of state on that matter.

Mr. Baker (Nepean-Carleton): Is the minister aware of the petitioning and the urgings that have been made to him by the Federation of Independent Business, agricultural interests, and others with regard to this matter? Will he give an undertaking to the House that he will expedite his consideration with the minister of state so that a statement or announcement can be made by the government with respect to this most important matter?

Mr. MacEachen: Madam Speaker, I obviously will expedite consideration of the matter. If there is any new announcement to be made, I will advise the House immediately.

* * *

PRIVILEGE

MR. NOWLAN—SECURITY MEASURES ON PARLIAMENT HILL—RULING BY MADAM SPEAKER

Madam Speaker: The other day the hon. member for Annapolis Valley-Hants (Mr. Nowlan) raised a question of privilege concerning a matter involving access by members to this building. In raising the question of privilege, he did not allege that he had personally been impeded or obstructed when entering the building. Therefore, on those grounds I do not find a prima facie case of privilege.

The hon. member did raise an important point as a result of which I have asked the Sergeant-at-Arms to hold discussions with the Royal Canadian Mounted Police, who have jurisdic-

tion outside the building, in order to find out why the incident he raised in the House had taken place. Discussions were also held with the office of the Solicitor General.

I was given an assurance by these two sources that in future any security measures taken will cause a minimum of inconvenience to members. I might add that these discussions will be ongoing because I understand there are a number of new officers on the Hill who have only recently received their training. Perhaps they are not aware of the identity of members of Parliament. I think they need to be better apprised of who is who in this House and not raise suspicions where obviously there should not be any.

I must tell hon. members that some changes have occurred in the procedures in the interests of both safety and security. Some members will have noticed that the buses no longer park illegally on the wrong side of the street. That important aspect of safety had been overlooked. In an effort to accommodate the members, the bus drivers were dropping them off on whatever side of the street was more convenient. I understand the importance of that when it is raining or snowing, but in the interests of safety I ask hon. members to accept that minor inconvenience.

Standard procedures regarding security have recently been revised. There have been some slight changes. These matters are under constant consideration and periodically new procedures are adopted which the security office feel may be better.

The hon. member for Athabasca (Mr. Shields) is not in the House. He reported an incident which occurred inside the building, which is clearly within my jurisdiction. I would simply say that corrective measures will be taken in that case. It was an unfortunate incident and I am sure it will not occur again.

* * *

POINT OF ORDER

MR. CROSBIE—REFERENCE TO GABON

Hon. John C. Crosbie (St. John's West): Madam Speaker, I rise on a point of order just to make sure there is no misunderstanding about my reference to that wonderful country of Gabon, which is a progressive and developing nation and an oil producer. My reference to swinging from a tree and going back to living in tree houses applied to Canada, not to Gabon where housing conditions and interest rates are likely better than in Canada. My point was that the Minister of Finance (Mr. MacEachen)—

Madam Speaker: Order. I am sure that if that is what the hon. member said, it will be obvious to anyone who reads *Hansard* that his reference was not to Gabon but to Canada. Unless the hon. member wants to correct something he said, members usually do not correct after question period what they said during question period.

Mr. Crosbie: Madam Speaker, I gave you notice today of a question of privilege regarding the Minister of Employment and Immigration (Mr. Axworthy) who is not here. I would like to adjourn that matter because of his absence.

Madam Speaker: Order. There are other hon. members who are ahead of the hon. member for St. John's West. It is just a matter of one notice arriving at one hour and another arriving at another hour. I take questions of privilege in the order in which they arrive. The one I received first was from the hon. member for Western Arctic (Mr. Nickerson).

* * *

PRIVILEGE

MR. NICKERSON—ALLEGED PARTISAN BEHAVIOUR OF MR. MUNRO (HAMILTON EAST)

Mr. Dave Nickerson (Western Arctic): Madam Speaker, this is the first time I have ever pre-empted the hon. member for St. John's West (Mr. Crosbie). Unlike the hon. member for St. John's West, it is a very unusual occurrence when I rise on such a matter. In fact, this is the first time I have raised a question of privilege since becoming a member of this House. It is not something I do lightly.

My concern deals with what I consider to be rather improper partisan behaviour on the part of the Minister of Indian Affairs and Northern Development (Mr. Munro). I gave Your Honour notice of this a week ago. I would have preferred to raise the matter when the minister was in the House, but he has not been here for seven days, I have no idea when he will return and under our rules questions of privilege should be raised at the earliest opportunity. Therefore, with no disrespect to the minister, whose presence I would have preferred, I will with your permission proceed today.

It seems that the minister in question finds it difficult to draw a distinction between what might be described as party affairs and public affairs. The House already has the benefit of your ruling, Madam Speaker, with respect to the opening of constituency offices throughout the north. I believe it was handed down on March 26.

My question of privilege today goes back to April 23 when, in reply to a question from myself, the minister said with regard to recent NEB decisions on the pipeline and other matters that "consultations will be held with all those people who feel seriously affected by this decision". He was referring to the people of the north.

I submit that that undertaking to consult with the people is good. However, it is the manner in which the consultations have taken place which cause me concern. Public meetings were held in Yellowknife on May 15 and 16. The meetings were organized, executed and put into effect not by the government, not by the minister's office but by the Liberal party. I wish to read two brief quotations from the literature circulated in connection with these meetings. The first is:

—the Liberal Party of the Northwest Territories has invited the Minister to attend a "Public Meeting" in Yellowknife on May 15th and 16th.

Referring to the topics to be discussed, the material reads:

These three topics for discussion were chosen by the Liberal Party of the N.W.T.—

I might point out that the meeting was chaired by the local Liberal president. That evening there was a $40 a plate dinner held for party fund raising purposes, attended by the minister. You paid $40 if you wanted to see the hon. Minister of Indian Affairs and Northern Development.

● (1510)

I submit, Madam Speaker, that there are three areas of privilege involved here. First of all, there is the question of misleading the House in the minister's reply. He said that all people would be consulted, whereas in fact it turns out that only those people who were willing to attend a Liberal party gathering were the people who were consulted. I submit the minister is using his ministerial authority for partisan purposes. I know this is always a matter of degree, but I submit that in this case he has overstepped the line.

He has in a way insulted the public service, particularly those members employed within the Department of Indian Affairs and Northern Development. He has in fact shown that he has little or no confidence in the people who work for that department. He does not trust them to be part of the consultative processes, but would prefer to leave that to the party organization. Can you imagine, Madam Speaker, the chagrin of departmental officials who are pressured into paying $40 to the Liberal coffers in order to hear what their minister has to say to them?

I submit that in doing these things the minister in a way has impaired my ability to do my job as a member of Parliament representing my particular constituency of Western Arctic.

I submit that I was to a certain extent misled in the House, and that neither I nor my constituents could take part in these consultations unless we were prepared to attend a Liberal party function. To many people in the west and north that is something, of course, which they would avoid at any cost.

I submit the possibility exists that public servants, those people employed within the department, were under some undue pressure to attend these partisan functions, and it is difficult for me to get independent advice from members of the public service.

That is really what I wanted to say, Madam Speaker. May I conclude by saying I do not want to see Hamilton-style politics pollute the north. I think they have enough of that in Hamilton. So far the political process in northern Canada has been rather unsullied and we do not want the extension of Hamilton-style politics into the north. We do not want to have to belong to a certain party before getting a job in the public service or being awarded a contract. We in the Northwest Territories or the Yukon do not want association with the alleged, rather unsavoury elements of society that I am led to believe is the case in Hamilton.

Madam Speaker: In spite of the fact that the hon. minister is not present in the House, I think I can rule on this particular question of privilege. I may remind hon. members that it is not necessary that ministers be in the House in this regard. I would have agreed to defer this question but the hon. member chose to raise it anyway, and I commend him for that because, indeed, questions of privilege cannot be delayed indefinitely, and if privilege exists it may be so important that the House cannot function before it is settled. However, I feel I can make a ruling at this time, and I am glad the hon. member chose to raise the matter today.

I must inform the hon. member that the minister in question may choose to consult whomever he wishes in the process of carrying out his departmental responsibilities. If he did tell the hon. member he would consult, I do not think he gave details as to whom he would consult, and the hon. member did not elaborate on that. At any rate, the minister is free to consult in the manner in which he himself sees fit. I certainly have no jurisdiction in respect of how a minister of the Crown discharges his departmental responsibilities in that regard, or as to whether he pleases his officials by consulting or bypassing them. That depends entirely on the style of the minister, who is free to adopt his own working methods. Of course, the Chair cannot intervene in this particular case.

The hon. member was not very explicit about the alleged impairment of his ability to discharge his duties as a member of Parliament in this House, and I think that is a very important aspect. I gather he did not feel his ability was considerably impaired or, for that matter, impaired at all. Therefore, it is difficult for me to determine that he might have a case of privilege.

The hon. member complains that he cannot obtain impartial information from officials. I think the hon. member could get the information he requires, if he persisted, from officials or from the minister. It is up to him to find ways of extracting that information from the government, its ministers or its services. I cannot help him in this particular regard through the process of a question of privilege. Therefore, I have to say that I do not find there is a prima facie case of privilege in the hon. member's question.

* * *

POINT OF ORDER

MR. WADDELL—ALLOCATION OF TIME DURING QUESTION PERIOD

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I rise on a point of order. I meant to raise this question before you got to the stage of questions of privilege. My point of order arises in relation to the question period.

It is my understanding that members in this part of the House would normally be allowed to ask four questions during the question period, but it seems that this principle has been steadily eroded during the last month or two. May I respectfully suggest that, if the first round of questions and answers were shorter, more members, especially those in the back benches, could ask questions. Perhaps hon. members should

lose the right to ask supplementary questions if they cannot make their original questions shorter. I noticed that being the case with previous Speakers in this House. I say this respectfully, but I wonder what has happened to our right to ask four questions.

Madam Speaker: First of all, I am not sure how many precedents there are of Speakers determining that a second supplementary question cannot be asked when the first question is rather long, but I find that an interesting suggestion.

Having regard to the second point raised by the hon. member that members of the NDP have a right to ask four questions, I think the hon. member's mathematics are not very accurate. I suggest that members of the NDP are entitled to ask about one third of the questions asked by members of the Conservative party. That does not work out to four questions on most days. There are days when I allow members of the NDP to ask four questions because they are entitled to a little more than one third. As a result, I do allow four questions once or twice a week, but usually three. That practice has been consistent since the beginning of the time I have been in this chair. I think if the hon. member looks at the statistics he will find that proportion is just about right.

If the hon. member looks back in *Hansard*, I think he will find that on many occasions when questions by members of the Conservative party have been unduly long and have taken up quite a lot of the time of the House during the question period I have allowed members of the NDP to ask about one third of the questions, in spite of the fact that on those days the proportion allowed members of the NDP did not work out to one third. On some days I have to work on the basis of time rather than on numbers.

• (1520)

I take note of the hon. member's suggestion about the length of questions. I myself find that questions tend to be very long, and I try to discipline hon. members.

An hon. Member: And the answers too.

Madam Speaker: The answers tend to be equally long and I do discipline members on the government side when answers are lengthy. Hon. members must realize that when the questions are long it is very difficult to cut off the answer, or to allow less time for the answer than for the question. However, I have heard hon. members complain when the answer on the other side was simply "No". They do not seem to appreciate that kind of short answer, so it is very hard for the Speaker to please everyone. I know that, and I just try to be as fair as possible.

PRIVILEGE

MR. CROSBIE—NOTICE OF QUESTION TO BE RAISED

Hon. John C. Crosbie (St. John's West): Madam Speaker, I gave Your Honour notice this morning of an important question of privilege which involves the Minister of Employment and Immigration (Mr. Axworthy) and a letter from him which is misleading and in which false information is obviously deliberately contained.

The minister is not here today. I do not think he will be here until Thursday, according to his office. I will not be here Thursday and Friday because of other public business. I am prepared to go ahead and argue this either tomorrow—there is ample precedent for it—or I can wait until next Monday when presumably the minister will be here. I am quite willing to wait until next Monday, which appears to be the first day, unless Your Honour wants to direct otherwise.

Madam Speaker: There is no reason for the minister to be present in the House. If I need to hear the minister once the hon. member has raised his question of privilege, I can defer my ruling on that question of privilege and wait until the minister is heard. However, I can hear the question of privilege, and I urge the hon. member to raise his question of privilege today. If I need further clarification from the minister, I can hear that later; but if the hon. member wishes, I can hear his question today. In fact, I prefer that the matter not be deferred.

Mr. Crosbie: Madam Speaker, because I checked with the minister's office and was told he was not here, I did not bring the documents and the things I need to make the point now. I can go upstairs and get them and bring them down in a few minutes' time, or else I can go ahead tomorrow.

Hon. Erik Nielsen (Yukon): Madam Speaker, may I speak very briefly on this point? While it is true that there is nothing in the Standing Orders or in our rules which prevents questions of privilege from being raised in the absence of a minister or a member who it is anticipated will be involved in the question of privilege, nevertheless it has been a long-standing practice traditionally in this House that courtesy is extended to the minister or member involved in a question of privilege and that the question not be raised until he is here. That is particularly true with respect to questions of privilege which involve allegations of untruthfulness, allegations of misconduct or allegations which affect ministers or members personally.

I have some knowledge of the nature of the subject matter of the question of privilege which the hon. member for St. John's West (Mr. Crosbie) intends to raise, and it does involve allegations of such a nature. In this particular circumstance I urge the Chair that it might be far more appropriate to await the return of the minister before the question is raised.

Madam Speaker: I am not saying that I rule out that the hon. member should defer his question of privilege to another day, especially owing to the fact that, thinking that the hon. minister would not be here, the hon. member does not have the

documents he needs with him and therefore cannot raise the question.

The hon. member for Yukon (Mr. Nielsen) points out that there is nothing in the Standing Orders which says a question of privilege has to be heard by the other party who is affected by the question of privilege. There is indeed absolutely nothing. Those are the Standing Orders, and it is in my discretion to hear the question of privilege even if the minister whose conduct is questioned in the question of privilege is not present in the House.

There has to be a balance in relation to a question of privilege. If an hon. member has a question of privilege, then it has to be dealt with very rapidly. If we defer questions of privilege for several days and they are serious, then I wonder what the meaning of the Standing Order is and what the meaning of a question of privilege is. If it is urgent, it is urgent and therefore has to be heard immediately. So it is a balance between these two things which I am trying to reach.

I do not like deferring questions of privilege. Thanks to some hon. members, I have gained a lot of experience respecting questions of privilege. An hon. member's insistence on raising a question of privilege in the presence of a particular minister calls for a debate rather than simply exposing a question of privilege. It might be in the interest of the House that questions of privilege be raised independently of whether a minister is present or not present.

I will accept the hon. member's suggestion that he raise his question of privilege tomorrow because he does not have the documents, but I urge hon. members to raise questions of privilege at the earliest opportunity. If hon. members are not here to defend themselves, sometimes I can rule independently of hearing them, and if I need to hear them I can ask them to rise in the House on another day.

MR. McKINNON—NOTICE OF QUESTION TO BE RAISED

Hon. Allan B. McKinnon (Victoria): Madam Speaker, I am rising to serve notice that I intend to raise a question of privilege tomorrow. I would be pleased to tell Your Honour why I am waiting until tomorrow. The chairman of the Standing Committee on External Affairs and National Defence wishes to conduct his own investigation into this matter. I think it will take one or two days. A piece of documentary evidence which would be extremely useful to me is in French only, and I have not been able to have it translated as yet. I am not confident that I understand its full meaning.

The question of privilege concerns an attempt to falsify the minutes of a meeting of the Standing Committee on External Affairs and National Defence, and I will give Your Honour notice tomorrow.

Madam Speaker: I have said repeatedly that I need not have oral notice in the House of a question of privilege. The hon. member can walk out of the House now and give me a written notice of his question of privilege, and that will suffice. Questions of privilege are subject to notice to the Chair in writing, in which notice the member should give an indication of what the question of privilege is all about. I do not need oral notice in the House.

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 137, 1,026, 1,559, 1,600, 1,608, 1,908, 2,195, 2,204, 2,234, 2,322, 2,370 and 2,407.

[*Text*]

DOC EARTH RECEIVING STATION LICENCES

Question No. 137—**Mr. Greenaway:**

1. For each year 1975 to date, by province, how many earth receiving stations for the reception of satellite broadcast signals were licenced by (a) CRTC (b) the Department of Transport and, in each case, what were the reasons for approval?

2. For the same years, by province, how many earth receiving stations for the reception of satellite broadcast signals have been established without licences?

3. Have any such cases been prosecuted and (a) if so (i) how many (ii) where were they located (iii) what was the outcome of the prosecutions (b) if not, for what reason?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments of Communications and Transport as follows:

1. (a) Television receive earth stations are licensed by the Department of Communications under the Radio Act.

   (b) Not applicable. This function was assumed by the Department of Communications approximately 12 years ago.

Department of Communications television receive earth station licences issued, by provinces, for the year 1975 to 1980:

	1975	1976	1977	1978	1979	1980
B.C.			1	1	6	7
Alta.					1	3
Sask.			1	1	1	8
Man.					2	3
Ont.				1	12	21
Que.	3	3	12	14	21	63
N.B.						3
N.S.					1	2
P.E.I.						2
Nfld.	1	1	1	1	2	2
Yukon		3	6	6	6	6
N.W.T.	1	2	4	4	4	4

In each case, television receive earth station licences were approved when the applicant satisfied the licensing requirements of the Department of Communications.

2. No statistics are available on the number of unlicensed earth stations for the years 1975 to 1979. The following figures are estimates only for the current year:

B.C.	60
Alta.	13
Sask.	6
Man.	12
Ont.	16
Que.	7
N.B.	1
N.S.	2
P.E.I.	0
Nfld.	4
Yukon	9
N.W.T.	17

3. It appears that most of the unlicensed earth stations are being used to receive signals from U.S. satellites that carry television programs. In view of the fact that this matter is closely linked to the recent CRTC report on the extension of television services to remote areas, which is currently under review by the Minister of Communications and the CRTC, no enforcement action has been initiated. However, the over-all situation is being monitored and some investigations are being made. Enforcement action could be taken in specific situations prior to a resolution of the broadcasting policy and regulatory issues.

ILLEGAL DISH ANTENNAS

Question No. 1,026—**Mr. Cook:**

1. How many illegal dish antennas are operating in (a) British Columbia (b) Alberta (c) Saskatchewan (d) Manitoba (e) the Yukon (f) the Northwest Territories (g) Ontario (h) Quebec (*i*) New Brunswick (j) Nova Scotia (k) Prince Edward Island (l) Newfoundland?

2. Of the illegal dish antennas in British Columbia and the Yukon, how many are operating in areas where there is poor reception or no reception of the CBC signal?

3. Has the government ever forced the closing down of an illegal dish antenna in British Columbia or in the Yukon and, if so, near which communities were they situated?

4. Does the government intend to close down any of the illegal dish antennas it is presently aware of and, if so, near which communities are they situated?

5. Did the government receive complaints from the American government regarding illegal dish antennas in Canada pirating TV signals from the U.S. Satcom 1 satellite and, if so, what was the government's response?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): In so far as the Department of Communications is concerned, the answer to the above question is as follows:

1. (a) British Columbia	60	(g) Ontario	16
(b) Alberta	13	(h) Quebec	7
(c) Saskatchewan	6	(i) New Brunswick	1
(d) Manitoba	12	(j) Nova Scotia	2
(e) Yukon	9	(k) Prince Edward Island	0
(f) N.W.T.	17	(l) Newfoundland	4

2. It is estimated that there are five unlicensed earth stations in British Columbia and two in the Yukon operating in areas where there is poor or no reception of CBC signals from standard television transmitters.

3. Both the CRTC and the Department of Communications have communicated with many persons owning or operating such facilities to advise them of the illegalities involved. To our knowledge, such notification resulted in the closing down of an unlicensed installation in Whitehorse.

4. It appears that most of the unlicensed earth stations are being used to receive signals from U.S. satellites that carry television programs. In view of the fact that this matter is closely linked to the recent CRTC report on the extension of television services to remote areas, which is currently under review by the Minister of Communications and the CRTC, no enforcement action has been initiated. However, the over-all situation is being monitored and some investigations are being made. Enforcement action could be taken in specific situations prior to a resolution of the broadcasting policy and regulatory issues.

5. No complaints have been received from the American government regarding unlicensed earth stations in Canada pirating TV signals from U.S. satellites. The unauthorized reception of satellite television program signals, including those from Canadian satellites, is also a problem in the United States. It is understood that the government of the United States does not consider the direct reception of U.S. satellite signals in Canada to be permissible under existing international agreements.

A. V. ENGUIBAROV'S TRIP TO BROCKVILLE

Question No. 1,559—**Mr. Cossitt:**

With reference to the answer to question No. 31 which states in part, that A. V. Enguibarov, commercial counsellor at the U.S.S.R. Embassy made a visit to Brockville, Ontario (a) what was the date of this visit (b) was any reason given to the Department of External Affairs for the visit (c) does the government have any knowledge from any source whatsoever as to what he did while in Brockville, Ontario?

Hon. Mark MacGuigan (Secretary of State for External Affairs): (a) Mr. A. V. Enguibarov visited Brockville on April 14, 1979.

(b) and (c) In so far as the Department of External Affairs is concerned, Mr. Enguibarov was not required to state, and did not volunteer, the reasons for his visit to Brockville.

LETTERS SUPPORTING CONSTITUTIONAL ADS

Question No. 1,600—**Mr. Cossitt:**

Did the Minister of State for Multiculturalism receive letters in support of the constitutional ads and, if so (a) how many (b) from whom including any members of Parliament in the opposition?

Order Paper Questions

Hon. Jim Fleming (Minister of State (Multiculturalism)): The Minister of State for Multiculturalism has received favourable responses. However, records are not maintained in such a way as to provide an accurate answer to this question.

U.S.S.R. EMBASSY VEHICLES REGISTERED IN NAME OF A. V. ENGUIBAROV

Question No. 1,608—**Mr. Cossitt:**

1. (a) How many vehicles at the Embassy of the U.S.S.R. in Ottawa are registered in the name of Mr. A. V. Enguibarov (b) was the total five in 1978 (c) what are all the reasons given that he requires so many vehicles?

2. Did he use one of the vehicles on his trip to Brockville, Ontario as referred to in the answer to question No. 31 and, if so, what was the licence number, make, model and colour?

Hon. Mark MacGuigan (Secretary of State for External Affairs):

1. (a) In 1981, no vehicles at the Embassy of the U.S.S.R. in Ottawa are registered in the name of Mr. Enguibarov.

(b) In 1978, six vehicles were registered in the name of Mr. Enguibarov.

(c) From 1978 to 1980, all vehicles used by the personnel of the Soviet trade mission were registered in the name of Mr. Enguibarov. The number of vehicles registered to, and used by, Mr. Enguibarov and other members of the Soviet trade mission is commensurate with the size of the personnel of the trade mission and is not considered disproportionate or excessive.

2. For the trip in question (to Brockville, Ontario), Mr. Enguibarov used a red 1978 Buick Electra, licence No. CDA 248.

CBC DOCUMENTARIES

Question No. 1,908—**Mr. Beatty:**

1. Is CBC planning to show the documentary "Ten Years After" in the near future and (a) if so, on what date (b) if not, for what reasons?

2. What role does CBC Toronto have to play in the decisions to distribute CBC documentaries?

3. Will CBC distribute the program to independents who would like to borrow it?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications):

I am informed by the Canadian Broadcasting Corporation as follows: 1. No.

(a) Not applicable.

(b) The program does not meet a basic criterion for a CBC documentary on a controversial issue, namely that it make a serious attempt to include all points of view. In the corporation's judgment, the research for the program was not complete, which left the final production badly out of balance.

2. The senior officers at the CBC's English network headquarters in Toronto have the operational responsibility for deciding which programs will be carried on the national network.

3. No.

UNUSED PERSON-YEARS IN LAST FIVE YEARS

Question No. 2,195—**Mr. Herbert:**

In each of the past five years, how many authorized person-years in the Public Service have not been used and what is the estimate for the current year?

Hon. Donald J. Johnston (President of the Treasury Board):

The unused authorized person-years in the last five years were as follows:

1975-76	11,952
1976-77	8,972
1977-78	5,298
1978-79	8,367
1979-80	5,788

Although the data for 1980-81 are incomplete, the unused person-years should be in the order of 6,000. Unlike financial planning, the person-year authorities are not discounted for expected lapses. Therefore these data reflect unused authority after the facts.

PUBLIC ARCHIVES FILES

Question No. 2,204—**Mr. Cossitt:**

Are there any other files, in addition to the Taschereau Papers, that have been retained in the Public Archives and not made public after the 30-year statutory limit and, if so, what is the name of each file?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications):

I am informed by the Public Archives as follows: there are approximately 6,000 files of public records in the Public Archives of Canada that have not been made public after the 30-year statutory limit. These files are in the exempted category as defined by cabinet directive June 23, 1977.

As well, approximately 1 per cent of collections of private papers of individuals and organizations in the Public Archives have some access control for a specified time period. This access control is usually a condition of their acquisition and is implemented to protect personal privacy.

A list of each file in the exempted category is not readily available and would require an inordinate amount of work, time and cost. However, these files are readily identifiable in the existing lists and indexes that serve as finding aids to the public records under the custody of the Public Archives.

ADVISORY COUNCIL ON PUBLIC RECORDS

Question No. 2,234—**Mr. Cossitt:**

Did order in council number 1966-1749 dated September 9, 1966, provide for the setting up of an Advisory Council on Public Records and, if so (a) on what

date was it set up (b) what are the names and qualifications of the (i) present members (ii) previous members of the council?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): I am informed by the Public Archives as follows: the Public Records order (P.C. 1966-1749, dated 9 September, 1966) provided for the establishment of the Advisory Council on Public Records (ACPR). The order in council specified that the council was to be under the chairmanship of the Dominion Archivist who would nominate 12 members and present the nominations to the Treasury Board for approval.

(a) The members were appointed on February 8, 1967, under the authority of Treasury Board minute T.B. 664903. The first meeting was held on July 17, 1967.

(b) The Public Records order states that nine members are to be appointed from government departments and agencies, including the Treasury Board at all times. Traditionally, these people have been records managers of major government departments with a great deal of experience in the field of records management. Three members from outside the public service are appointed as representatives of the Canadian Historical Association (CHA), The Canadian Political Science Association (CPSA) and the Records Management Institute (RMI).

(i) Present Members

Dr. W.I. Smith Dominion Archivist Chairman, ACPR	1968-1981
Mr. F. Boileau Chief, Information Resources Indian and Northern Affairs	1975-1978 1980-1981
Mr. Y. Cloutier Director, Records Management Systems National Defence	1975-1981
Mr. R.J. Denault Records Manager Industry, Trade and Commerce	1979-1981
Chief Supt. W. Drew Director, Records Management Royal Canadian Mounted Police	1975-1981
Mr. J.G. Dumont Chief, Records Management Ministry of Transport	1972-1981
Professor D. M.L. Farr Paterson Centre for International Programs Carleton University (CHA Representative)	1967-1981
Mr. H. Greffe Records Manager Public Works	1977-1981
Mrs. E.V. Reynolds Senior Analyst Records Management Employment and Immigration Canada	1968-1971 1980-1981
Mr. E.J. Riley Records Manager Revenue Canada—Taxation	1972-1981
Professor D.C. Rowat Department of Political Science Carleton University (CPSA representative)	1977-1981
Mr. A. Scharf Records Manager Canada Post (RMI representative)	1979-1981
Mr. R.M. Westington Task Force on Access to Information and Privacy Administrative Policy Branch Treasury Board Canada	1973-1981

(ii) Previous Members

Dr. W.K. Lamb Dominion Archivist Chairman, ACPR	1967-1968
Mr. J. Cardillo Chief, Records Management Division Department of National Defence	1967-1972
Mr. W.A. Cole Paperwork Management Advisor Management Improvement Branch Treasury Board	1967-1969
Mr. E.R. Forde Office Services Department Central Mortgage and Housing Corporation	1967-1968
Mr. W.R. Greene Chief of Records Department of Public Works	1967-1968
Mr. G.E. Logan Chief Records Officer Department of National Health and Welfare	1967-1972
Mr. F. Mills Coordinator of Registries Post Office Department	1967-1968
Mr. J.C. O'Reilly Records Manager Department of Transport	1967-1970
Mr. P.R. Parent Director, Administrative Services Branch Department of Labour	1967-1970
Superintendent A.C. Potter Officer-in-Charge Central Registry Royal Canadian Mounted Police	1967-1968
Mr. Louis Sabourin Dean of the Faculty of Social Sciences University of Ottawa (CPSA representative)	1967-1968
Mr. K.G. Stethem Chief, Central Registry National Research Council	1967-1976
Superintendent R.M. Allan Officer-in-Charge Central Registry Royal Canadian Mounted Police	1968-1972
Dr. George Buxton (CPSA representative)	1968-1973
Dr. A.A. Day Head, Historical Division Department of External Affairs	1968-1970
Mr. R.G. Moir Chief, Records Management Branch National Revenue-Customs and Excise	1968-1971
Mr. A.J. Banerd Program Branch Treasury Board	1969-1970
Mr. J.H. Crossan Program Branch Treasury Board	1970-1972

Order Paper Questions

Mr. L.R. Hale Records Manager Dominion Bureau of Statistics	1970-1976
Mr. D.F. Wall Assistant Secretary to the Cabinet Privy Council Office	1970-1972
Mr. T.L. Williams Chief, Records Management Division Department of National Defence	1972-1975
Mr. G. Cousineau Deputy Secretary Treasury Board	1972-1973
Mr. L.N. Gervais Paperwork Manager Finance/Treasury Board	1972-1973
Mr. J.E. St. Arnaud Records Manager Department of Transport	1972-1975
Superintendent G.R. Hamelin Director, Records Services Royal Canadian Mounted Police	1972-1975
Mr. M.A.J. Lafontaine Deputy Secretary Treasury Board	1973-1977
Dr. K.D. McRae (CPSA representative)	1973-1976
Mr. G.E.F. Belkie Assistant Records Manager Department of Consumer and Corporate Affairs	1974-1975
Mr. W.J. Pearce Records Manager Department of Indian and Northern Affairs	1975-1978
Mr. R.A. Paquette Records Manager Regional Economic Expansion Department	1977-1980
Mr. H. Rodgers Information Systems Division Administrative Policy Branch Treasury Board Canada	1977-1980

EXPORT DEVELOPMENT CORPORATION LOANS

Question No. 2,322—**Mr. Herbert:**

For each of the past five years, what was the total amount of loan approvals and export credit insurance made by the Export Development Corporation to the United Kingdom?

Hon. Herb Gray (Minister of Industry, Trade and Commerce):

In so far as the Department of Industry, Trade and Commerce is concerned, Export Development Corporation states that: the total amount of loan approvals and export credit insurance made by the Export Development Corporation for each of the past five years to the United Kingdom are as follows:

Year	Loans Signed Canadian $ (000)	Exports Insured Canadian $ (000)
1976	$ 1,540	$111,578
1977	Nil	$128,543
1978	Nil	$122,205
1979	$14,555	$118,438
1980	$ 8,750	$178,563
First three months of 1981	Nil	$ 34,423

CIDA SPONSORSHIP OF THIRD WORLD VILLAGE, MONTREAL

Question No. 2,370—**Mr. Gamble:**

Is the Canadian International Development Agency sponsoring a Third World Village at the Salon de la Femme in Montreal from April 24 to May 3, 1981, for the second year "to help visitors understand the situation in developing countries" and, if so, what (a) is the total budgeted cost for 1981 (b) was the total budgeted cost and the actual cost of the exhibit in 1980?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Yes.

(a) The 1981 budgeted cost is $85,000.

(b) The 1980 budgeted cost was $22,000, and the actual cost was $32,000.

FEDERAL-PROVINCIAL RENTAL HOUSING PROJECTS UNDER NHA

Question No. 2,407—**Mr. Herbert:**

1. By province, what amount was contributed by the Canada Mortgage and Housing Corporation in the past five years under the Public Housing Program, where the federal and provincial governments built the projects in partnership, and what number of units were built?

2. What was the amount paid by the corporation in the last full year for which figures are available for ongoing operating subsidy costs for the projects?

Hon. Paul J. Cosgrove (Minister of Public Works): I am advised by Canada Mortgage and Housing Corporation as follows:

1. See list below.

2. See list below.

Federal-Provincial Rental Housing Projects Under Section 40 of the NHA, by Province, 1976 to 1980

	1976		1977		1978		1979		1980	
	No. of Units	Estimated Net Federal Contribution $000	No. of Units	Estimated Net Federal Contribution $000	No. of Units	Estimated Net Federal Contribution $000	No. of Units	Estimated Net Federal Contribution $000	No. of Units	Estimated Net Federal Contribution $000
Nfld.	150	3,950	101	2,922	194	5,448	187	5,902	165	6,501
P.E.I.	20	429	80	1,883	10	235	37	922	42	1,082
N.S.	220	3,540	423	7,389	524	10,020	524	10,983	391	9,785
N.B.										

Federal-Provincial Rental Housing Projects Under Section 40 of the NHA, by Province, 1976 to 1980

	1976		1977		1978		1979		1980	
	No. of Units	Estimated Net Federal Contribution $000	No. of Units	Estimated Net Federal Contribution $000	No. of Units	Estimated Net Federal Contribution $000	No. of Units	Estimated Net Federal Contribution $000	No. of Units	Estimated Net Federal Contribution $000
Que.										
Ont.		720								
Man.							100	563		
Sask.	1,282	29,076	940	19,633	1,085	24,618	697	18,226	694	19,594
Alta.		62								
B.C.										
Yukon										
N.W.T.	21	757	18	1,014	110	5,595	116	6,115	85	5,868
Canada	1,693	38,534	1,562	32,841	1,923	45,916	1,661	42,711	1,377	42,830

Federal Subsidies Paid Under Section 40 of the NHA for Federal-Provincial Rental Housing by Province, 1980

	Federal Subsidies Paid $000
Nfld.	1,350
P.E.I.	510
N.S.	9,680
N.B.	4,750
Que.	1,222
Ont.	13,333
Man.	4,148
Sask.	8,567
Alta.	1,291
B.C.	18,397
Yukon	259
N.W.T.	808
Canada	64,315

NOTE: Subsidy payments made in 1980 are paid against 1979 operating expenses and may also be for operating expenses for years prior to 1979. Also not all projects approved in the last few years would have been under administration during 1980.

* * *

[*Translation*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, if questions Nos. 1,006 and 2,093 could be made orders for return, those returns would be tabled immediately.

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Is it the pleasure of the House that questions Nos. 1,006 and 2,093 be deemed to have been made orders for return.

Some hon. Members: Agreed.

[*Text*]

CNR AND CPR—MAINTENANCE EXPENDITURES

Question No. 1,006—**Mr. Benjamin:**

1. Since February 1978, what were the maintenance expenditures by (a) CPR (b) CNR (i) per car mile (ii) on a time basis for box cars and hopper cars in grain service?

2. Since February 1978, what were the maintenance expenditures by (a) CPR (b) CNR for (i) box cars (ii) hopper cars (iii) freight car average in the total fleet of freight cars per car mile and on a time basis?

3. Since February 1978, what was the monthly average number of Canadian railway passenger cars and freight cars in the United States, by type of car, and how many were owned by (a) CPR (b) CNR?

4. Since February 1978, what was the monthly average number of U.S. owned railway passenger cars and freight cars in Canada, by type of car?

5. Since February 1978, by week, how many grain cars were (a) unloaded at (i) Thunder Bay (ii) Churchill (iii) Vancouver (iv) Prince Rupert by CPR and CNR (b) leased by (i) CPR (ii) CNR (iii) the Canadian Wheat Board?

6. Since February 1978, by month, how many grain cars spotted by (a) CPR (b) CNR at country elevators licenced by the Canadian Grain Commission were returned empty or which grain company agents repaired because the cars were unfit for loading?

Return tabled.

ATLANTIC SALMON BOARD

Question No. 2,093—**Mr. McGrath:**

1. (a) What is the role of the Atlantic Salmon Board (b) how many meetings has the Board had since its inception (c) in which locations have the meetings been held?

2. Was the Board consulted by the government before it extended the Atlantic Salmon Compensation Program?

3. To whom and in what amounts is compensation being paid under the Program?

4. Will there be any change in the Atlantic commercial salmon fishery this year and, if so (a) what are the proposed changes (b) have the changes been discussed with the Board?

5. How many commercial salmon fishermen currently hold licences in (a) Newfoundland (b) Nova Scotia (c) New Brunswick (d) Prince Edward Island?

6. What was the total value of the Atlantic commercial salmon fishery for the past fiscal year?

7. How much salmon was caught commercially during the 1980 season and what was the total value?

8. How many salmon were caught by sports fishermen in the four Atlantic Provinces during 1980?

9. Did the government offer to transfer the total surveillance of salmon rivers in Atlantic Canada to the provinces and, if so, on what date?

10. How many salmon hatcheries does the government maintain in the four Atlantic Provinces and what is the location and cost of operation for each hatchery?

11. What is the estimate of the number of salmon taken by Indians in New Brunswick during the 1980 season?

12. Has the government concluded a new multinational agreement to control salmon fishing in the North West Atlantic and, if so, which countries were involved?

Return tabled.

Excise Tax

[*Translation*]

Mr. Collenette: I ask, Madam Speaker, that the remaining questions be allowed to stand.

Madam Speaker: Shall the remaining questions be allowed to stand?

[*English*]

Mr. Friesen: Madam Speaker, I rise on a point of order. Since January 21 my question No. 2,003 has been on the Order Paper. I believe I have asked about this before. It is of particular importance today now that an announcement respecting a large wheat sale to the Soviet Union has been made. The question has to do with how much credit has been extended to the Soviet Union and to the other eastern bloc countries. I understand that the western hemisphere countries have extended credit to the eastern bloc countries to the tune of $65 billion, which puts us in a very vulnerable position. I wonder if the parliamentary secretary could see to it that this question is answered as quickly as possible because I think it is germane to the headlines in the newspapers today.

Mr. Collenette: Yes, Madam Speaker, I shall follow this matter up.

I ask, Madam Speaker, that the remaining questions be allowed to stand.

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

EXCISE TAX ACT AND EXCISE ACT

MEASURE TO AMEND

The House proceeded to the consideration of Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs.

Madam Speaker: As hon. members know, there are 135 motions standing on the Order Paper at the report stage of Bill C-57. I have not had an opportunity to examine all the motions to determine their procedural acceptability or, in any case, to group them for debate. However, for the moment, I suggest the following: Motions Nos. 1 and 3 could be grouped for debate and voted on separately.

● (1530)

Motion No. 2 is acceptable for debate and, if required, will be voted on separately.

Motions Nos. 4 and 5 will be debated together and a vote on motion No. 4 disposes of motion No. 5.

Motions Nos. 6 and 7 could be debated together with an affirmative vote on motion No. 6 disposing of motion No. 7. However, a negative vote on motion No. 6 will necessitate the question being put on motion No. 7.

Motions Nos. 8, 13 and 58, standing in the name of the minister, are similar in nature and could be debated together, with a vote on motion No. 8 disposing of motions Nos. 13 and 58.

Motions Nos. 9 and 34 are similar and could be grouped for debate. However, as one motion refers to aircraft gasoline and the other to aircraft parts, separate votes will be required on these motions.

Motion No. 10, standing in the name of the hon. member for Kamloops-Shuswap (Mr. Riis), seeks to import a new proposition and offends the royal recommendation attached to the bill. I might quote for the benefit of hon. members Citation 437(1) of Beauchesne's fifth edition as follows:

> An amendment setting forth a proposition dealing with a matter which is foreign to the proposition involved in the main motion is not relevant and cannot be moved.

Also Citation 773(7) reads in part:

> An amendment is out of order . . . if it extends the objects and purposes, or relaxes the conditions and qualifications as expressed in the royal recommendation.

I might also add a reference to Citation 516(2) of Beauchesne's fifth edition which reads in part:

> —No motion can therefor be made to impose a tax, save by a minister of the Crown, . . . nor any alternative made in the area of imposition.

The hon. member may wish to offer argument on the procedural acceptability of his motion, and if so he can do that the next time the bill is before the House for consideration.

Motions Nos. 11 and 12 will be debated together and a vote on motion No. 11 will dispose of motion No. 12.

Motions Nos. 14 to 26 could be grouped for debate and, if required, will be voted on as follows: Question to be put on motion No. 14 by itself. Question to be put on motion No. 15 and, if in the affirmative, this will obviate the question having to be put on motion No. 16. If in the negative, then the question will be put on No. 16.

Likewise for motions Nos. 17 and 18. An affirmative vote on motion No. 17 will negate the question being put on motion No. 18. A negative vote on motion No. 17 will necessitate the question being put on motion No. 18.

Question will be put on motion No. 19 by itself. Question will be put on motion No. 20 and, if in the affirmative, the question will not have to be put on motion No. 22. If in the negative, the question will be put on motion No. 22.

Question will be put on motions Nos. 21 and 23 separately. Question will be put on motion No. 24 and, if in the affirmative, this will negate the question having to be put on motions Nos. 25 and 26. However, in the case of a negative vote, the

question will have to be put on motions Nos. 25 and 26 separately.

Motions Nos. 27 and 28 could be grouped for debate and a vote on motion No. 27 will dispose of motion No. 28.

Motions Nos. 29, 30, 31, 32, 33 and 35 will be debated separately and voted on separately.

Motions Nos. 36, 37, 38, 39, 40, 41, 42 and 43 could be grouped for debate, with the question being put on motion No. 36. An affirmative vote on this motion would dispose of motions Nos. 37, 38, 39, 40, 41, 42 and 43. Motions Nos. 40, 41, 42 and 43 seem to be consequential and hinge on the fact that motion No. 36 will carry in the affirmative.

However, in the Chair's opinion, should motion No. 36 be negated, then the question on motions Nos. 40, 41, 42 and 43 is not necessary, including the putting of the question on motion No. 37 which is identical to motion No. 36. This leaves the putting of the question on motions Nos. 38 and 39 separately.

Motion No. 44 will be debated separately and voted on separately.

This is the suggestion that the Chair would like to make at this point. This being a complex bill, as indicated by the number of motions proposed by hon. members, the Chair would welcome any suggestions hon. members may have in order to facilitate further consideration of the bill.

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I rise on a point of order. As you will recall, motions Nos. 8, 13 and 58 deal with a particular provision of this very complex bill, namely the quarterly indexation of taxes on spirits and tobacco. There is on the Order Paper an amendment to have this quarterly indexation become semi-annual. The committee has received representations from the industry and the provincial boards to have annual indexation. To introduce an amendment providing for annual indexation, I would need the authorization and the agreement of the House to table two ways and means motions, one concerning the Excise Act and the other concerning the Excise Tax Act, and I would also need the leave of the House to table the amendments related to these two notices of a ways and means motion to adjust the indexation from quarterly to annual. If I had the unanimous consent, I would proceed in this way, Madam Speaker.

[*English*]

Mr. Don Blenkarn (Mississauga South): Madam Speaker, I have had consultations with members on this side, and while we are not at all happy with indexing, we are quite prepared to have the minister do what he can to improve what we say is a bad bill. This might be some improvement. It certainly is not the kind of thing that we would like to see happen, but we would certainly give unanimous consent to allow the minister to file what may be an improvement over what is already there.

Hon. Marcel Lambert (Edmonton West): Madam Speaker, with the greatest respect, may I say that I fail to see the necessity of the move, using ordinary common sense. Unless there is a difference in the incidence of tax, which the minister has not indicated in his remarks this afternoon is the case, how can he possibly justify this request? What the bill calls for is quarterly indexing, which is in effect quarterly compounding. The minister proposes to move to a yearly basis. My fundamental mathematics tells me that quarterly compounding yields a greater result than annual compounding. Therefore, since it is not an increase in the incidence of tax in the sense that the minister wishes to present, and it is open to any hon. member including a government minister to move for a reduction in tax without notice, I fail to see why it is necessary to obtain the consent of the House, first, to the tabling of a ways and means motion, and second, why there need be consent of the House. As a matter of fact, I think at the time the minister is discussing his subamendment, his amendment of six months which is already on the Order Paper, he could move to change it to one year by way of an amendment to an amendment. I fail to see how this is necessary procedurally.

Now, it may be alleged that annual compounding or indexing annually will yield a greater result. I still have not been able to resolve that and there is no proof of that, merely the fact that it has been said. I want to make sure that that is so. I am not objecting to the proposed change, but, as I say, I do not think it is necessary procedurally.

[*Translation*]

Mr. Bussières: Madam Speaker, the experts of the taxation division of the department inform me that a change from a quarterly indexation to an annual indexation exceeds the scope of the original ways and means notice of motion, so that we would need to have a second ways and means notice of motion for the amendments to be consistent with the ways and means motion, which would not be the case since the extension, if I may call it that, of the original ways and means motion, would not allow us to move an amendment to have annual indexation, but only semi-annual indexation.

Madam Speaker: Order, please. The hon. member for Nepean-Carleton (Mr. Baker).

• (1540)

[*English*]

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I wonder if it would be appropriate to defer for a moment discussion as to the consent. I would like to take a look at the actual text of the amendment. If I may have a copy of it, it would be helpful. We could return to it a little later in order to see the matter dealt with. If that is agreeable to the Chair, I think it would expedite the business.

[*Translation*]

Madam Speaker: As I understand it, the hon. members of the opposition are not clear as to whether the motion that the hon. minister wants to move is made necessary by the fact that

it exceeds the one that we already have before us. Consequently, would the hon. minister accept the suggestion made by the hon. member for Nepean-Carleton to the effect that he could perhaps give him an idea of what his new text contains so that he can ascertain whether it is really necessary to have unanimous consent to table new amendments?

[*English*]

Mr. Lambert: Madam Speaker, I am not suggesting—

Madam Speaker: I am sorry, but I think we have found a solution to the problem. The minister will give hon. members some idea of the wording, and then they can determine among themselves whether the proposal should be accepted.

[*Translation*]

Mr. Bussières: Madam Speaker, am I to understand that, if I have unanimous consent after the documents are examined, I could proceed as I have requested, at any time later today?

Madam Speaker: It is my understanding that as soon as hon. members have read the text, the hon. minister can ask for unanimous consent.

[*English*]

Mr. Don Blenkarn (Mississauga South) moved:

Motion No. 1

That Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in Clause 1 by striking out lines 9 to 13 at page 2.

Mr. Knowles: Madam Speaker, I rise on a point of order. Since Your Honour indicated that we will be grouping motions Nos. 1 and 3 for debate, should not motion No. 3 also be put now?

Madam Speaker: Yes, the hon. member is correct.

Mr. Don Blenkarn (Mississauga South) moved:

Motion No. 3

That Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in Clause 1 by striking out lines 26 to 34 at page 2 and lines 1 to 6 at page 3.

Hon. Marcel Lambert (Edmonton West): Madam Speaker, I hope we can carry on today following discussions with the hon. minister and my colleagues in the New Democratic Party. There was a half day of debate at second reading, a large number of days were spent hearing witnesses from the public at large, and there was discussion in committee. Now that we have reached this particular stage on the first set of motions, perhaps we might allow a rather wide-ranging debate on all aspects of the bill. This would certainly help clean up the passage of the bill. I think the minister should recognize that particular fact. Otherwise there will be a long, long hot summer with this particular bill, because every aspect of it will be repeated at each stage of debate.

The minister will remember that the House leader of the opposition, the minister, myself and our colleagues in the New Democratic Party agreed that there should be a short one-day debate in order to expedite the passage of the bill to committee to hear witnesses. Now, it is only fair that the minister agree at this point to let other hon. members make what, in effect, will be second reading debate speeches at this stage when we are considering motions Nos. 1 and 3 standing in the name of the hon. member for Mississauga South (Mr. Blenkarn).

If the hon. minister wants another reason why that should happen, it is that we are dealing with clause 1 of the bill. When we are dealing with amendments at report stage, particularly to clause 1 which incidentally is a definition clause, surely to goodness we can expect a wide-ranging debate. This is the practice of the House. To simply say that we will be limited to the terms of these amendments would be a denial of the practices of the House. I think it would not do anything constructive in terms of the continuity and effectiveness of this particular debate. Therefore, I propose to review what has happened leading up to this particular point.

I should like to refer to the number of witnesses in committee. It was interesting to see the wide spectrum of the source of these witnesses. There were representatives from the city of Medicine Hat, the Hobbema Four Band Council—

[*Translation*]

—regional and metropolitan weeklies, select newspapers from Quebec, the Québécor Inc. group, the South Shore weeklies and Michael Publishing Inc—

[*English*]

—and suburban newspapers. Then there was the Canadian Association of Provincial Liquor Commissioners, the Association of Canadian Distillers, the Canadian Construction Association, the Independent Petroleum Association of Canada, the Retail Council of Canada, the Canadian Petroleum Association, the Canadian Organization of Small Business, the Federation of Alberta Gas Co-Ops Ltd., the Canadian Wine Institute, Dome Petroleum Limited, and the Canadian Federation of Independent Business. If my memory serves me correctly, there may have been some others, but I do not have the exact textual indication of who they were.

This bill is an omnibus bill. Although it deals with the excise tax, it ranges far and wide on the commodities it touches. Not only does it do that but, even more so, I suggest it creates wide departures from the normal course of the calculation of the excise tax and, shall I say, its impact.

• (1550)

In the past the excise tax has always been known as the "manufacturers' sales tax". It was imposed upon the price at which a manufacturer was selling his commodity. But the legislation before us does not do that. We will now be recognizing a switch which had been hinted at and advocated by the Porter commission report to shift the incidence of the excise tax away from the manufacturer to the wholesaler, bringing it closer to the ultimate consumer and, of course, yielding that much more money to the Crown since there has been no change in the rate of tax. There is no doubt in my mind that in

its amendments to this particular bill the government is seeking to maximize revenues to the Crown in any way it can.

There was no indication by the Minister of Finance (Mr. MacEachen) at the time of the budget that it was his intention to shift the incidence of the excise tax away from the manufacturers' level to the wholesalers' level, but we see exactly that in the item we are discussing at the present time dealing with cosmetics. A distributor of cosmetics who does not manufacture those cosmetics and who does not sell them to retailers but to beauty parlours and other establishments which actually use them as materials in their business are to charge excise tax on such articles which they import. This is clearly a wholesale distributors' tax.

Why was it imposed? It may be that having heard the representations from the organizations most seriously affected the government may change its mind. I do not know since I have not looked at all of the government's amendments. It is remarkable that if there are to be changes here it must be that beauty was able to get to the beast. This is a rather strange circumstance and since there is not a great deal of tax involved it is a particular point on which the government can yield at no great cost to itself to give the appearance of being reasonable.

Mr. Fox: Not only appearance.

Mr. Lambert: As the Minister of Communications (Mr. Fox) has said, it is all a question of appearance.

Mr. Fox: No, not only appearance but a reality of reasonableness.

Mr. Lambert: Certainly being cosmetic it is a matter of appearance.

In any event, I gather from the chairman of the committee, who was nodding his head sagely when I was referring to the change, that there has not been an elimination but a modifying change. However, there is an area called "marginal manufacturing", which is an area about which I expect to hear a great many remarks from members in this House because, frankly, it is a value added tax when it is imposed at the level of the marginal manufacturer. Goods are imported and packaged, and whatever the added value of the packaged goods may be, then it is taxed. It is clearly a value added tax, something which was referred to in the Porter commission report. There have been indications by the government that it was studying the question of the federal excise tax internally as it applied to goods manufactured or imported into Canada. There have been odd references to it, but there has been nothing concrete and no firm study or green paper that I can recall which was ever examined by a committee of this House.

The third point I wish to raise is the indexation of taxation on a quarterly basis. The government made an amendment to put it on a six-months basis and this afternoon the minister indicated that the government is considering a yearly indexation of the excise tax on alcohol and tobacco, alcohol being distilled spirits, beer and domestic wines. It will be based on the increase in the CPI in that subgroup.

If ever there was a devastating critique of precisely what this was imposing from the distributors' point of view, then the brief of the provincial liquor commissioners would be a complete answer to the nonsense proposed by the government. Any little thing which contributed to the increase, for example, in the price of wine, whether it be a fall in the value of the Canadian dollar resulting in imported wines costing a little more, or whether it is a strike by liquor commission employees who receive a wage settlement causing prices at the liquor commission to rise, if there are increased costs for heating buildings, if distillers in Scotland increase the price of their product or if there is just general inflation, it is all considered under the CPI of the particular subgroup and there is a quarterly—let us change it now to periodic—stop in the calculation of new tax, which is then added on. It is, in effect, compounding on an annual basis, according to the amendment proposed by the minister this afternoon. This is so, not only because of influences on the price within the subgroup, but influences from extraneous sources and the minister receives additional revenues without having to come back to the House. He gets an increase in taxes, not just like the ad valorem tax. Already the sales tax is on an ad valorem basis because it is 9 per cent of the manufacturers' cost. Now we are going to get an additional factor, compounded once a year, without the minister coming back to the House.

• (1600)

I think that this is a most pernicious proposal and one which this House should reject out of hand. It just means that Parliament is being asked again to yield its control over taxation. It is as if we had asked to let the Minister of Finance increase income tax, with the rate changed on an annual basis, with reference to the CPI. That would be outrageous; Parliament would be absolutely impotent to control taxation. Of course, there is this built-in interest on the part of the government to see inflation go up. All it is is a snowball in the spring rapidly rolling downhill, getting bigger and bigger. However, that is the principle involved in the indexation of excise tax on the alcohol subgroup.

I see the Ontario government has fallen for this, too. It is a bureaucratic move. It is beautiful. However, I cannot congratulate the provincial treasurer of Ontario for doing it, and I would oppose him to the end. I will not only suggest but I recommend to this House that we never accept that principle. It is far too easy. Ministers of finance and their bureaucrats think that this is apple pie because they do not have to face up to their legislatures for tax increases. That is the net result of the proposal put forward by the minister in his budget and which is included in Bill C-57. Whether it happens quarterly, half yearly or yearly, there is that compounding feature which creates a snowball and, of course, much more revenue for the Crown, benefiting entirely from inflation.

The government does not know how to cope with inflation, so it is saying that it will index taxes based upon inflation. If this House and this Parliament dares accept that principle in this particular case, in the subgroup of alcohol—oh, and do not the purists clasp that to their bosoms—

Mr. Deputy Speaker: I regret to interrupt the hon. member, but according to my understanding of the rules, he is allowed 20 minutes.

Mr. Lambert: Thank you very much, Mr. Speaker.

Mr. Deputy Speaker: Is the hon. member actually moving on behalf of the official opposition?

Mr. Lambert: Yes.

Mr. Deputy Speaker: Thank you.

Mr. Lambert: This subgroup of alcohol and tobacco are considered to be social sins, the devil's goods, in the minds of some people. Therefore, I suppose it is that much easier to make this House swallow this first bitter pill. However, that is not the way it will work. This House has to reject the principle out of hand, because the next step will be for manufactured goods generally, and all other goods and services which are subject to the federal excise tax, to be made subject to indexation. The special sales tax on airline tickets is a classic example. That is a sales tax. It comes under the excise tax and it will be subject to indexation under the CPI. Everything is going to be gathered up together in one big, fat snowball to go rolling down the hill, picking up everything in its way and finishing up at the bottom with everyone in a great smash. The thing is pernicious.

When I think that the government of Ontario, in its recent budget, has adopted that principle in certain of its statutes, all I can say is shame. It is a bad principle and should be repudiated in the same way I am asking this House to repudiate the attempt of the government on this occasion to bring that principle in.

It is not brought in by the back door. It is being done openly. The Minister of Finance said that he wishes to benefit from additional revenue. He needs the additional revenue. However, he does not have the gumption to come before us with his budget and face up to Parliament. It is Parliament that decides whether the government shall get the money. We allow indexation and then the government does not have to meet. It goes on generally. Soon the government—

Mr. Deputy Speaker: Order, please. I would like to call the hon. member's attention to a Standing Order which is quite clear. Section 75, subsection 9 states:

> —no member shall speak more than once or longer than twenty minutes during proceedings on any amendment at that stage, except that the Prime Minister, the Leader of the Opposition, a Minister of the Crown or other member sponsoring a bill and the member proposing an amendment, may speak for not more than forty minutes.

An hon. Member: That is what this is, an amendment.

Mr. Deputy Speaker: It is my understanding that the amendment stands in the name of hon. member for Mississauga South (Mr. Blenkarn). The hon. member is not proposing the amendment at this stage, and the 20-minute rule would apply to him.

Mr. Lambert: With the greatest of respect, I moved the amendment on behalf of the hon. member for Mississauga South (Mr. Blenkarn), and there are many other amendments in his name. He is precluded from speaking by his absence on a task force. I am taking all of these amendments and I am proposing all the amendments. I submit that the Speaker has to recognize it.

Mr. Deputy Speaker: In the rules of the House there is a procedure by which hon. members lay down amendments at the report stage. The procedure has been observed up to this point. My understanding is that the rule would allow the hon. member 20 minutes at this stage. If this is going to be a 40-minute procedure for every one of the amendments in the name of the hon. member for Mississauga South, I would respectfully wish to defer my decision on the matter for the moment and I will confer with the Table and Madam Speaker. But certainly my first presumption, on the reading of the rule, is that it is abundantly clear. The hon. member for Edmonton West (Mr. Lambert).

Mr. Lambert: I will not argue with the Chair but I will simply say that it has been my experience and that of other senior members of this House, when dealing with this particular feature, that it has always been indicated that it would apply whether it was the hon. member proposing or he who was proposing in lieu. In other words, since, in effect, I am proposing the amendment, I have the 40 minutes, and I will continue on that basis.

Mr. Collenette: A point of order. Mr. Speaker, you have correctly pointed out the rule of the House to the hon. member for Edmonton West (Mr. Lambert). I was in the House a little while ago when Madam Speaker was in the chair, and quite distinctly the motion was moved in the name of the hon. member for Mississauga South (Mr. Blenkarn). I do not think we are going to put up any great fuss, but we would certainly support the Chair and the Chair's interpretation of the rules.

● (1610)

I must set the record straight. Motion No. 1 was read. Motion No. 3 was then read after it was drawn to the attention of the House by the hon. member for Winnipeg North Centre (Mr. Knowles) that they were being grouped together. In both cases the hon. member for Mississauga South (Mr. Blenkarn) moved the motion. He was in the House and in both cases the motions were seconded by the hon. member for Edmonton West (Mr. Lambert).

Mr. Lambert: Again, it was our argument that the motion would not have to be seconded. The motion was moved by me on behalf of the hon. member for Mississauga South.

Mr. Deputy Speaker: We will check *Hansard* later. Meanwhile the hon. member will be allowed to proceed. The Chair has, however, indicated the interpretation is subject to a review of *Hansard*.

Mr. Lambert: And also authorities.

We have, as I indicated, three departures from the usual consideration of excise tax. I intend to talk about indexation. My colleagues will take on the petroleum and natural gas tax section, that portion marked part IV of the bill, since it will be part IV of the Excise Tax Act. Others will deal with a variety of subjects, for instance, marginal manufacturing. Included also will be the manufacture of alcohol by individuals in limited quantities and oddly for limited periods, but I will let those hon. members speak for themselves. There will be others who will speak about a change in newspapers.

Representations made with regard to the incidence of the excise tax have now resulted in an increase, according to a government amendment, of 75 per cent to 80 per cent of advertising matter before a publication will attract excise tax. We will see what reaction there is to that. I found as a result of the representations, certainly from the small weeklies and the small city dailies, that this is an absolute killer. It did not affect the large newspapers as much. Certainly over the period of time during which calculations could be made, percentages could be worked out so that the independent inserts could be calculated. Large papers, precisely because of their volume, could escape tax. An eight or 12-page paper coming out on a weekly or bi-weekly basis and carrying inserts with it because that was deemed to be the best distribution in the district of such advertising inserts, would attract sales tax or federal excise tax. I am not talking about the distribution of full catalogues within the folds of newspapers. That is not the purpose, and that in itself can be dealt with. I am sure that no new newspaper would insist that it has the right to distribute, say, a Sears catalogue within the confines of a 16-page newspaper.

Mr. Cullen: Except O'Callaghan.

Mr. Lambert: I heard the hon. member for Sarnia-Lambton (Mr. Cullen). I can always stand up to the representations of the gentleman to whom he referred, even though I find that Ontario Liberals have a great deal more difficulty digesting his other views. They are so "right" in so far as a Canadian's concept of Canada is concerned, the right to resources and so forth, that I commend his particular articles as mandatory reading for all Ontario Liberals.

Mr. Cullen: He might be "right" but not correct.

Mr. Lambert: In any event, when I consider his original political views and where they are now, certainly he has my sympathy. In so far as the newspaper machine for which he works, that is quite a colossus.

I think that we, as Canadians, have to pay some attention to the size of some of the newspapers in the big chains. I am not one who gets worried about bigness by itself, but there comes a point when we have to look at the absence of healthy competition and alternatives, something which is happening here in Canada at the present time, unfortunately.

One area about which I must say something, and on which my colleague, the hon. member for Etobicoke Centre (Mr. Wilson) will have a great deal more to say, is the petroleum and natural gas tax of 8 per cent. It is a revenue tax of 8 per cent which, in itself, is a punitive tax to which the government has no right. As a matter of fact, the Alberta appeal court, in so far as revenues for natural gas owned by the provinces are concerned, has declared them beyond the powers of the Government of Canada. I agree with that decision. This is just another public raid by a treasury which has absolutely no business mounting a campaign to spoliate provincial natural resources owned either by the governments of those provinces or by the people of those provinces. The Government of Canada does not have any jurisdiction in that respect. It has never exercised its jurisdiction with respect to the gold, nickel, copper and other products of Ontario. It has never touched the gold of Quebec. It would not dare. What about electricity? Is the federal government going to make a descent upon the electricity coming from James Bay? What about that which is produced at Manic or will the federal government go after the electricity generated from Churchill Falls which is taken by the Quebec government from the Newfoundland government? It would not dare.

This is another attempt to try to get at people, many of them, like the Indian bands of Alberta perhaps some in Saskatchewan, who have oil and gas wells from which they derive revenue and on which they are building economies for themselves.

The first trust company established by Indian councils is in Alberta. They depend upon the revenues of the natural gas and oil produced in the Hobbema area. What does the Minister of Finance say? He says "I want 8 per cent of that". He wants 8 per cent of revenue to which he has no right. He has no right to levy income tax on income treaty Indians have earned on reserves. Provincial governments have no right to levy taxes of any kind in those reserves. No municipal government or any other government can levy a tax with regard to Indian lands. However, because there are revenues from oil and gas coming from under Indian lands belonging to those treaty Indians, the Minister of Finance through Bill C-57 says he wants his share, his pound of flesh.

• (1620)

I am not going to place myself in the role of the courts of Canada with regard to the legality of the imposition of that tax, but I will say this. There is no more right in the Government of Canada under the Constitution, the British North America Act, to levy such a tax on revenues from oil and gas produced on Indian lands than on oil and gas produced and owned by a provincial government, as declared by the appellate division of the Supreme Court of Alberta.

What this has done to Canadian interests in the oil industry is astronomical. It is worse than a pirate's raid. They are federal buccaneers. They are out to raid provincial funds, whether in Saskatchewan, Alberta or British Columbia. It provides a beautiful precedent for a raid on the forest industries of Quebec, Ontario and British Columbia or for a share of revenues emanating from the production of pulp products or lumber. What about a share in gold, silver and all our other

metals? It makes a nonsense of what is clearly written in the Constitution, that the natural resources shall belong to a province. I find their conception of the Constitution absolutely indecent, and that is a very mild term.

Under Bill C-48, the Government of Canada has established what it calls Canada lands, including the lands in the Northwest Territories and Yukon. What will those who have aspirations to provincial status get? A sucked out lemon! In fact the federal government will not be able, nor would it want, to grant to the peoples of the territories and the Yukon their natural resources.

The Inuit, the Dene Nation and other native peoples in those territories should almost be up in arms at the Government of Canada proceeding with Bill C-48. It is a raid on lands that the Government of Canada is merely holding in trust for the people of Canada under our federal system. They are ultimately to be delivered to the peoples inhabiting those territories when they become provinces. If in the past the government had behaved towards the lands of Alberta and Saskatchewan as it is today trying to behave with regard to the lands in the territories, there would not be any resources left for the people of Alberta and Saskatchewan.

Mr. Deputy Speaker: Order, please. The hon. member has had 43 minutes which I think is ample time.

Mr. Lambert: I am almost finished, Mr. Speaker.

Mr. Deputy Speaker: The hon. member for Broadview-Greenwood.

Mr. Rae: Mr. Speaker, if the hon. member for Edmonton West wants to complete his remarks, I am sure there will be unanimous consent to allow him to continue.

Mr. Deputy Speaker: Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Lambert: Mr. Speaker, I will not abuse the generosity of my colleagues this afternoon. There will be plenty of opportunity on the particular subject. As for my general remarks, I think I have made my point: there is not much in this bill that I like.

Some hon. Members: Hear, hear!

Mr. Bob Rae (Broadview-Greenwood): Mr. Speaker, I will be happy to hear again the speech the hon. member for Edmonton West (Mr. Lambert) has promised. The main concern I want to express this afternoon is that we had an agreement from the minister that after a very brief second reading we would have an intensive review of this legislation in committee where we might cross-examine a group of witnesses and make a greater attempt to find a consensus as to what modifications could be made.

What is really disturbing about the government's response to the criticisms that have been made on a number of measures contained in the bill is that the government was really only prepared to move in one area and one area alone. There was a general consensus on the part of the committee that the cosmetics industry was being treated in a way that was discriminatory. There was a tax on a group of people we did not think should be taxed, those who own and operate beauty parlours. Apart from that change—

Mr. Waddell: A cosmetic change.

Mr. Rae: I suppose one could describe it as a cosmetic change. The hon. member for Vancouver-Kingsway (Mr. Waddell) has obviously been reading my notes. Apart from that change, there has really been no progress. It is the absence of any progress or response from the Minister of Finance (Mr. MacEachen) and the Minister of State for Finance (Mr. Bussières) with respect to a number of amendments which have been put forward that I want to deal with this afternoon.

There are 135 motions dealing with this measure. I see the minister nodding in the affirmative, obviously with somewhat of a heavy heart. There will obviously be a difficult and I dare say boring and protracted debate on a number of matters which are of importance to particular groups of Canadians, indeed to all Canadians. I think this debate could be shortened if we could have some indication from the government that they are prepared to move on a number of measures which have been put forward in a constructive spirit.

● (1630)

Speaking on behalf of our caucus, and in particular the hon. member for Kamloops-Shuswap (Mr. Riis) and our energy critic, the hon. member for Vancouver-Kingsway, particular proposals have been made which have really met with a simple brick wall response. I could give the minister an indication of what this looks like to us.

We see a brick wall when we are faced with the matter of indexation of taxation on alcohol. The government has moved from indexation every three months to indexation every year. Nevertheless, the principle involved, that the government should not be seen to be or, indeed, not be a beneficiary of inflation has been rejected by the government. The government has now given itself a stake in inflation whereas we regard the imposition of this kind of a tax and any adjustments thereto as something that should be done every year at the time the budget is introduced.

Once the government has accepted the principle that this is going to be an annual change, why should it tie its hands when it could introduce this at the time of the budget and it can be debated, when the real effect of that legislation on the three major industries can be seen? I find that the notion of increasing tax automatically by virtue of indexation is something that in other instances the government has rejected, and it is something which should not be accepted in this particular instance.

We have proposed other amendments that have been treated with equal disdain by the government. The simple proposition that those people who collect taxes on behalf of the govern-

ment, many small businesses, should receive some form of compensation from the government has been rejected out of hand. Indeed, we may even have difficulty moving it because of the ruling of Madam Speaker in respect to its being in order in that it obviously provides for some expenditure by the government. The government should be moving that kind of a motion.

This is the government that talks about its willingness and eagerness to assist small business, when in fact its interest rate policies are, as we all know, having the harshest possible effect on that community, driving many into bankruptcy. Those that are not driven into bankruptcy are facing tremendous problems. Many of them are being forced into receivership and many are forced simply to walk away from or sell their businesses because of the problems high interest rates are causing them. Yet when we propose a concrete measure which would give the government a means to compensate these industries and small proprietors for a service they are providing the government, the government says no.

I find that astonishing when we know—and the hon. member for Kamloops-Shuswap will be pointing this out in some greater detail—that there are instances in each and every province of compensation being paid. I should say there are two exceptions. In Newfoundland, for reasons which perhaps the hon. member for St. John's West (Mr. Crosbie) can explain to us, compensation has been limited for the collection of sales tax. Of course, there is no compensation in Alberta because in the land of milk and honey there is no sales tax, so obviously there can be no necessity for providing compensation. The province of Saskatchewan provides 5 per cent on the first $300 of sales tax and 1 per cent on the balance. The provinces of Manitoba, Quebec and Ontario provide, in some instances, a maximum of $1,000. Some have no maximum, but the principle has been adopted that those people who collect the sales tax for a province should not be punished by the provincial government but should in fact be compensated for providing that provincial government with a service. When we suggest that the government do something specific for smaller businesses then, of course, members of the government simply hold up their hands and say: "No way, this is something we do not want to get into; this is something these people should be providing the federal government with gratis, and we will have nothing to do with it".

Again we received a series of briefs ranging from wholesale rejection of the tax, in some instances, to very specific and concerned suggestions, for example, from a group of newspaper publishers in Quebec and in English-speaking Canada, having regard to the impact the government's measures on taxation of advertisements and advertising supplements in those newspapers will have on their business. I can assure the House that this is a subject of concern to a great many communities across our country.

It is the proposal of the government to tax these supplements and to introduce an arbitrary definition of what is a newspaper. This is something which affects the life of literally hundreds of communities across Canada, yet the government's consistent response has been: "No, we do not see that we can change it". The government and bureaucracy has made a fundamental decision with regard to these distinctions and they are not going to be tampered with.

Before the Secretary of State and Minister of Communications (Mr. Fox) leaves, there is one amendment we put forward in respect of which I want him to take a particular interest, and it has to do with the government's philistine decision that it intends now to tax all original prints and will not make any distinction between reproductions that are simply manufactured and original prints which are, by their very definition, of a limited nature.

Let me say that we have had intensive discussions with people in the department who are concerned with this matter, and I think I can honestly say that this department simply does not understand what every artist and every art dealer has indicated to the government, at great effort, is a well-known distinction. There is a distinction between an original print and a reproduction which is simply reproduced photomechanically and distributed across the country. There is a difference between an Elvis Presley poster and an Alex Colville lithograph. For the government not to appreciate that there has been a fundamental decision taken by the federal government, which we support and have supported, namely, that works of original art are to be exempt from the sales tax, and for the government to say, once that decision has been taken, that there is no such thing as an original print, is simply to show that the Department of Finance has been philistine in its understanding of what is going on in the artistic community today.

The fact of the matter is that most or a great percentage of contemporary artists in Canada today are working in a variety of fields and mediums which cannot be described as works of art in the sense they have been defined by the Department of Finance; they are working in the area of prints and the manufacture thereof for limited sale and distribution. There is a distinction. In fact, there is a conceptual distinction, an artistic distinction, between them and, as I say, the photomechanical reproduction of a poster or a painting.

Many of us have in our offices or homes reproductions of well-known works of art. They are not original prints and there is no reason they should not be regarded as manufactured and taxed; but there is a distinction between those and an original print produced by the artist himself and distributed on a limited basis throughout the country. As the hon. member for Kamloops-Shuswap says, it is a slap in the face for the artistic community and simply indicates that the ministers involved have not taken the time to become sufficiently interested in the sort of problems which have been raised in the committee and in correspondence by a whole range of people.

The government must give every citizen who has to deal with it a tremendous sense of frustration, because no matter how reasonable a proposition that is put forward, the government rejects it. It does not matter how much the person putting forward the proposition shows that he is not simply trying to evade taxes but is simply showing that the imposition

of the tax will create a hardship or an anomaly. In this case the tax will split the artistic community in two, and it will mean that if an artist wants his work to be regarded as tax exempt by the government he will have to work in oils or water colours, because those are the only products that are going to be exempt. When there are people working in a whole range of artistic media, it is absurd simply to say that these are the people we are going to single out.

● (1640)

My colleagues will be discussing as well a fundamental question which was touched on by the hon. member for Edmonton West and which, of course, is a preoccupation of all Canadians. That question is the problem of the system of taxation of petroleum and gas which has been imposed on the country, on the industry and on the provinces.

The other day in the House the Minister of Finance said, when he was criticizing us for one thing or another, that the government has imposed taxes on oil companies but that the government does not seem to have received very much help from the New Democratic Party. I want to say to the minister that there is a very simple reason for that. If he had listened to the representations we made at second reading, he would understand from whence flows our opposition to the notion of the excise taxes that have been imposed. Those taxes impose a tremendous hardship on the ordinary Canadian when they are not accompanied by any form of a tax credit, for which we have consistently argued for at least three years in this House and outside this House. We have argued that the government has to distribute some of the surplus it is collecting to ordinary Canadians in the form of progressive tax credits.

There is another reason as well. From one point of view I suppose the imposition of this tax could be seen simply as a tool being used in the bargaining or in the preamble to bargaining in the banana steps the government is taking as it tip-toes its way up to the clear need for an energy agreement between the producing provinces and the federal government. However, simply taken on its own, it clearly is a tax which is a complete infringement of provincial jurisdiction. It hits the little guy. It has consistently been shown, by a series of representations which we have received from a number of producers and a number of workers in the industry, to be a tax which is having a very serious effect on employment, on the level of production and on the livelihood of people in western Canada. As a representative from eastern Canada and, indeed from the city of Toronto, which is frequently regarded by many people in the west as the heart of the problem, let me say that I think there has been a caricature in eastern Canada and in the press of eastern Canada of what the oil industry is all about.

In imposing this kind of blanket tax the government has hurt worst not the large oil companies, from which we heard very few representations on the government's energy policy other than of a very general kind, but those people who provide all the service and all the contracting and other work which needs to be done in the production of oil and natural gas. As the hon. member for Kamloops-Shuswap says, these are small business people. These are people who are not millionaires. These are not people who are simply burning $100 bills in order to have a good time. These are people who have been put out of work by the imposition of a tax which has had the effect of hitting smaller businesses much harder than larger businesses. This tax affects the cash flows of smaller businesses more than it affects the cash flows of larger industries, and coming from a government which says that its goal is to Canadianize the industry, it is a joke because its effect will be to decrease the power of Canadian small businesses in the oil and gas field and to force them to sell to multinationals. I think the evidence shows that the government has been quite prepared to subsidize multinational companies, but has not been prepared to do anything to stimulate growth in a real way in the Canadian small business sector.

In closing, I will take just a couple of minutes to indicate one other basic fact of life with which we have to deal at the present time, and that is that there is an extraordinary sense of uncertainty and unease about developments in the modern economy. I am referring specifically to the problems of inflation and interest rates. These are problems which eat at the heart of any stable and healthy economic system. These are phenomena which hit the ordinary Canadian very hard indeed, and these are problems which I think provide the basic background to our discussions today.

If I may say so to the minister, any proposals which have the effect of increasing the cost for small business at a time when it is hit by the extraordinary effect of high interest rates are misdirected and are of no help to the economy at the present time. Any proposals which have the effect of making it more difficult to achieve the kind of energy agreement which would be livable for all Canadians, producers and consumers—and we simply have to find a way of living together and providing for the just claims of both producers and consumers—are simply regressive and are an exercise in useless and fundamentally destructive rhetoric which is of no help in finding a solution to this problem.

Very fundamental challenges are facing the country in finding a solution to the problem that we do not have an energy agreement and to the problems of inflation and high interest rates. As I have said on many occasions, it concerns me deeply that the Prime Minister (Mr. Trudeau) cannot find it in himself to become concerned about issues which really affect the cost of living, the cost of working and the cost of providing for the basics of the Canadian family. I regret that that is the case, but I look forward to hearing some productive indications from the minister that the government is prepared to accept some of the proposals we have put forward which, in our view, would provide for a more progressive and fairer excise tax system in this year accepting, as we all do, that the government is going to be producing some major changes in the excise tax system and that this is something which we will be debating next year.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Burlington (Mr. Kempling)—Automotive Industry—(a) Export of parts to European and Japanese car manufacturers. (b) Discussions with European and Japanese manufacturers; the hon. member for Algoma (Mr. Foster)—Employment—Inquiry respecting increase in funding of community development program; the hon. member for St. Catharines (Mr. Reid)—Excise Tax—Application to liquor sales—Purpose of indexation.

GOVERNMENT ORDERS

[*English*]

EXCISE TAX ACT AND EXCISE ACT

MEASURE TO AMEND

The House resumed consideration of Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs, and motions Nos. 1 and 3 (Mr. Blenkarn).

Hon. Michael Wilson (Etobicoke Centre): Mr. Speaker, I am very pleased to participate in this debate this afternoon. This is a very important piece of legislation we are considering, particularly as it relates to the oil and gas industry and the future energy supplies in this country.

Bill C-57 contains two taxes which have proved to be the most damaging elements of the National Energy Program the government announced last October. These are punitive taxes and they have had an extremely damaging impact on the oil and gas industry.

Over the period of time between the announcement of this program and the end of last year, we on this side of the House drew attention to the many concerns people observing the scene have had regarding the impact of the energy program, but at that time we could not point to specific results. As Your Honour may recall, last week in the House I drew attention to some of these results. Drilling activity this year compared with last year at this time is down over 50 per cent. Sales of potential petroleum properties are down by 70 per cent this year compared with last year. The number of drilling rigs which already have left the country is 139.

Those are the specific facts which have proved to us very clearly the impact of this energy program. These are short-term problems. These are problems which are with us today in Alberta, but they also have an impact on the rest of Canada, and we will be discussing this tomorrow in debate.

● (1650)

However, there are some very serious long-term problems that I wish to discuss because they must be faced today. The minister, whether it be the Minister of Finance (Mr. MacEachen) or the Minister of Energy, Mines and Resources (Mr. Lalonde), must show that he is sensitive to these concerns, that he is listening to what is going on around him, what I am sure he is hearing day in and day out from the people affected by these taxes.

My party and I have proposed amendments to Bill C-57 on oil and gas taxes, the effect of which is to totally remove the production tax and the excise tax on natural gas, thereby requesting the government to seek other forms of revenue. We have no quarrel with the government's seeking more revenue through oil and gas revenues. My colleague the member for St. John's West (Mr. Crosbie) made some specific proposals in his budget which raised the federal take to 24 per cent. So in principle we have no concern over this.

I should say that we feel very strongly that the government must respect provincial jurisdiction and not fight the energy battle on the backs of consumers, which is what is happening today with the endless price increases we have had since the end of 1979, many of which have only resulted in putting the tax revenues in the pockets of the federal government. The amount that has gone to the industry and producing provinces is a small part of that which has been collected over the past year and a half. We also believe that the government must take care that the burden placed on the industry, the source of production, must be fair and that the price and tax regime in Canada must be competitive with other countries in the world. Because people and equipment, as we have seen with the 139 drilling rigs, can move to more favourable jurisdictions.

Now, in all these areas this government has failed miserably, as we see from the statistics I referred to earlier. For that reason we propose to amend this bill by deleting the production tax and the excise tax on natural gas. There are many options available to the government to raise the funds it feels are necessary. The self-sufficiency tax in our 1979 budget clearly demonstrated that there are ways to seek agreement with the provinces. We had agreement in principle on that tax, as evidenced by an exchange of letters between the province of Alberta and our government. We could have, as they do in the United States, such things as a windfall profits tax or an excise tax on the end product, again as we proposed.

In previous debates we have drawn attention to the impact of production and excise taxes and have warned of the possible results. Now we have the clear evidence of these results, not just in the deadlock with Alberta but in the operating decisions taken by individual companies to cut back severely the amount of money they propose to spend. For Canada to have any

chance at all of meeting the objectives of the National Energy Program, self-sufficiency in particular, these two taxes must be withdrawn. We will be pressing very hard, Mr. Speaker, to bring some sense into the mind of the minister to withdraw these taxes, go back to the drawing board and come back here with something that makes more sense in terms of the government achieving its objectives.

Last fall the National Energy Board commenced hearings on the supply and demand situation in Canada, during the middle of which the National Energy Program was announced and the board asked the companies to come back with revised predictions as to the impact of this program. They have not at this stage released their report but I would like to summarize for the House some of the key elements set out in the evidence.

The first topic is the impact of the National Energy Program on cash flow. Company after company indicated that there is a very serious immediate impact on their cash flow. The reduction ranged from 20 per cent, 25 per cent to a third, and in some cases as high as 40 per cent. The conclusion reached was that the decrease in the producer cash flow will have an adverse impact on the economics of existing conventional oil and gas production and will affect the exploration budgets and the ability of the companies to keep production up over the immediate period ahead. PetroCan itself reported that the NEP would result in considerably lower netbacks to producers this year and for the next two years. In the longer term, although price increases would tend to offset the initial decreases, all companies' cash flow would be hurt over the short term. It is that immediate impact that is so evident in the statistics I referred to earlier.

As a result of this reduction in cash flow there is also an expected reduction in the ability of independent, Canadian-owned companies, the ones that are intended to be helped by this program, to seek financing from the banking community as well as the private sector. As I said, this will impact directly on their exploration and development budgets, and its impact on the smaller companies will be quite severe.

The direct cash flow to these smaller Canadian companies will lead to increased investment in exploration because of the grants; that is an expected result of the program. But the over-all cash flow impact related to their production activities will be lowered, according to the presentations made to the NEB. Nova, a very strong Canadian company, indicated that the National Energy Program assists Canadian companies in exploration programs, but they say there are few Canadian-owned companies large enough to make the investment required in frontier exploration, oil sands and heavy oil development. These are large projects requiring significant financial strength and which are certainly not helped by the NEP and these taxes under consideration today. So again, it is expected that the exploration and development budgets in Canada will decline to somewhere between 25 and 50 per cent below the projections in place prior to the announcement of the National Energy Program.

What this means to the future oil supply in Canada must also be projected. Company after company stated that our goal of self-sufficiency is pushed much further into the future directly as a result of this program. In addition, reserves that were economic prior to October 28 suddenly became uneconomic, and the principal culprit is the 8 per cent production tax which is part of Bill C-57.

I think we are all aware that the proposed pricing schedule does not provide sufficient incentive, which is another factor, but the combination of the 8 per cent tax and the insufficient pricing schedule has set back the timing for the achievement of self-sufficiency in this country severely; in the view of some observers, well into the next century. So the NEP, and in particular this tax on production, has had a direct impact on one of the key goals that we have set out, that of self-sufficiency.

● (1700)

One can draw the conclusion that the National Energy Program is totally counterproductive to the objective of self-sufficiency. We should consider the precarious nature of the world today, particularly the Middle East. Day in and day out we are reminded of the very precarious nature of the polictical situation there, whether it is the conflict between Iraq and Iran, the arms build-up in the Middle East, the current conflict between Syria and Israel, or the concerns of observers as to the over-all intentions of the Russians in that part of the world. There is no sense whatsoever in the government setting self-sufficiency as an objective and then taking a route to self-sufficiency which totally undermines the objective, particularly when we face these risks in other countries.

Another element of this is in the area of marginal production. This particularly affects southwestern Saskatchewan and southeastern Alberta. There are many wells which were economic prior to October 28; right now they are not productive or economic. There is no indication in any of the amendments of the government that it recognizes this problem and is proposing any difference in the impact of the production tax, which is a very blunt instrument indeed. I believe this is a major shortcoming in the bill.

We have all heard of the deadlock currently in place between the federal government and the government of Alberta. One result of this deadlock is the fact that the megaprojects, the heavy oil project at Cold Lake and the Alsands synthetic crude Project, are on hold. They may well never go ahead if there is not a decision soon on the future of energy development in the country. These projects are one of the key elements in achieving self-sufficiency in Canada. In 1990, according to the National Energy Program, 50 per cent of production will be from non-conventional sources of oil.

The problem is not only the deadlock between the province and the federal government. There is still the problem, as set out by a number of observers at the NEB hearings, that the pricing proposals, combined with the production tax, make these projects uneconomic under current circumstances. These major projects are not likely to proceed under the National Energy Program, without some agreement between Alberta and Ottawa.

This also affects heavy oil and heavy oil upgrading. The production tax is right at the heart of the problems which the industry is facing in maintaining production on an economic basis. The production tax, combined with the insufficient pricing schedule, will not result in these projects going ahead.

My colleague mentioned that the excise tax on natural gas has been declared unconstitutional by the Alberta Court of Appeal. Apart from the direct impact on the production and exploration activities of the industry, it is another reason we believe the government should withdraw these two key elements of the National Energy Program and rethink the ways in which revenue can be raised.

In passing, I should like to note that the production tax affects frontier production. Today I released the amendments we are proposing to Bill C-48, the Canada Oil and Gas Act. One concern of the various witnesses who appeared before the committee was that the production tax comes up time and again as being a key element in making production in that part of the country less economic and, therefore, less likely to proceed. There is such a layering of taxes, starting with the production tax on frontier development, that while there could be some surge in exploration activity because of the generous grants which have been provided, the next step toward bringing the fields into production could well be held back by the size of the production tax, together with the other elements of Bill C-48 which our amendments propose to remedy.

A final point on the impact of the National Energy Program on our economy concerns the balance of payments. This year we will be paying somewhere around $5.5 billion to $6 billion for oil imports. It will be a very, very heavy drain on our economy. The production tax will perpetuate that drain and might well see it increased because of the significant increases we are likely to see in oil prices over the next ten to 15 years.

It is one of the causes of the very high interest rate policy the government has been following. Since we have this drain on our balance of payments, we are forced to keep interest rates up to support the level of the Canadian dollar. If that oil was produced in this country, the pressure would be off and it would provide Mr. Bouey with a great deal more flexibility in the monetary policy he has been following. So it is essential that the production tax and the excise tax be deleted. We are proposing that in our amendments to the legislation.

I repeat that we will be opposing the taxes in the strongest possible way because of their very serious impact on this industry, on our energy future and on our economy in general.

Hon. John C. Crosbie (St. John's West): Mr. Speaker, just before dealing with several other points we wish to bring forward in discussing the excise tax amendments, I want to mention first how obvious it is that the provisions of this legislation are part of the scheme of hypocrisy which the government is now advancing in Canada. The taxes to which my hon. friend just referred—the tax on natural gas and gas liquids and the 8 per cent tax on petroleum and gas revenues—are part of the new, so-called energy policy which has done tremendous economic damage to the country.

I just want to refer to an address which the Deputy Prime Minister and Minister of Finance (Mr. MacEachen) made on May 6 to the Conference Board of Canada in Toronto to show how hypocritical either this legislation is or his address was. On page 2 of his address he said:

> Of the three percentage point rise in inflation that we have witnessed in the last five months, two percentage points are the direct result of the recent increases in energy prices that were set out in the National Energy Program. Put another way, energy accounted for almost 25 per cent of the over-all increase in the consumer price index in the last five months.

Then on the same page he said that the annual rate of increase in the consumer price index has now gone up to 13.9 per cent in those same five months. He said that 25 per cent of the over-all increase was due to the National Energy Progam. What is the National Energy Program? It is a whole series of taxes imposed by the government. In other words, the Minister of Finance indicts his government. He should have said, to put it another way, that this government has accounted for almost 25 per cent of the over-all increase in the consumer price index in the last five months.

• (1710)

These taxes, and others imposed by the government, for example the petroleum compensation charge and the Canadian ownership charge, have resulted in energy price increases in the last five months. They are the cause of the 11 increases in the price of oil and oil products since February, 1980. Of the 11 increases, eight have been increases in federal taxes alone—taxation increases going to the federal government alone. Not one cent of those eight increases will go to the gas or oil producers. Not one cent of those eight increases will go to the provincial governments. They are federal tax increases—eight of the last 11 increases in the price of gasoline at the pump. Eight of the last 11 increases in heating oil, and every one of those increases, apply to all of the products which come from a barrel of oil in addition to gasoline. So it is the government of the Minister of Finance which says that it is battling inflation by putting on these inflationary tax increases. It is their own National Energy Program which they should change.

In the same speech the minister says that he has identified energy as a source of two thirds of the rise in consumer inflation which we have experienced in the last five months. Two pages on in the speech he has it up from 25 per cent to two thirds. He goes on to say:

> I have argued that higher energy prices cannot be avoided.

That is nonsense, Mr. Speaker. Higher energy prices could have been avoided if the Government of Canada had chosen not to have eight tax increases in the price of oil products in the last year. We did not have to have the Canadian ownership charge. We did not have to have Petro-Canada buy Petrofina, which resulted in a Canadian ownership charge, putting the price of gasoline up 3.5 cents a gallon just a month ago. We did not have to have the petroleum compensation charge which has put the price up $3.30 a barrel, I think it is, this year, and I have forgotten the total altogether.

The Minister's speech is rife with hypocrisy. He tries to put the blame on energy cost increases when it is the government's

increases that are responsible. The increases have not gone to Alberta or the companies, they have gone to this government.

Further on in his speech, the minister says that interest rates will continue to rise until demand weakens to the point at which a resistance to further price and cost increases begins to take hold. What kind of nonsense is that? The minister is in this House day after day boasting about how demand has increased in Canada over the last few months. He boasts about how in the first quarter of this year and the last quarter of last year we had an 8 per cent growth rate. This is how he answers questions when anyone questions him about the present state of the economy; he boasts about how demand has increased and how the economy has grown. Then in his speech he says that interest rates will rise until demand weakens. This is the "man" in the government who boasts about this growth in the last quarter of 1980 and the first quarter of 1981, and who is determined to keep on with higher interest rates until they stop that growth. He cannot have it both ways. He must stop talking nonsense and start telling the truth.

The minister went on in his speech to say that he will strongly resist demands for blanket protection which he continues to hear from the consumers. So be it, Mr. Speaker. We will see how long he keeps on that course. He looks to me now like a man who is weakening. He looks to me now like a man who is under very heavy pressure from the Liberal caucus because they can see their seats vanishing. They will not be back in this chamber in three or four years' time if they do not change the minister's talk about there being no blanket protection for Canadians who are suffering from these fantastic interest rates.

I want to pass on to another point which is in this bill, one which is not widely known, and that is the effect of this legislation on the fishermen of Newfoundland, Labrador and the Atlantic provinces. There is a clause in this bill which changes a whole pattern of conduct for the sale of fishing gear in the Atlantic provinces, in British Columbia and wherever there are commercial fishermen. I have a letter before me from the Bay Bulls Trading Company in St. John's West. It is dated February 17, 1981 and reads:

> Dear Sir:
>
> We have just been advised of the imposition of a 9 per cent federal sales tax on all fishing equipment.
>
> Although gear supplied to fishermen by wholesalers or fish plants holding FST exemption licences is exempt—about 70 per cent of all inshore fishing gear in Newfoundland and Labrador is distributed through general retail stores without licences.

In other words, in Newfoundland in particular but also in Nova Scotia and other areas there are small stores scattered about the many small fishing communities which have for years sold fishing equipment to the commercial fishermen federal sales tax exempt. There is no federal sales tax charged to them on the equipment. They did not have to collect it from the fishermen and then try to obtain an exemption from the department. That involves immense paperwork. The author of the letter, Mr. Earle, who is an experienced man in Newfoundland, says in his letter:

> Consequently, because Newfoundland inshore fishing equipment sales amount to approximately $10 million per annum, one could expect $7 million to be sold through these smaller outlets.
>
> Because small stores have neither the staff nor the time to make rebate claims to the federal sales tax department on a continuous basis, they will mark up the gross cost, (cost plus FST) and fishermen inthe future will pay not 9 per cent, but rather 11 per cent extra on 70 per cent of the fishing equipment purchased.

Mr. Earle concludes that Newfoundland fishermen will pay approximately $770,000 additional in hidden taxes to the federal government through the change in this legislation every year.

What is the purpose of this, Mr. Speaker? We are told that the whole purpose of this provision is to stop some sports fishermen, or some people who are buying fishing equipment and who are not commercial fishermen, from receiving this exemption. Surely the amount of equipment which could be sold to people who are not commercial fishermen and not entitled to the exemption is minuscule. Perhaps it would amount to a few hundred thousand dollars, compared with the millions of dollars worth of equipment sold to commercial fishermen who will now be taxed because the people they deal with have not the facilities to obtain a federal sales tax licence exemption and have no facilities to handle the hundreds of requests they will have to make for exemptions when they sell equipment to Fisherman Brown, Fisherman Smith, Fisherman McGrath and fishermen of the various towns and communities of the Atlantic provinces and the west coast.

I brought this problem up with the minister. I have written to him about it and I have brought it up in committee. The only reason it has been suggested there should be this change is the reason I have given you, Mr. Speaker, which was the reason given by the minister in the committee. That is to say, to make sure that the exemption from federal sales tax for fishing gear is confined to genuine commercial fishermen. If the equipment is used for recreational fishing, most of that equipment should be taxable because no exemption is available for that type of equipment. So, Mr. Speaker, to try to close this little gap through which there is a small amount of tax exemption being claimed by people who should not have it, the government will make thousands upon thousands of commercial fishermen in Canada suffer, since they will be paying this 9 per cent federal sales tax even though they could claim an exemption were there provision for them to obtain such an exemption, and if the little stores they dealt with could hire the extra staff to master all the complexities of applying for hundreds of claims every year to obtain these exemptions.

The minister must have been anticipating my comments today since I received a letter from him today replying to my correspondence. The letter is dated May 19. I hope what he says in the letter will work out. He says that this is a complex problem. I agree. He says there is no easy solution. I agree. Then he says:

> Nevertheless, I am informed that my colleague, the Hon. William Rompkey, Minister of Revenue, has developed new administrative procedures to resolve most of the difficulties described in your letter. First, goods which, by their design, are restricted to use solely in commercial fishing activities, for example, large nets, sinkers, floats, and metal panel opening devices, may be sold to dealers exempt of tax. Secondly, dealers will be allowed to purchase certain of

the goods which are normally used only in commercial fishing, such as fishing twine, hooks, lures and jiggers, exempt of tax, provided that they agree to collect tax on sales to persons other than commercial fishermen.

These are the arrangements which the Minister of National Revenue (Mr. Rompkey) is putting into effect to try to get around this problem. I hope these measures are successful in getting around the problem. The Minister of National Revenue is from a fishing constituency. He is now applying the iron heel of the tax collector to thousands of fishermen; he is collecting income tax from them with unparalleled ferocity. I am told that there is a little irritation in his district at the savage way in which fishermen are being treated by the national tax collector, the hon. member for Grand Falls-White Bay-Labrador. But if the Minister of National Revenue can do something to assist the fishermen with these administrative arrangements, I am sure that will help him in his extremity; and he is going to be an extremist before he ever passes through that district and gets re-elected to this House again.

● (1720)

There should not be any need for these cumbersome administrative arrangements. I do not know how in the name of heaven these new administrative procedures are going to work. I can only hope they do work because the minister would not change this legislation and go back to the old system despite my reasoning with him, the letters and correspondence we have had with him, and the correspondence also sent to him by the minister of fisheries of Newfoundland, who has once again been showing his concern for the problems of the ordinary fishermen of Newfoundland. Well, so much for that problem.

We have before us today, Mr. Speaker, a terrible piece of legislation. I am a lawyer. I have not practised since 1972; I have been too busy involving myself in public affairs, God help me! However, Bill C-57 is an illustration. How can the people of Canada possibly deal with the laws we are passing and the tax arrangements that we are making? It is a job for me to try to figure out what section is where in this piece of legislation before us. One would have to be a lawyer and a chartered accountant. One must be able to deal with Chinese inscrutability to try to understand the provisions of this legislation.

Where are we headed? How can we expect the ordinary person in Canada to understand what is happening and going on when even in this chamber with our expertise we cannot understand it? We had a committee, and perhaps it is still functioning, on subordinate legislation or on regulations. I think the hon. member for Willowdale (Mr. Peterson) was the chairman. I do not know if the committee has reported, but if it has, it does not seem to be getting us anywhere. One just has a feeling of complete and utter despair when one deals with amendments like this and the other financial amendments that we have in this House. When I was a minister, I could not bear to look at the bills I was trying to get through the House, they were so bad. It is even worse when one is in the opposition and must look at them and try to understand them. The ministers do not have to look at them or understand them. They have civil servants to tell them what is in them, how to understand them and what to say.

Another item that we are worried or concerned about on this side is the effect on universities of the provisions relating to their purchases of equipment which, up to date, have been exempt from federal sales tax if the equipment was used in their activities. There is a section in this legislation which puts the universities completely at the mercy of the tax gatherer and the people of national revenue when they import equipment. I do not have time in this speech to go into it in detail, but I have a letter dated May 21, 1981, addressed to the Minister of State for Finance (Mr. Bussières) who is sitting opposite now.

An hon. Member: Smiling!

Mr. Crosbie: Did I pronounce his name correctly? Anyway, he is my good friend, mon bon ami. This letter was trying to reason with the Minister of State for Finance in connection with the purchase of equipment. I am sure the minister has received this letter. It will be brought up when we get into this particular subject, because we are going to move an amendment that the word "design" be removed from the relevant section of the legislation.

Just to give one example, though, because time runs on quickly, this university gentleman from the Association of University Teachers gives the example of a Croft grinder purchased recently by the University of Manitoba is deemed by customs not to be designed for use in classroom instruction and is therefore subject to federal sales tax. It is pointed out in the letter what a ridiculous conclusion that is. He says the new regulations are being interpreted by customs to mean equipment which is specifically and only used for university research, and that if it is used by anyone else, it is not designed for universities and they have to pay federal sales tax upon it.

Then he gives the example of computers, which I do not have time to go into today; the different treatment of computers at the University of Calgary compared to York University. He goes on to show how the government claims it wants the universities to do more and to spend more in research and development but, on the other hand, the government is taking further moneys away from the universities through amendments to this Excise Tax Act which are going to cost the universities millions of dollars when they buy equipment during succeeding years once this legislation is passed.

I only have time to refer to that problem today. However, I ask the minister, what is the point of our having a House of Commons finance committee conduct hearings and take evidence relating to the problems if there are going to be no changes? Surely that is one change that the government can still adopt. If it is equipment to be used by a university for teaching, research, or whatever, never mind whether it is designed so it can be used by other people in addition to universities. Allow them to have a federal sales tax exemption, as was the case in the past.

The hon. member for Edmonton West (Mr. Lambert), a very knowledgeable veteran in this House, has already men-

tioned the automatic indexing of the excise taxes on liquor, beer, wine and tobacco. This is just a terrible precedent which has now been picked up by two provinces already, and I can understand why. The minister of finance for Newfoundland badly needs money, every cent he can get. The minister of finance for Ontario badly needs money. They are both going to sqeeze us until our pips squeak. That is the nature of finance ministers: they have to raise money.

The minister here is in the same box, but he creates a precedent for the provinces to index their taxation on liquor, beer, wine and tobacco. He wants to increase the tax as the cost of living increases every three months. I think there is going to be a change to make it every six months or every year. The government will not have to come back to this House any longer to ask for increases in the taxes on alcohol, beer, wine or tobacco. The people of Canada will just automatically have the cost of those products increased every three months, six months or every year as the cost of living goes up.

Surely, a government which is devoted, as it says it is, to fighting inflation should not include that kind of a provision in the legislation and ask the members of this House to pass it, so that automatically, if the cost of living goes up—I have forgotten which index we are using, and it does not much matter what index we are using—the taxes on those products increase. Very shortly we will have this as a feature of every one of our consumer taxes. It will not stop with just alcohol, wine, beer and cigarettes; that is only the start. Members of this House have little power anyway. We are in a presidential system. Once the government has a majority we might just as well all stay at home for the effect we can have on affairs, because the government demonstrates, with this bill that it refuses to listen to us or to the people who come before committees.

The government argues that indexing the excise tax is something similar to indexing exemptions under the personal income tax. There is not a word of truth in that.

I have to conclude now because my time is up. However, just let me say that indexing income tax does not protect government from inflation. It imposes greater burdens on the taxpayer. It exposes the taxpayer to the greater burdens of inflation. It does nothing to restrain the government in its operations. It does nothing to restrain government in its expenditures. It has the exact opposite effect of indexing personal income tax. It is completely inconsistent.

We hope the government will reconsider this provision and join with us in eliminating it from this bill before debate is finished in this chamber.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I rise today to indicate a number of concerns that we have regarding Bill C-57, to amend the Excise Tax Act and the Excise Act, as well as to introduce some levies, which I suspect most members of the House realize are inappropriate, relating to the oil and gas industry and the provincial ownership of those resources.

I speak as a relatively new member of the House. I have really appreciated the opportunity of participating in the discussions via the finance committee and listening to the various witnesses that came before us, such as the city of Medicine Hat, the Hobbema Four Band Council from Alberta, the Canadian Community Newspapers Association, the Canadian Construction Association, Canadian Federation of Small Business, Federation of Alberta Gas Co-ops, the Canadian wine industry, the Canadian Federation of Independent Business, and a whole number of excellent witnesses who came before the committee because they were given an opportunity to react to Bill C-57.

These people were not trying to avoid paying taxes. They were not attempting to dodge around the legislation. They came before the committee because they had serious concerns about it. There were obvious weaknesses attached to the legislation. There were areas that had been almost obviously overlooked and perhaps provisions which had been assembled in haste. They wanted to draw our attention to those problems in the proposals in Bill C-57, based on years of expertise in the field of newspapers, distilling liquors and oil and gas development. We owe them something. I am sure the minister recognizes that we cannot ask witnesses upon witnesses to appear before the committee, listen intently to their concerns, become involved in elaborate discussions with them, read their intensive and extensive briefs, and then ignore them. What is that going to say to the people of Canada in terms of our Parliament and the committees of Parliament if we invite witnesses and then simply ignore what they say? The word would go out quickly, the word would spread as quickly as a grass fire on the prairies, that there is no point in raising issues with the subcommittee of the House because the government will simply ignore them.

• (1730)

We on this side are optimistic that the government will not ignore these witnesses and that it will come forward recognizing that there are some real weaknesses in Bill C-57 as it is presently drafted. In an effort to gain revenues perhaps the government moved too hastily in some areas. We hope now that it has the courage, in the interests of the country, to say that it is prepared to accept and make changes in certain areas.

What are some of these areas? I shall try not to mention points that we will be discussing in detail but will simply highlight half a dozen areas in the legislation about which I suspect every member in the House would agree that yes, concern is legitimate and changes are necessary.

This is the International Year of the Disabled. There is a clause in Bill C-57 saying that if you have a problem with your foot or ankle and a brace or a device is necessary to correct the problem, it is tax exempt. But if you have a problem with your back, your shoulder, your thigh, or any other part of your body, a brace is not tax exempt. Furthermore, if you are suffering from multiple sclerosis and need an entire body brace, you have to pay for it, yet if you have a problem with

your foot or your ankle, consideration will be given to covering the cost of any such device. Surely anyone will agree that that simply must be a bureaucratic oversight. The plight of people who suffer from serious physical problems must be recognized. Here is an opportunity to do that, particularly as this is the International Year of the Disabled.

Then there is the matter of newspapers. The present legislation will have a significantly detrimental effect on our small weekly community newspapers across Canada and on the small metropolitan dailies. It will remove some of their much needed advertising revenues. Surely in a country such as Canada, where information to the consuming public is so important that if a firm is to have a particular special or give the consumer a particular break we would agree that it should be widely known, that sort of information should be put in people's hands. The present legislation in attempting to get around the problem of certain firms slipping catalogues into our newspapers seems to have gone overboard, and by taxing one, two and three-page supplements in a newspaper is overreacting to the problem. We have proposed a number of amendments which hopefully will get around this problem without any serious difficulty at all.

I listened with interest at the beginning of today's proceedings when Madam Speaker indicated that motion No. 10 was really inappropriate in that it was asking the government to expend some funds to recognize the tax collecting role of the small business sector. I will argue that. But it seems that if the government were to introduce something of that nature, it would be quite appropriate.

It seems to me that earlier today we heard the Minister of State for Small Businesses and Tourism (Mr. Lapointe) stand up and say that the government is committed to the small business sector of Canada. We on this side certainly support that. If the small business sector is doing a real service for the federal government by collecting federal sales tax voluntarily, although they do not have a choice—nevertheless small businesses are prepared to co-operate, go through all the paper work and red tape necessary—the federal government should recognize that assistance by allowing small business to retain a small portion of the federal sales tax collected, up to a maximum of, say $1,000. This would not make any difference to the medium and large firms across Canada, but to small family operations it would make quite a difference. Most important, it would be an indicator by the government, a gesture, which says to the small business community yes, we recognize the role you are playing and the assistance you are giving us and this is our way of showing that appreciation.

It is interesting to note that every provincial government does allow a certain retention of sales tax collected, with the exception of Alberta. Alberta does not collect any sales tax so there is no need. Perhaps every other province recognizes the small business sector, assists it and has a number of programs in place which allows small business to retain a certain amount of the provincial sales tax they collect.

Again, we have put up a recommendation and a solution to this problem as we might call it. It is certainly within the government's ability to recognize the value of small business and to do something along the lines I have suggested as a demonstration of its concern and interest in the small business sector.

My colleague, the hon. member for Broadview-Greenwood (Mr. Rae) mentioned the art community. Again, surely to say that art is exempt from federal sales tax, but not original prints must be a bureaucratic oversight. Anyone who has paid any kind of attention to what is going on today in the art world in Canada would recognize the real place original prints take. We see them in art dealers' shops and in displays across the nation. These are quite different from the photo mechanical reproductions, posters and so on, which so many of us are able to acquire so easily. I say it is necessary, particularly during this time of repatriating the Constitution, of trying to build a support for Canada, of trying to instil in Canadian people a pride in our country, to recognize the role played by the artistic community. Original prints as an art form should be recognized and encouraged. I am sure all of us can recall a number of struggling artist friends or acquaintances. Here is one small way to say that we recognize their role in the development of Canadian society. I am sure that the provision imposing a tax on art is a bureaucratic oversight.

Then there is the matter of assisting learning institutions across Canada by providing tax exemption for materials used in classrooms, various utensils, instruments and other apparatus. These items should be recognized as being tax exempt, so this provision must be an oversight by the government.

One area particularly close to me is the construction equipment amendment that we have proposed, recognizing that construction equipment is exempt from federal tax but that dynamite is not. This is not a major provision because I am sure the amount of revenue the government can accrue by this clause is minimal. We are saying that in many parts of Canada where blasting is a very important function of the construction industry, the cost of dynamite is included in the construction cost. If we are to exempt construction materials, we should certainly exempt dynamite.

I do not need to say much about tax indexation this afternoon. A number of previous speakers have elaborated on that in some detail. It is so important, though, that I want to spend a moment or two on it. It is certainly a dreadful and horrendous foot in the door. This particular move will give the government a vested interest in inflation. It will be hoped that inflation continues because then revenues will continue. It is a way for the government to raise taxes without ever having to mention it in the House of Commons. It will be taxation by the back door. The government will look good. As far as the people of Canada will be concerned, the government will not be raising taxes again on tobacco, beer, domestic wines or distilled spirits. However, it will be taking place through indexation.

● (1740)

We would have a difficult time trying to find a tax expert or financial adviser who says that indexation of taxation is a good idea. I have had the opportunity of speaking to a number of people in the financial field. I asked how they felt about this. I raised this with chambers of commerce in my constituency, asking what they thought about this proposal. I have yet to find an individual who says that indexation of taxation is a fine idea, particularly for a government that almost on a daily basis reminds those in the opposition it wants to wrestle inflation to the ground. This seems to be a peculiar route to follow.

My colleague from Vancouver will have a great deal to say, along with other members of the opposition, about the tax on natural resources in the west, mainly natural gas and petroleum. This is very clearly an inappropriate tax.

I was very impressed when the mayor and a number of representatives from the municipality of Medicine Hat appeared before our committee. They went on at some length. Years back the city fathers of Medicine Hat felt it would be appropriate to take advantage of the natural gas deposits in their area. They developed those deposits in the interests of the citizens and the entrepreneurs of Medicine Hat. Inexpensive energy was an attraction for companies and firms wishing to move to Medicine Hat.

The representatives of Medicine Hat asked the committee to please give them some recognition. They pointed out that they are not a private company or firm, but a level of government. Recent court decisions have made it clear that governments are not to tax other governments. The city of Medicine Hat ought to be given recognition of their foresight and for the fact that they are a level of government taking advantage of a natural resource beneath them.

As one of many in the House concerned with the small business sector, and as our party critic or spokesman, I was impressed by the tales and stories brought to the committee regarding the impact of this tax on the small business sector in provinces like Alberta in particular. The large oil companies will not feel this or be bothered by it. Those who will really be hurt will be the thousands of small firms which service the oil industry.

I grew up in southern Alberta in the oil fields of Turner Valley. I know the kind of people who provide for the infrastructure of our oil and gas industry. They are not rich people. They are not, as is sometimes conjured, individuals with oil wells pumping in their back yards. These are small firms struggling to provide a service to the Canadian economy and, essentially, do a first class job.

These people tell us that levying this tax will reduce business and possibly drive them out of business. It will certainly have that result. In fact, we have already seen the beginning of it. Very impressive witnesses made presentations before the committee showing the linkage between the service firms which serve the petroleum industry and the effect this legislation will have on those small entrepreneurs. Again, this is from a government that, almost on a weekly basis if not a daily basis, reminds us of its concern for small business.

What do they mean by that? Do they mean small business in certain parts of Canada? I do not want to be cynical or negative, but one gets the impression they are particularly interested in going out on a limb to service small business in certain parts of Canada. Let us ask for a demonstration from the government that it is in fact interested in encouraging, nurturing and recognizing the role of small business in all parts of Canada.

We will have many more comments to make as we go through the 135 amendments—my gosh—to this particular bill. I ask the minister this afternoon to remember those witnesses who came some distance and went to a great deal of effort to indicate to us some of the problems associated with Bill C-57. I ask the minister to recognize that their request is not to avoid paying taxes or avoid being responsible individuals or firms, but to stop what appear to be bureaucratic oversights. I ask him to consider that and show us in good faith that the government is prepared to listen to the witnesses and to our voices in the opposition and come forward with some recommendations very quickly.

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, I want to associate myself with the remarks of the previous speaker, the hon. member for Kamloops-Shuswap (Mr. Riis) in his sane, reasoned, dispassionate and very sensible appeal to the minister.

I was told by one of the groups lobbying the minister at the time the measure was before the committee that the minister at that time promised that if serious representations were made to him at report stage about what are apparent deficiencies in the legislation, he would give serious attention to representations in order to improve this legislation. If that message got back to the witnesses who appeared before the committee, I agree with the hon. member for Kamloops-Shuswap, they will be watching these proceedings to see whether the government is taking seriously the commitment made by the minister that he will give attention to representations made by witnesses, members of the government's back benches and opposition members regarding serious shortcomings in this provision.

While watching the news on television at home this past week, I saw a news report on the meeting of the consumer affairs minister for the province of British Columbia with a number of citizens, citizen's groups, representatives of the Vancouver city council and people in the downtown Vancouver area around Carroll Street who were very concerned about the liquor outlet store in that area. It served largely what are called the winos, or alcoholics. These people were concerned that the government store in that area was perpetuating the problem of alcoholism in that community. The B.C. minister of consumer affairs was taking notes, meeting with the people of that area, wanting to hear what they had to say in order to see whether the government store should be closed down in an attempt to provide some relief to the community on a very serious social problem there. The lesson to be learned is that

when the government acts, it inevitably affects social needs and social reactions in that part of the community.

● (1750)

I would like to draw the minister's attention to some of the social effects of this particular bill on the people in the community. Members of the House know me well enough to appreciate that the tax relating to liquor and alcoholic beverages will not affect me much. I think probably the whole alcoholic industry could be diverted to the production of gasohol and in this way would probably serve us a lot better. In any event, the change will not really affect me, and I have no axe to grind in this regard. However, I am concerned about the social effects of this particular piece of legislation.

I have before me statistics, which have been given, I am sure, to every hon. member, regarding the apparent effect of tax legislation on wine, beer and distilled spirits, and the change in consumption patterns resulting from taxes levied on those products.

It is my understanding that prior to April, 1980, and the imposition of these tax changes, for the period 1974 to 1980, the average annual percentage change in respect of beer was 1.7 per cent, in respect of wine 8.3 per cent, and in respect of distilled spirits 3.3 per cent. However, between April, 1980, and January, 1981, the percentages of sales compared to the previous period were as follows: a decrease of 3.6 per cent for beer, a decrease of 1.8 per cent for wine, but an increase of 4.6 per cent in respect of distilled spirits. If we accept these statistics, we see that there has been a radical change in the consumption of what we call hard liquor.

My question to the minister and those on the treasury benches generally is whether it is in the interest of the government to bring about tax changes which encourage an increase in the consumption of hard liquor. Given the fact that the public is going to continue drinking beer, wine and hard liquor, is it in the interest of the government to encourage the public to increase consumption of hard liquor by changes in the tax structure?

The government has an obligation to look at the social effects of the tax measures it brings forward. In the measure the government now wants to validate through Bill C-57 it is implicitly saying it wants people to be deterred from drinking those beverages with less alcoholic content, and wants them instead to drink beverages with greater alcoholic content.

I keep wondering in the back of my mind what percentage of the revenue the government collects through these taxes is being spent on programs to alleviate problems it creates through the encouragement of the consumption of alcoholic beverages? The government collects "X" millions of dollars per year in taxes on alcoholic beverages. What percentage of that revenue is it spending on health measures, rehabilitation, and so forth? It seems to me the government is making money on something that is a potential health hazard to Canadians.

Secondly, I am concerned, as are other members, about the indexation provisions of this measure, what can become a hidden tax, and I am concerned for two reasons. This measure perpetuates increases in the future. An automatic continuation of these increases is wrong. The government is already making money on inflation in the way it is indexing taxes and in the way taxes are increased by percentages. In this way it is creating a situation in which it makes more money on inflation. I think the minister has to agree with that. The government increases its revenues every year because of the percentage basis on which it operates. If it does that in this area, it seems to me it is perpetuating something without examination, and that is wrong. One of the fundamental functions of Parliament is to examine and re-examine. Through indexing this increase, the government is taking that function away from Parliament, making it an automatic process.

The third subject matter I wish to speak to relates to clause 12 and really has to do with social policy as it is affected by taxation. Clause 12 deals with the tax to be imposed on the sales of metric scales. The clause reads:

(2) The tax imposed by section 27 shall be imposed only on fifty per cent of the sale price if manufactured in Canada or fifty per cent of the duty paid value if imported, of metric retail scales having a maximum weighing capacity of one hundred kilograms and specifically designed for the weighing of goods in retail operations, when sold or imported before January 1, 1984.

If there is one policy other than the government's policies on energy and the Constitution which creates alienation, particularly in western Canada, it is its policy on metric conversion. In this bill the government indicates it is going ahead with its metric policy by which all retailers will have to buy scales in metric—they are being forced to buy new equipment—but the government is going to be very nice and will impose the federal tax on only 50 per cent of the value of those scales. "Aren't we great guys? What a wonderful lot we are", they say. Let me say to the minister that if he wants to increase the feeling of hostility out there in the small business community, he simply has to continue the imposition of metric by compulsion and then punish that community through taxation for obeying government orders. That is wrong. Then it compounds that sense of hostility by making it look as though the government is doing the small businessman a favour by taxing only 50 per cent of the value of the scales.

I am concerned about the social effects this kind of legislation will have on the business community and the consumer, because the small businessman has to pass this tax on to the consumer. If witnesses are correct, the change to metric will cost us at least $500 million and the consumer will have to pay that. Mr. Speaker, I see that it is six o'clock.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, I do now leave the chair until eight o'clock p.m.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Deputy Speaker: When the House rose at six o'clock, the hon. member for Surrey-White Rock-North Delta (Mr. Friesen) had the floor.

Mr. Friesen: Mr. Speaker—

M. Pinard: Mr. Speaker, I am sorry to interrupt the hon. member, but I am told by the Minister of State for Finance (Mr. Bussières) that he has had consultations with his colleagues on the other side and that they have come to an agreement. So before my hon. colleague goes on with his speech, perhaps we could settle that matter by reverting to motions.

Mr. Deputy Speaker: Is there unanimous agreement to reverting to motions?

Some hon. Members: Agreed.

ROUTINE PROCEEDINGS

[*Translation*]

WAYS AND MEANS

TABLING OF NOTICES OF MOTIONS

Hon. Pierres Bussières (Minister of State (Finance)): Mr. Speaker, as I explained briefly this afternoon, I ask the unanimous consent of the House to table two notices of ways and means motions, one concerning the Excise Tax Act and the other Excise Act. I have already indicated that this is necessary because we want to amend the provision concerning the quarterly indexation for tobacco and alcoholic beverages to provide for a yearly indexation. My explanations failed to convince the hon. member for Edmonton West (Mr. Lambert), and he was quite right since the tabling of a ways and means motion is justified if the period over which the indexation will apply is being changed, thus bringing about a change in revenue. As I said, I failed to convince the hon. member this afternoon, but following our discussions and after examining this provision concerning the new period, the hon. member for Edmonton West informed me that a ways and means motion was required to make such a change.

Therefore, Mr. Speaker, with the unanimous consent of the House, I shall now table the two ways and means motions and ask the House to approve them. I shall also ask the unanimous consent of the House to table the amendments related to these ways and means motions, namely three amendments which will provide for a yearly indexation instead of a quarterly indexation. I wish to thank the hon. members for their excellent co-operation.

Mr. Deputy Speaker: The minister asks the unanimous consent of the House to table two ways and means motions. Is there unanimous consent?

Some hon. Members: Agreed.

THE EXCISE ACT (2)

Hon. Pierre Bussiéres (Minister of State (Finance)) moved:

That a Ways and Means Motion to amend the Excise Act, notice of which was tabled in the House on Tuesday, May 26, 1981, be concurred in.

Motion agreed to.

THE EXCISE ACT (3)

Hon. Pierre Bussiéres (Minister of State (Finance)) moved:

That a Ways and Means Motion to amend the Excise Tax Act, notice of which was tabled in the House on Tuesday, May 26, 1981, be concurred in.

Motion agreed to.

Mr. Bussières: Mr. Speaker, of course, the three amendments Nos. 8, 13 and 58 already tabled are automatically withdrawn and replaced by the three amendments I have just tabled.

[*English*]

Mr. Deputy Speaker: As something which follows from what the minister has just done, the minister is seeking agreement to withdraw two amendments from the Order Paper.

Mr. Knowles: Three.

Mr. Lambert: Mr. Speaker, may I suggest that perhaps the substituted amendments could occupy the same numerical positions as the original amendments because they fall into sequence as to, shall we say, the "logicality" of the debate. We are quite in agreement with that.

Mr. Deputy Speaker: In order to have it clear, there is, first, unanimous consent respecting the two ways and means motions of the minister, and then two amendments will be withdrawn, but the same numerical sequence will be followed.

Mr. Knowles: Three others.

Mr. Deputy Speaker: Three others will be withdrawn, but there will be the same numerical sequence for the new material. Is that agreed?

Some hon. Members: Agreed.

Mr. Deputy Speaker: It is so ordered.

GOVERNMENT ORDERS

[*English*]

EXCISE TAX ACT AND EXCISE ACT

MEASURE TO AMEND

The House resumed consideration of Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs, and motions Nos. 1 and 3 (Mr. Blenkarn).

• (2010)

Mr. Benno Friesen (Surrey-White Rock-North Delta): I do not know what right the hon. member for Edmonton West (Mr. Lambert) has to talk about the "logicality" of the debate

here. I have been here seven years and I do not know if the debates have always followed the route of logic.

At the dinner hour break I had been trying to make the point that Bill C-57 shifts the tax on alcoholic beverages in such a way that it changes the lifestyle of people. Figures indicate that the consumption of beer has decreased whereas the consumption of hard liquor has increased, and I am not so sure that is good for the country. My colleague, the hon. member for Bow River (Mr. Taylor) reminded me today that another factor enters into it, and that is that beer is really the working man's beverage, and he is right. A man does not come from the docks or the saw mill or the logging camp, and the fisherman and construction worker do not come off the job and go to the liquor store, and buy a $12 or $14 bottle of whiskey; they buy a six pack. So what we have here is another tax on the working man. If the government can find a way to tax the working man, they will find it, and this is a very important factor in this tax legislation before us.

Finally, the provisions on page 2, subparagraph 3 regarding the definition of a manufacturer or producer have some implications that seem at first to be innocuous but are actually fairly far-reaching. When one shifts the tax from the manufacturer and puts it on the wholesaler or distributor on products like cosmetics and so forth, I think two things can happen. I may have misunderstood the legislation and I would gladly hear an explanation from the minister on this, but it seems to me that we are changing the base of taxation because there is a manufacturer's price and a wholesale price. If you have a 9 per cent federal tax on the manufacturer's price of, say, a $10 item, you have a 90 cent tax. The wholesaler is going to add his 40 or 50 per cent, which now makes it a $14 or $15 item, and the tax will now be $1.40. I say there is a subtle shift here which provides more revenue for the government. Simply by changing the definition of a manufacturer, the government increases its income.

Second, it would appear to me that the cost of collection is going to be much higher. It is one thing to go to half a dozen manufacturers and have them collect the federal sales tax; it is another thing to go to all of the wholesalers and distributors and collect it from them. It seems to me that you increase the tax but you also increase the expense, and I am not too sure that the economics justifies the shift, but it appears that the consumer is going to be the loser because the bottom line is that the government will make that much more, which means inevitably that the consumer will pay that much more.

I really end with what I started with, that when the government brings forward a piece of legislation which is supposed to be a routine tax measure, in this case the excise tax, it behooves the government to look at all the shifts that take place.

I want to emphasize the cost that these provisions represent to the country in terms of human relations. There is no way in which the government can pretend to be Canadianizing the country with a national energy policy when the policy implications themselves tear the country apart. You can talk about Canadianization by buying out oil companies such as Petrofina—and to me one of the most odious things about the policy is that the government now requires other companies to collect the tax to help support a competitor, which does not seem exactly right to me—but in buying out the other companies the government is going south of the border to use American funds to buy out existing companies in Canada and calls it Canadianization. There is no way the government can genuinely talk about Canadianizing an industry when in the process of doing so it brings about tensions in the country which have the potential of tearing it apart. I think, Mr. Speaker, at the outset of the debate we indicated there are possible serious repercussions from this legislation, and as the debate goes on I believe you will find there are many other issues that are going to impinge on the government. We will wait to see whether the minister was serious when he said before the committee that he will listen intently and be willing to introduce amendments that will prove to those witnesses who came before the committee that the government indeed is listening.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, my comments will be very precise on one section of these motions. Starting with No. 46 and going on to No. 51, my comments have to do with a subject known as gasohol which you have heard discussed before.

As this House probably knows, gasohol is now legal and encouraged in over 30 nations in the world. One nation, namely Brazil, requires it for all motor vehicles. Canada, however, has been lagging behind, and I am very pleased to support clauses of the bill dealing with gasohol, although of course they put it in words that are a little bit difficult for the layman to grasp. When you have a legal still on your farm or in your home you no longer call the product alcohol, you call it denatured spirits. Now if we get that point clear in our mind, then we see that the various clauses of this bill lay down the terms for having a legal still if you are producing denatured spirits. In plain English this means alcohol that you cannot drink.

These proposed amendments dealing with gasohol try to make the terms of this excise tax act workable. In dealing with the question of a licence, the bill says that a special temporary licence to encourage or engage in the manufacture of denatured spirits may be granted by the minister to any person. It must be obvious to any thinking person, Mr. Speaker, that if you are granted a temporary licence and later on you find its duration is for one year, you will not want to build a still. For all practical purposes, the still that we are talking about costs anywhere from $4,000 to $25,000. Now I have seen pictures of these stills. Because they are illegal in Canada, all it is legal for me to do is to look at them.

• (2020)

I think the type of still which will serve the purposes we are trying to achieve in this innovation will suit the average home or farm. If we look at the figures of the Department of Agriculture, we find that they calculate, for example, that on the average grain farm in western Canada there are approxi-

mately 1,000 bushels of grain which are usually classified as waste. At one time this grain was used to feed chickens and pigs. Now they do not have chickens and pigs on farms because they cannot afford them, so they must get rid of the waste in another way. By putting it through an alcohol still, they can get rid of this waste in a very useful fashion, as long as it is called spirit. When a farmer makes alcohol, he has relatively no fuel costs because there is another waste product on his farm called straw. It is a difficult chore to get rid of straw. By bailing this straw and placing it into a furnace, he can apply a steady heat to the still which keeps it from getting too hot and exploding. Therefore, he does not look upon it as a cost; he is just getting rid of a waste product. However, it is a cost to the commercial manufacturers. After the farmer has used the straw to distil the alcohol, he passes on the heat to his barn or his home to heat them. This is a second use of the waste product for heating. He takes off the alcohol which is worth $4 for every bushel of waste grain he puts through. In addition, he gets 42 pounds of mash with a very high protein rating and tremendous digestibility. Having gone through the distillation process, it is much easier for animals to digest. Therefore, more meat is put on the animal or more milk is produced, whatever the case may be.

If the farmer puts in a still to meet all these conditions and to give him some form of relative or comparative advantage over the commercial manufacturer of alcohol, he will require a still which costs from $4,000 to $8,000 depending upon his plans. He will not spend that amount of money if he has a licence for only one year because he will never get his money out of the still.

The first motion simply deals with this matter. If we take out the first two or three lines and include a clause which takes away all ambiguity, then a person, a group of persons or even a group of people connected with a corporation, because 15 per cent of our farms are now incorporated, can take advantage of it.

I do not think I am asking too much when I ask all hon. members in the House to support this series of motions. I have described in some detail the common-sense approach of not limiting licences to one year and of not limiting them to one person. Farm activity is organized either by a single farmer, a farmer and his son, a farmer and two or three of his neighbours or, in some cases, farmers' co-operatives, who use the same still. Therefore, this legislation must be workable and economic for farmers, and it must satisfy the types of organizations used by farmers when dealing with these problems.

The advantages of a legal still are obvious. It will only provide enough alcohol to meet 2 per cent to 5 per cent of our total energy needs. The Americans are going at it much harder. They are planning to satisfy 8 per cent or 10 per cent of their total energy needs from alcohol. By giving large subsidies to big companies, small companies and individuals, they will reach in the fall of this year, the target they set some years ago of producing around two billion gallons per year.

This takes up a very big proportion of energy, but it worries many thinking people in the United States because farmers and some of the companies that are heavily subsidized by the program are taking advantage of the subsidies to reduce their costs. They are producing more and more alcohol but are using good farm land to produce waste in order to make alcohol. Good farm land is needed much more desperately in the world to feed people.

The concept in these motions is to give enough economic leeway to the project so that farmers, either an individual or a group of individuals in any structure they like, can pick up the waste on their various farms and make good use of it; it must be a viable operation. We do not want them to use good grain or vegetable land, which should be used for the production of human food or cattle feed, to produce alcohol for the automotive industry.

Let me make one point clear. This legislation is modest in U.S. terms. The variation in each of the United States which have legalized the still is great. Limits should be imposed in one of these motions in such a way that no one will be going into production of alcohol as a big business. It will be simply for the purpose of getting rid of waste and allowing the person to make money. The country will benefit in that farmers will produce alcohol that cannot be drunk for use in the gasoline tanks of tractors, trucks or automative machinery which takes that type of fuel. It does not give any more miles per gallon, but it keeps the motor clean and the motor lasts two or three times as long. This is important in this day and age when car motors, particularly small ones, only last 100,000 miles. By keeping the motor clean with the addition of alcohol to the gasoline at a one to nine ratio, or 10 per cent alcohol, it will last two of three times longer; in other words 200,000 or 300,000 miles. The same ratio is maintained for tractors and trucks.

Those are the main points I wanted to mention. Of course the motions do not make sense unless one has the act in front of one, and if one is really astute, one would have the old act as well. If one reads these acts, one finds that these motions are carefully drawn. Unless there is some legal opposition to them, I think every member in the House could support them.

Turning now to the duration of the permit, it must be at least five years to warrant building the stills, and the five-year term should be renewable. It will be the responsibility of the minister and his staff, which really means the excise people and the Mounted Police, to decide if there is any abuse of the act. Therefore, cause must be shown before it can be taken away.

The quantity a farmer can produce should be extended to cover the majority of farmers, and the period of time should be set for a minimum of five years for any person legally operating a still with no interference at all. The state will have the power, through the permit and through the bonding procedure, to make sure the law is not abused.

I do not think I am speaking out of line when I say that representatives of the RCMP have seen the plans for the stills which will be offered under the regulations, as have the excise people. Both are satisfied that no one will fool the government and that it will not create a hardship. If we put the bill

through today as it is, it will not work because no one will build a still with a temporary permit of one year and no one will build a still if it does not satisfy one's particular needs. In other words, perhaps it will take the waste of two or three farms to keep the still operating efficiently.

• (2030)

There may be other matters which can be covered when we come to a detailed discussion of the motions which are before us. I think the four or five motions which deal with stills can be grouped together and voted on. They are simply designed to help in every way an individual, or a group of individuals, who wish to have a still. There is nothing in these regulations to stop a city person from having a still. Plants can be grown in a city garden, or waste can be picked up around a city, which can be used in making alcohol. Artichokes are better than grain, and sugar beets are also very good for making alcohol—any number of substances can be used for this purpose.

So long as we make it legal for those who wish to make alcohol within reasonable economic limits, I think this legislation is a big step forward. It puts us in tune with the progressive nations of the world. Above all, it allows us to move forward into the area of renewable energy resources, while at the same time it allows us to get rid of our waste. I would ask, therefore, that members of all parties give serious consideration to voting for the five motions which are before us. I think one of the motions should be dropped, but that can be decided upon later on.

Most members of Parliament do not talk about alcohol, but we have lived with this religious phobia in Canada too long. Now that there is a perfectly legitimate use for this type of alcohol, I think we should let this legislation go through.

Mr. G. M. Gurbin (Bruce-Grey): Mr. Speaker, I am very pleased to be able to join in this debate tonight, and to be called upon to follow the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton). Much of the emphasis of my remarks will be in tune with the comments made by my hon. friend.

I would first like to discuss the bill from the aspect of the confusion caused to people who are trying to understand what it is we are debating. This is an omnibus bill which covers a number of areas. It has really been an effort to put into one measure matters which do not necessarily fit together. While we talk about fuel alcohol in one instance, we also talk about the excise tax on natural gas, which includes the area of small business. I think the way in which this legislation has come forward is not the most appropriate, and it is therefore confusing. On a broad scale, what this legislation indicates is the approach and philosophy which this government has toward the raising of revenues. Unfortunately, many of the measures in the bill before us look for ways to close what could be considered loopholes in many small business areas. In many instances it seems as though it will take as much money to collect these revenues as it would cost the government in lost revenues were they not collected. In this way it is really not a very productive effort.

Excise Tax

One matter which I wish to deal with very briefly is the fact that small business will feel the brunt of this legislation in many ways. First, it will be imposed upon to do more paperwork. The small businessman will have to comply with government regulations in a number of ways. Apart from placing a double layer of revenue on the final cost of a product, this legislation will impose a burden on that very sector of the economy which we hope would help to revitalize the whole Canadian economy. In this way it is a measure which is difficult to support.

One of the other major issues I wish to deal with is the petroleum and natural gas revenue tax. This is a tax which has an unfortunate consequence, particularly at a time when we are trying to achieve self-sufficiency, and trying to move toward alternative sources of energy, away from oil and into the use of natural gas. The net effect of this tax has been to create a large number of what can be called "marginal wells", areas of marginal production which are very questionable economically. We have ended up in a position where we find our natural gas exports to the United States markedly decreased. The market for natural gas is not there because of this increased tax.

Before I deal with the question of fuel alcohols I would like to deal with the 8 per cent petroleum and natural gas revenue tax. The point should be made that this tax is applied right at the wellhead, with a couple of major consequences. One of them is the effect this tax has on producers, particularly those in marginal areas. The tax does nothing to help in terms of improving exploration and development, nor does it assist in making the necessary steps needed to improve our net production of energy in this country. Thus at the producer level, this tax is having a detrimental effect.

In addition, this taxation places another layer on the taxation which already exists on the oil industry, with the cumulative effect of a 50 per cent decrease in exploration which has been seen in the last year or so. There has also been a 70 per cent decrease in the amount of land coming under exploration. In total, we are looking at about 20,000 workers in the oil industry who will be out of jobs this summer. This, in turn, will have a tremendous economic impact on the whole country. Finally, by placing this tax at the wellhead, the federal government puts itself in direct confrontation with the oil-producing provinces.

The fact is, Bill C-57 includes an aspect which is now before the Supreme Court, that is, the natural gas and gas liquids tax. It is a very serious constitutional debate in terms of the relationships between the federal government and the provinces.

I would now like to discuss the section of the bill which was dealt with by the hon. member for Qu'Appelle-Moose Mountain. The situation we have in Canada at the present time is that anyone who wishes to produce spirits or alcohol, whatever you wish to call it, is required to post a $200,000 bond. This does not mean that one must pay $200,000 but there is a significant economic factor involved for small producers. Also,

there is a $7.50 per gallon excise tax on the alcohol which is produced. That is the way the law stands now.

More important than these two aspects is that one must pay a $250 annual licence fee, and it is necessary to have inspections performed involving other additional costs. These regulatory measures are clearly not conducive to the production of fuel alcohol. Perhaps the most obvious symbol of all these difficulties can be found in Gentle Ben and Mr. Thomas. Through Mr. Thomas's considerable ability in media relations, he has reached the point where he has been called into court. This was the first instance in which Canada recognized the fact that alcohol could be used as a fuel. It was a milestone in the evolution of fuel alcohol. There is another gentleman who I think is also worthy of mention. He is Dr. Les Emery, who has done a considerable amount of work in this field. He is looking at the use of units smaller than the individual farm, but ones which would have an economic viability, to spur on the development of all fuel alcohols.

• (2040)

I think the particular problems of the bill have been well identified by the previous speaker. If one is really serious about trying to replace some of one's own requirements with alcohol, one has an immediate difficulty because of the longevity of the terms of reference of the bill now. A temporary permit which would last for one year would clearly give no incentive and, in fact, would take away the desire of anyone to make any sizeable investment. At the end of the year, as it now stands, it could result in people having to actually physically dismantle their apparatuses and cease operations. That is clearly something which must be changed and must be expanded. Five years is a good idea, and should also be renewable on a five-year term unless there are clear problems. So that is one major point in that whole issue.

The second matter is whether or not it should be confined to personal use. The idea of a co-operative development also has a particular appeal in some ways. If a person or a farmer is producing fuel alcohol, even in small quantities, he will probably be producing more than he can actually use in his vehicles on the farm. He should be able to sell his overproduction on the commercial market in some way, whether to other farmers, local people or to a company of some sort. There have been indications that companies will be glad to accept this overproduction. If he does not have that access, then there is another major block in the economics of the evolution of the whole process. So the provision must be expanded to cover more than personal use.

Another point I would like to make is that under section 76 of the bill, there is an inclusion that those who apply for these licences should provide a specific diagram to the minister or his representatives who would decide whether these licences would be approved. It is very important that this measure be revised so that it would not be necessary for anyone, particularly farmers, to present technical drawings which we would normally expect from engineers. That is a weakness in the legislation which could cause real difficulty for many people. The measure should be revised or at least clarified so there would be an understanding that sophisticated, engineering-type descriptions would not be required. Indeed, many people would not really know the complete network of materials required when they first started, and that could solve another problem.

The five amendments which the Conservative party has presented address these difficulties in many ways, and we would like to support them. It is important, when we are looking at this whole issue, to establish some of its bases. We must clearly understand that we are dealing only with the specific area of the regulatory aspect of allowing the production of fuel alcohols, and it must be put in a broader framework which must include the production and end use aspects. It must be considered in the context of helping to achieve self-sufficiency of the whole country by whatever mode of fuel is used.

One question becomes very important. How much of our total transportation requirements will be met through the use of fuel alcohol? Another question is, on which fuel alcohol would we like to put major emphasis? We can look at the United States as an example to see what it has been doing. Last year, in 1980, it produced approximately 100 million gallons of ethyl alcohol, ethynol, to provide an adjunct to its normal transportation fuel requirements. To put that in context, in one year the United States uses approximately 50 billion gallons of gas and diesel fuel. Even with the dedications shown so far, with the hopes for the future, and with the feedstock being used, although it may be of economic importance what we have is a fairly limited added source of transportation fuels required all across North America. By 1985, the United States hopes to produce about 10 per cent of its requirements. That would be about 500 million gallons. What has been achieved this year, or what is likely to be achieved because of a number of things which are happening in the United States right now, is approximately 110 million gallons of fuel.

We must be careful to keep the perspective in mind that what we can do with the fuel alcohols is to stretch some of our normal requirements. If large amounts of grains and other agricultural products were dedicated, and I am not referring to waste products here, we would end up with some degree of competition on the feedstock market. The price of grains would increase or we would face a shortage in one area or another. Then the controversy of food versus fuel would indeed be very well fuelled. There is a very important sector, particularly in the farming area, which can be well served by the development of these facilities. I would encourage that development, but I think the total picture must be kept in perspective.

I might mention that the difficulties will be in the actual technical aspects. Although the process of distillation and fermentation is 6,000 years old, when we get into some of the newer techniques which will optimize the economics, more and more sophisticated apparatus is required which will need more careful attention and management during the ongoing produc-

tion. The buildings are more sophisticated. These developments are difficult for a private or individual person to keep up with and, as time goes on, it may either improve or get worse. This is one of the reasons, why, in my own personal view, I think that a small number of farmers working together in a co-operative type of group makes more sense because then they would be able to keep up and would have access to the newest techniques. The other aspect, of course, is that efforts are being made for the future in genetic engineering to optimize the processes required to break down the starch or cellulose from which we would be working.

The end uses are another important point for individual users to remember. One hundred per cent alcohol or a typical gasohol, which is anywhere from 10 to 20 per cent alcohol, can be used without any difficulty in most current engines. However, there may be difficulties because too much of our feedstock resources would be dedicated to that area and also because of the mechanics of the end uses, and so on. So although engines may seem to be working well now, other problems may be created.

I tried to convey to hon. members that we are dealing only with one aspect of this bill right now. Agriculture Canada has been doing a fair amount of work in trying to explain the processes and concepts of the whole issue, and should be commended for it. What I fear we have right now is one sector of government operating almost in oblivion of another. This is not unusual. It is a difficulty which needs to be watched and addressed. But we now have before us ways to open up opportunities. Yet I think individuals are in grave danger of being taken in by those who would capitalize on this opportunity with equipment which does not comply with a certain standard or that will not produce as expected. I think there is a danger for the individual who is trying to produce something. People need to have access to up-to-date important mechanical, technical and biological information that will make it possible for them to be efficient and effective.

● (2050)

We need co-operation and understanding. We probably need a drive by Agriculture Canada to make information of this sort available to people. I hope we are successful in passing this bill.

We have attempted, while addressing this bill, to free ourselves of our dependence on imported oil so as to become self-sufficient in energy in the future. This is a move which needs support. It is an important move and is something which should have been done several years ago. We seem to be two years behind in terms of what we are proposing right now in comparison to the American experience, and that is too bad. As an example, the American small producer, by making a telephone call, has access to a licence which allows him to produce.

This bill needs to be supported. Until now we have been discriminating against renewables. I think it is time that we got this measure and many more like this one passed through Parliament.

Excise Tax

Mr. Gordon Taylor (Bow River): Mr. Speaker, Bill C-57 is designed to provide money for the federal treasury. We all realize that money is necessary for the federal treasury. However, an excise tax or a tax that goes through the back door or one that is questionable in that it does not have the support of the people of the country, may well backfire and be counterproductive in the long run.

I shall try tonight to show why the excise tax on natural gas and the production tax are ill advised. Both of these taxes are hurting the country. Both are preventing development. Both are driving capital and jobs out of the country. I find it difficult to understand why the government insists on proceeding with this type of taxation in spite of all the evidence now available showing the terrible effect it is having on our country. I shall try tonight to show how some of these things are actually working out.

For instance, the excise tax on natural gas is a tax which does not hit the large oil companies. It is not a tax on those with plenty of money. It has no bearing on ability to pay. It is actually taxing the people who can least afford to pay. In addition, it is hurting Canadian food production.

The increase in natural gas immediately affects the chemical industry. Consequently fertilizer prices have to rise. The use of the gas itself in industries such as the Alberta provincial gas co-operatives also has a detrimental effect on production. The biggest effect it has and the greatest damage that is being done is that of cutting down production. It takes money from the farmers' pockets. As a result, the farmer cannot buy as much fertilizer so he resorts to summerfallow. In turn, less extensive use of the land is made which means less production and less dollar return for the farmer. Consequently, with fewer dollars, the farmer is unable to buy the machinery or the clothes he wants. Fewer manufactured goods are purchased. In a nutshell, almost every segment of industry in the country is affected.

A few weeks ago representatives of the Alberta gas co-ops were here to make representations to the finance committee. I was very disappointed indeed that the finance committee did not pay attention to the strong arguments presented. These men were all producers themselves. They tried to show what effects there are when the production of food is cut down.

Any tax that will cut down on food production in Canada is dangerous. Our farmers have to make a living if they are to stay on the land. Already, with high interest rates and the cost-price squeeze, many farmers are not able to keep their heads above water. Some have gone into bankruptcy, as I mentioned the other day when discussing the bankruptcy bill. Some are on the verge of bankruptcy, not knowing which way to turn at the present time. Some are going into receivership. Possibly the majority are those who are simply saying "what is the use" and are giving up and not producing anywhere near what they can. All of these consequences will be very detrimental to the country.

I urge government members to pay attention to what this excise tax will do to agriculture in Canada. They are not hurting the multinationals; they are hurting ordinary everyday

industry in Canada. They are hurting the farmers, the shops and all the stores. Workers are being laid off. Every segment of industry in Canada is being affected. I do not know why the government persists in keeping this tax or why it is doing other things which hurt our farmers. Even without the extra tax now being levied at the gas pumps it is most difficult for farmers to continue on the land.

I want to read into the record a letter which was published in a number of papers throughout Canada. It was written by a farmer from Three Hills, Alberta, by the name of J. T. Bishop. He wrote:

> I must protest the totally unfair tax on petroleum products to pay for the Petrofina takeover. This tax is as unjust as the English Tea Tax that precipitated the Boston Tea Party and the American War of Independence.
>
> Hard pressed western farmers, because of their high energy use, are forced to pay 10 to 20 times as much as the average Canadian to buy service stations for eastern Canadians we will never use. In addition, because of the wide use of natural gas in Alberta, Albertans must pay more tax on natural gas than all the rest of Canada combined and have nothing to show for it. In my case, with several large broiler barns in operation demanding high consumption of natural gas to maintain the necessary heat for chicks, I will pay probably 10 times as much in this sector as the average farmer who heats only a home and possibly a shop.
>
> I am fully in agreement with the principle of Canadian ownership, but totally opposed to the principle of government ownership with all the inefficiency and feather bedding invariably involved that fattens the bloated federal bureaucracy and Liberal political hacks.
>
> If I must pay into buying Petrofina for PetroCan, I should be issued shares in it according to how much I pay and be able to collect dividends as an investment to offset the hardship created by these forced payments. This would be fair to everyone. I would be contributing to the Canadianization of the industry and as a part owner of the company I could be proud of PetroCan and support it.
>
> As a state-owned company I pledge that I will never buy a gallon of gas from PetroCan as long as I can get it anywhere else. In addition, such a completely unfair tax raises the importance of the objectives of West-Fed as the only way we can get fair treatment for the west.

That was signed by a farmer, not a red neck revolutionist but an ordinary farmer who worked his way up to where he is today. Now he sees his investment disappearing because of unfair taxation. This excise tax on natural gas is completely discriminatory. It hurts British Columbia and hurts Alberta even more because we have made use of natural gas. This discriminatory tax should be wiped out. Rather than unite this country, it will turn those who are supporters of the present government against them. They can see how unfair this tax is.

● (2100)

I support the plea made today by the hon. member for Etobicoke Centre (Mr. Wilson). He asked the government to consider totally removing the excise tax and the production tax as well. This tax will only add fuel to the fires of separation in western Canada. It will build up disunity in eastern Canada as well. It is finding its way into almost every industry in eastern Canada. Not only does this tax not do anybody any good, but it is wrong. The hon. member for Edmonton West (Mr. Lambert) said that this tax defies all conventions. One government does not tax another. The Queen in right of the federal government should not tax the Queen in right of the provincial government. A provincial government should not tax another provincial government. This is a long-established principle.

This government pays no attention to conventions. They have a majority, so they do what they want, regardless of whether the people want it or not. I do not know how long the people of Canada will put up with that kind of attitude. This government will not listen to reason. Even though the Supreme Court of Alberta declared this illegal, it makes no difference to this government. They continue to collect the tax in spite of that court order. We wonder why our boys and girls are going wrong and are defying the law. This government sets the example of defying the law. I repeat, they are collecting a tax ruled illegal by the Supreme Court of Alberta.

Under our conventions, no government of any political stripe has ever taxed another government in order to fill its treasury. That is not right. It is wrong and this government will not listen. I do not know how long the people of Canada will put up with this government's attitude. I certainly do not think those in the west will tolerate it. It is getting worse every day.

This government is pouring oil on the fire. It is similar to the story of the Pilgrim's Progress where one fellow was trying to put out a fire by pouring water on it while someone on the other side of the fire was pouring on gasoline to keep it going. That is what this government appears to be doing.

For years our Indian people have been on the verge of starvation. Ask any member who has visited a home on an Indian reserve whether he felt proud to be a Canadian. In the last few years, the Indians have been trying to get on their feet by developing their natural resources. In spite of the fact the law states that Indian reserves should not be taxed, the federal government is levying a tax on natural gas on Indian reserves. This government is denying our native people the opportunity of becoming self-sufficient and being in a position of making a contribution to this country. Our native people want to live a life they can be proud of and give their children the education they deserve instead of living in poverty and facing near starvation.

We hear a lot of talk about the poor and the hungry of other countries. Visit some of those in Canada who are hungry. Indian people are being forced to go back to where they were 20 years ago. After having got to where they are today through hard work, the government insists on its pound of flesh, regardless of what it does to our native people. Shakespeare wrote about taking your pound of flesh, but said you must not drop one ounce of blood. This Minister of Finance and this government insist on taking their pound of flesh, even from those on the reserves. I do not know how long the Indian people will put up with that.

The government will not listen to the people. I cannot remember when any government was so indifferent to what is going on in the country. It just does not care. We ask question after question and all we get are frivolous answers, even from the Prime Minister (Mr. Trudeau). When we talk about hunger and starvation in this country, he grins and laughs. Before he begins to feed those in the rest of the world, he should start at home and look after our people. We have many who are hungry.

Western Indians are endeavouring to raise their standard of living through development of their natural resources. Rather than make it harder for them, we should be helping them. An export tax on a non-renewable resource will severely cripple a number of reserves. It should be withdrawn, and withdrawn rapidly.

If following this debate the government totally removes the excise and production taxes, it will be showing that it is listening to the people and trying to do something for this country. They are trying to fill their coffers in this way. If this goes too far, it will be like the French revolution. When the people were hungry and had no bread, it was said, "Let them eat cake". The Canadian people would not accept such talk. The people of Canada should be respected. Their thinking should be reflected, not defied by the government, as is happening today.

There is another angle we could talk about all evening. There will be another opportunity for that. This tax is not only unfair, but illegal. It defies all conventions. It is destroying the growth of our agricultural industry. If that is not reason to withdraw the tax, I do not know what is.

In addition, there is a new 9 per cent tax applicable to advertising inserts, catalogues and newspaper inserts. Who is this going to hit. Is it going to hit the big chains? I suggest that is not the case at all, but rather that it is going to hit the small weekly newspaper people who provide a service to the people of these areas. As the hon. member for Kamloops-Shuswap (Mr. Riis) said this afternoon, these inserts advertise the bargains. This is the only way the people have of knowing what the bargains are so that they can make their dollar go a little further, and they have to do that because they have so few of them and because they buy so little.

• (2110)

Now the government is saying not even the newspapers can carry these inserts. This will mean a loss of several millions of dollars to our newspaper industry. Can our weeklies stand this type of taxation, and what will it do? I suggest this is a measure against the freedom of the press. The press should be able to provide news to the people and carry these inserts to cover that cost. If the government simply wants to say to the newspapers they cannot carry Simpsons or Eaton's advertisements, it should say that. Do not hit every newspaper in this country with some form of blanket taxation, saying they cannot carry inserts of any kind because it is going to tax every cent it can, making it completely uneconomical for them to exist.

This is the first time a tax of this kind has ever been devised in North America. Who dreams up these tax measures for the Liberal party? Does the government have a special corps of some type of animal that dreams up tax measures which have never been levied before? This is the first time this kind of tax has ever been levied, and it is detrimental and discriminatory to our smaller newspapers. Not only that, it is an inflation-fuelling tax on the consumers and it threatens the existence of our local newspapers. It is a counterproductive tax. I would ask again why this government wants to get money through this kind of a tax measure. This is really beyond me.

Then we come to another clause of this bill which contains an aspect regarding health care of the people. Some excise taxes are now being eliminated in respect of hospitals to keep the cost of medicare down. Our hon. Minister of National Health and Welfare (Miss Bégin)—

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. member but his allotted time has expired.

Mr. Taylor: Thank you, Mr. Speaker. I am sorry because I just barely started.

The Acting Speaker (Mr. Ethier): The hon. member may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Joe Reid (St. Catharines): Mr. Speaker, as the federal member representing the riding of St. Catharines I am naturally interested in any kind of legislation that affects the wine industry in the Niagara region. I have had the opportunity of reading the submission by the Brewers Association to the House of Commons Standing Committee on Finance, Trade and Economic Affairs. Both the wine and the beer industries stand to suffer from the introduction of indexation, a new means of cost taxing related to the consumer price index.

I spent the past weekend in the city of St. Catharines attending the Folk Arts Festival and I took the opportunity, as I very often do, of showing guests around the community, pointing out the natural beauty of the area. I was far too often faced with the question, why are there so many acres of abandoned vineyards, non-productive acres lying in waste? I admit that some of this production has been lost as a result of the expansion of urban centres, including that of St. Catharines, but many acres have been lost to productivity because of this government's lack of concern for agriculture in the Niagara peninsula. Many of these vineyards have been abandoned because of the shortsighted economic policies of this government, of which the excise tax was an example in the first place. The indexing of that excise tax simply represents a further aggravation of a glaring and blatant lack of concern on the part of this government for the grape growers and the wine industry in our community. On the one hand the government claims it is concerned about the Canadianization of agricultural products and industry, but this is Canadianization that has taken the form of lip service only. The government discriminates against the wine industry by indexing its costs to the consumer price index.

For those of you who say this is not a precedent, let me expand on that further. Not only is it a precedent, it is discriminatory. The Finance Department claims this is based on the formula that applies to indexation of personal income taxes and is, therefore, presumably not discriminatory. In response I say to you, Mr. Speaker, what utter rubbish and

nonsense. The Canadian people can thank a great Canadian and former leader of this party, the Hon. Robert Stanfield, for having instigated the indexation of personal income taxes. That particular indexing is based on real wage gains, not on cost of living increases given to help track inflation. Had it been based on cost of living increases, most Canadians would now be employees of the Liberal government.

The indexation proposed by Bill C-57 is not based on that formula. The tax on beer, wines and spirits, if indexed to the consumer price index, and as it applies to the alcoholic beverage subgroup, is a good example of this fact. Let me illustrate this point.

As the price of beer rises, whether by reason of increases in the cost of production, the cost of ingredients or the cost of packaging, this government automatically takes an additional share. This government takes its share of the inflationary expectations of the industry. This government has inflationary expectations and by this indexing lends a hand to that inflation. This government is feeding on inflation.

It has been stated that the basic reason for this indexing is to protect government revenues from erosion which has come about as a result of inflation. It has already been shown, only too often, that this government does not have the strength to fight inflation. Worse than that, this indexing form of taxation erodes the will and the desire of the government to even attempt to fight against this higher cost of living facing all of us. As I demonstrated a moment ago, the indexation of the tax on alcoholic beverages is not comparable to indexation of personal income taxes. That being the case, it is discriminatory.

We have something that is far worse. What we are really talking about is the establishment, as we have suggested often here today, of a precedent in the form of taxation. This is a precedent which can be used by the present or any future government to index any tax in relation to the consumer price index. The government will and has said that this is not something that will or can be called a precedent. Any intelligent, thinking person knows better than that. How can a precedent not be a precedent when it is a precedent? If that is a tongue twister, I would like you to try to untangle some of the circumlocutions in the answers and responses of the Minister of Finance (Mr. MacEachen) when he tries to explain that this is not a precedent.

I cannot expect some people to follow that form of argument, nor can I object too strongly to this proposed new form of taxation. Canadians expect their government to be responsible, to manage the nation's business effectively and to be fiscally circumspect. Canadians do not expect their government to lie back and say, as it does in this instance with this indexation, that inflation is running out of control, that the government has no policies to combat inflation and that as a result it is taking an attitude of "I'm all right, Jack". That kind of approach looks after the government first and the Canadian consumer last.

• (2120)

Further, in recognizing the importance of fiscal responsibility, the Fathers of Confederation left with this House of Commons responsibility for fiscal matters. In Bill C-57 this government is saying that the Minister of Finance does not need to consult the House on future increases in taxation of alcoholic beverages because taxation will automatically increase. As long as the present government is in power, we do not have to concern ourselves with the possibility of a decrease because the consumer price index will continue to rise to record heights. What we have is underhanded taxation without representation. I am sure all members of this House will agree that automation in industry is one thing, but automation in the field of taxation is quite another.

We have been awaiting a new budget since the Minister of Finance introduced his ill-fated budget of October, 1980. As we all know, the measures introduced at that time have failed to have an impact on ever-rising interest rates and our out-of-hand inflation. As we know, the minister is reluctant to present a new budget because that would be a public admission that the government has been inept at dealing with the economic situation which exists in this country today.

If Bill C-57 passes with Ways and Means motion No. 22 included in it, that will be a further indication of two major points. The first is that the government truly has been bankrupt and is bankrupt in its economic policy. The second is that the government will continue to shift the burden of fiscal mismanagement on to those who can least afford to pay. I shudder when I see so much hardship being inflicted on those who can least afford to pay. The hardship is inflicted on hard-working, honest people.

I would like to return to an earlier comment about the growing number of vineyards in the Niagara region which are now going out of production. The people of St. Catharines take pride in the wines of that area. We were delighted to see so many Canadians not only trying Ontario wines but also preferring them and representing them as having an improved taste culture which competes with that of imported wines. As indicated in the brewers' submission, according to surveys there has been a 1.8 per cent decline in wine sales in the period between April, 1980, and January, 1981, compared with the same period just one year ago, and beer sales dropped 3.6 per cent in the same period compared with the previous year. This decline is related directly to the excise tax this government imposed on those two beverage sale markets. If that decline in beer and wine sales continues, then both those industries will have to face up to far more serious problems than they had a year ago.

Let us carry this one step further by projecting beer and wine prices if Bill C-57 is approved. According to the Brewers' Association, in ten years' time beer will cost $23.64 for 24 bottles, almost one dollar per bottle, an increase of 157 per cent. In the first instance, wines generally were subject to a percentage increase of 155 per cent. Now wines generally will be subject to a further increase of 125 per cent over the next ten years. This surely is not acceptable to this House. I ask the

government, and particularly the Minister of Finance or his assistant, the Minister of State for Finance (Mr. Bussières). Is it this government's intention to put brewers and wine makers out of business? Is it their intention to kill that goose which lays the golden eggs and which produces so much revenue dollars to the government today? If it is, I would appreciate knowing sooner rather than later because we could then inform local manpower offices to be prepared for such an event.

Does the Minister of State for Finance know that in Ontario alone the wineries and the grape growers employ over 18,000 persons? Is that not a segment of the community worth considering? In its brief to the standing committee, the Canadian Wine Institute hit the nail on the head when it stated that neither winemaking nor grape growing is a profitable business. For the information of members of this House let me say that in so far as wine production is concerned, the net return is less than 5 per cent of the capital cost investment. That is not a great venture from a profit-making point of view. There are already declining sales and, thanks to that earlier 155 per cent increase in the excise tax announced last April, this cannot fail to continue as the government loads quarterly increases onto the retail cost of wine. With this decline will come the collapse of the smaller wine industries—the cottage wine industries—which have improved the taste and quality of domestic wines. It will also lead to lay-offs in the larger wine industries.

I spoke earlier of the fuel which indexation will add to the inflationary situation. We are not speaking just of increased retail costs for agricultural or alcohol products. We shall have a larger administrative cost and an administrative burden which will add enormously to the cost of operations of, for example, the various provincial liquor control boards and, I might add, to the expansion of paper work which most of us see as an ever-increasing problem. Every three months, new price lists will have to be prepared, circulated, distributed and posted. As is the case with respect to weekly interest rate announcements, consumers will be able to bank on increases in the cost of their alcoholic beverages. This will come to be an accepted thing. We are building yet another bureaucratic nightmare.

I would like to conclude by reinterating the points I have attempted to make in this House this evening. First, the indexing of the tax on the alcoholic beverage subgroup of the consumer price index is a recognition on the part of this government that it has failed in its economic policies and that it has given up trying to fight inflation. That is a defeatist approach in every sense of the word.

Second, that indexation is in itself inflationary and will simply add to the inflationary spiral and the inflationary expectations of Canadians. Their own government expects increases in the consumer price index, and it intends to profit by them.

Third, the indexing sets a dangerous precedent which will, just as surely as I stand here this evening, be adopted by other governments, and it will be adopted by this government in relation to other products.

• (2130)

Fourth, the indexation is discriminatory as it presently stands, and damaging to the wine and beer industry in particular. I repeat my earlier question: if the government is trying to put those industries out of business, then let it be honest and say so rather than going through the long drawn out and painful process of eliminating them.

Finally, I want to say that it is most distressing to me to answer questions in my home town community of St. Catharines when asked about those abandoned vineyards. The proposed indexing formed part of my response, and I hope that this House will have the wisdom to reject the government's irresponsibility in this respect so that I will not be faced at some future date with the question: did they not once grow grapes here? That is the future if this government continues in its approach to the agricultural industry in the Niagara peninsula.

The government has shown little interest in the Niagara fruitlands. The Parliamentary Secretary to the Minister of Agriculture (Mr. Ostiguy) may be an embarrassment to the minister but he is a millstone around the necks of the grape growers of Niagara. Let us eliminate now this built-in conflict of interest and get rid of the consumer price indexing of government revenue.

Mr. Fred McCain (Carleton-Charlotte): During my years as a member of an elected body I have never had occasion to almost look at the government of my land or of my province with shame. I have had, Mr. Speaker, sharp differences of opinion and philosophy which cause me no shame, but I have to say to you that the two-party government we have today makes me wonder if I should not in fact be ashamed. I sat in this House this afternoon and watched people plead for the consumers, the farmers and the fishermen of this land while the second part of the government sits on its fanny without a word to say as we heap punishment upon punishment in the form of taxes on everyone who spends money in this country. For those who are ready to proclaim that they are going to arrive on white horses and look after the downtrodden of this land, there is a thunderous silence in the minority portion of this government, those who sit on my extreme left.

Mr. Rae: Point of order, Mr. Speaker. I do not know whether the hon. member was here earlier this afternoon, in fact I do not think he attended a single meeting of the finance committee which discussed this bill at great length. I was at every single one of those meetings, I gave a speech at some length today, I did not have the opportunity to speak at as great a length as the hon. member for—

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Carleton-Charlotte (Mr. McCain) was expressing his opinion and I am sure the hon. member for Broadview-Greenwood (Mr. Rae) wanted to express his point of view, but that, in my view, is debate and each member will have that opportunity.

Mr. McCain: Mr. Speaker, it is useless to say that I have said anything that is untrue. There has been a thunderous silence.

An hon. Member: Rubbish.

Mr. McCain: And it was coupled with a vote last week against the home owners and the farmers in a motion of confidence in this House. So not only is there thunderous silence there, it is accompanied by a vote of heresy by that party.

In this country, Mr. Speaker, only the strong are going to survive. That is an old saying. The Spartans had a way of testing their boy babies by exposing them to the elements for a period of time and if they survived, they brought them back, suckled them and made them soldiers. I want to say here that it is not enough to be strong to survive; they have to be strong and rich to survive. They have to be part of the elite of the economic feudalism which this government is creating because the small guy cannot survive. I commented last week in this House that a friend of mine is paying $7,200 on his mortgage and he will buy nothing else except food, clothing and fuel, and when he buys that fuel, he is going to pay the full scope of taxes and when he buys that clothing, if it happens to be a polyester fibre or a derivative of the hydrocarbon industry, he is going to pay the tax. If he ever has money enough to put a rug in that house, he is going to pay two taxes, the wellhead tax on the gas from which the material is derived and then, after the rug is made, he will have to pay tax on the tax on the cost of production of the rug, thereby paying twice.

This, Mr. Speaker, is the most iniquitous tax structure that I have ever seen imposed in this land, and at the same time these taxes are coming in to fatten the revenues of this government which it will spend at will to open new offices in Moncton, Fredericton and Saint John, to hire more and more people to manage more and more regulations and to bring in more and more new programs at a time when they claim they are going to save money.

This is a government of which Canadians certainly cannot be proud and which they must look at with regret. This is the first time that any government, except in wartime, has passed on the full burden of taxation to production. They have passed it on to the farmers, fishermen and lumbermen. At a time when you cannot afford to build a home and perhaps not even buy one already built, these taxes are coming in as an inflationary factor in the ever growing cost of that home. With regard to the farmer, I have heard the Minister of Consumer and Corporate Affairs (Mr. Ouellet) make excuses for the price of food. Well, I make no excuses for the price of food except that there is a Liberal government in this land. Oh, I forgot, it is a two-party government so I had better remain consistent through the evening.

An hon. Member: Nobody is paying any attention to what you say—

Mr. McCain: Well, in that case how do you have knowledge of what I have said and any cause for reply? If no one is paying attention, Mr. Speaker, you would not expect an interjection, would you? Well, every now and then you sit on a porcupine quill and you have to respond.

An hon. Member: Where is your amendment?

Mr. McCain: I thought they were not paying any attention. They do not pay any attention but something is bothering them. It must be their own negligence getting to their conscience, their abandonment of their principles, of responsibility for farmers, fishermen and consumers, all of whom are hurt, every last one of them.

Now, Mr. Speaker, we have reached the point in the trucking industry where you cannot make a long-term contract for trucking, but you can get a contract if you are prepared to accept the increment in rate which the industry may deem to be required as a result of additional taxation. And of course fuel is a part of it. That is a rather unstable situation for a producer of goods to have to live with. Having taxed the raw material to make the fibre for the rug and then the rug itself, you tax the transportation fuel which takes the rug to its destination. When this is coupled with the taxes imposed at the provincial level, I wonder what the first tax now amounts to. It probably approaches 20 per cent instead of the percentage you thought it was going to be when you read the bill and said "here is a tax on an article used for production". It is a pyramid of taxation and it is feeding inflation. It is feeding an inflation which is not entirely the same as historic periods of inflation have been. One thing which is lacking in this inflationary period is a lack of goods. There are goods all over the place; every shelf is full. Merchants are trying to reduce their inventories at a very serious sacrifice of profits because they cannot afford to pay the interest rates on them. As we tax here, we are ensuring that there will not be money to buy these goods. We are enhancing the demands of the people of the country who feed on inflation and require more to survive, as we tax and tax more. There are other ways to combat this.

● (2140)

The provinces set an example in earlier crises in home construction by removing the tax on building materials. It happened, for example in the province of New Brunswick. It began to appear that the province was losing revenue which it could ill afford to lose and that it was not necessarily accomplishing the purpose it hoped to accomplish because of the contradictory measures of the federal government. So, here we go again; we are again discouraging purchasing at a time when our shelves are full.

We require a full and complete fiscal monetary policy. There is only one portion of the objective a government must reach for which is being satisfied by this bill and this instrument of taxation across the board. If the government constrains itself to its present expenditure guidelines, I suppose it will reduce the deficit. This of course will reduce the demand on the money market, this of course will in fact have a favourable impact upon inflation, but this is the only aspect of

it which can in any way slow down or tone down the inflationary expectations of this land.

It does not make much difference what we look at. When we start taxing hydrocarbons at the wellhead, we are raising the cost of virtually everything in the country. We are raising the cost of transportation, agriculture, fishing, forestry and highway construction, because we are raising the cost of asphalt. We are raising the cost of everything virtually because of our maximum dependence upon the imported or local hydrocarbons as resources.

I would like to ask a question because I do not know the full answer. Perhaps the member of the government who is responsible for the bill will be able to give me the answer in due time. I would like to make a fairyland assumption, for the moment. Let me assume that there were absolutely no taxes on gas or oil as it arrives at our shores. I ask the minister what would be the cost of gasoline at the pump if we bought $32 per barrel oil from Saudi Arabia and the federal government did not tax a whit. What would be the price of gasoline in that event? It would be a little higher than it is today, unless there is a very serious error in my calculations.

We have brought on a lot of these taxes on the assumption that the equalization of the cost of petroleum products in this land can be accomplished by federal taxation on petroleum. If the federal government abandoned taxation on petroleum products and allowed Saudi Arabian oil to come into the eastern refineries of Canada which serve that part of Canada east of the Ottawa valley, as they have traditionally, how much additional oil would be necessary? If there were no federal tax of any kind, I think it would be rather interesting to see how little more would be necessary.

We are now paying for the cheapest barrel of oil we can get, approximately $1.55 to $1.56 per gallon. When we relate that to a 35-gallon barrel of oil, how much more would we actually need without a federal tax? I think it would be revealing. I think the people of this nation, the farmers in particular, would find that the tax on the fuel they use in their fields is really not so much for equalization as it is to feed the hunger of the spending machine of the Liberal government.

We have heard the Minister of Consumer and Corporate Affairs and the Minister of Finance (Mr. MacEachen) indicate many times that they would try to serve the people of the country. I plead with them to get down to fiscal monetary responsibility which is such that we do not have to tax the living daylights out of the people of this land.

On the one hand we say to the provinces, as one example, that we will charge them more for RCMP services. Then the minister responsible for that service is quoted in *The Globe and Mail* last week as saying that the provincial ministers will not negotiate. As soon as I read that article, I telephoned the minister in New Brunswick responsible for that, and he said, "That is outrageous nonsense. Certainly we have tried to negotiate. We have tried to obtain a gradual change in the charges of the federal government for the RCMP". Also he said that he had asked as well the preceding minister, the hon. member for Notre-Dame-de-Grâce-Lachine East (Mr. Allmand) to respond.

In the negotiations in 1975 or 1976, it was agreed that the cost would go up by one percentage point per year. It went from 44 per cent to 45 per cent of the cost to 50 per cent to 51 per cent of the cost from that period until now. Now in one fell swoop the federal government, in its urge to save money, will charge the provinces another $100 million.

Not only does this bill impose additional taxes on the consumers of Canada, it imposes them at a time when the government is imposing upon the provinces further reason for them to tax by withdrawing its support from the programs to which they have been accustomed ever since the RCMP has rendered municipal and provincial services in co-operation with the federal government. The only portion which is negotiable is: "We will provide the service if you will pay us what we want". This is what the federal minister said to the provincial ministers responsible for police services. Those ministers are prepared to negotiate and to escalate into a fair position of cost-sharing for the RCMP.

We should look at the contradiction. We tax more here and we pay less to the provinces. So the taxpayer will be hooked twice; once here and once when the bigger bill is issued to the provinces.

Let us look at the extremes and the desperation. This is where shame must enter into the hearts of some supporters of the government. We will tax hospitals, hospital equipment, research equipment and health centre equipment at a time when the provinces are pleading with the federal government not to cut those block grants which are going to them. The provinces, out of their money, will be required to equip the hospitals, the universities or the research centres with the help of taxpayer dollars. Again the health units, which are the responsibility of the provincial governments, will be paying more money. We are taxing more, spending more, opening offices, reducing our cost-sharing payments to the provinces and hitting the taxpayer coming and going, as we escalate taxes and increase prices and charges to the provincial governments. Why is this necessary?

• (2150)

Today the fishermen of this land are buying virtually all of their nets from Japan. With just a little care and caution in its price system, Mr. Speaker, do you realize that Japan can make those fishing nets cheaper than our fibre manufacturers can make them with the wellhead tax and the other taxes which have been applied to the hydrocarbons which are necessary to make those fibres? Japan imports all of its oil and gas. On top of that, we will be taxing these nets. By refusing to pass this tax on to the producers of goods and services in this country, we are denying them our own Canadian markets and leaving them vulnerable to countries which, with just a little price manipulation, can produce those fibres from hydrocarbons and their derivatives cheaper than we can produce them, though they import every single barrel of petroleum they need and every bubble of gas. This is what we are doing to our land. We

are not only taxing the consumer, we are taxing the producer. We are taxing the producer of goods in this country to the point where he may well be deprived of his own country's market. That is carrying it too far, Mr. Speaker. Yes, there is no question or doubt, only the strong can survive, if they are rich.

Before this bill goes further, and before some of those who are listening tonight give consideration to a favourable vote in support of this bill, I wish to remind this House once more that a combination of the inflationary structures in the agricultural community in which I live, plus the increments in interest which are being paid bankers, means that the cost of interest on the cost of processing potatoes has gone up tenfold, and it has risen fifteenfold on seed potatoes in a ten-year period. I am not one who gives a lot of statistics, but I promise members of this House that I can put those figures down in black and white for any individual who wishes to question my contention. There is not much difference between the costs incurred by the potato industry and those incurred by the fishermen. When will this government turn around and recognize that there are little guys buying homes and tractors, producing food, fishing for food, and that by helping them it can also help the consumer? The government might also make a contribution to reducing inflation if it would open fewer offices and allow more people to be employed in the private sector.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I join in the debate this evening to side with my colleagues who have expressed concern about the provisions of Bill C-57. Some of our concerns have been expressed by and large in the amendments which have been placed on the Order Paper and which we are now debating. We hope that the government will give recognition to some of the arguments made by members on this side of the House. We feel that the amendments put forward are important and would serve the legislation and the country well.

Several of my colleagues have talked about the indexing provisions which have been introduced for the first time in regard to excise taxes at the federal level, the indexing of taxes on alcohol and tobacco. It is passing strange, if not alarming, to listen day after day to the Minister of Finance (Mr. MacEachen) when he is questioned about interest rates and their high level. He is asked to take action to reduce these interest rates, and his answer to recommendations of members on this side is usually along the line, "Well, in an era of high inflation we have no choice. We have high inflation because of people's expectations. Because prices are going up, people expect high inflation, therefore they are borrowing money and, therefore, in order to limit the money supply, we must keep our interest rates high."

It is no wonder that people who have high expectations in terms of inflation expect it to continue when they see this government bringing in legislation which it says it must have in order to protect its revenues. In fact, that is inflationary. One day the Minister of Finance will criticize workers and unions who look for cost-of-living clauses in their contracts. He indicates that these kinds of provisions are inflationary, this sort of indexing of salaries is inflationary. Yet, the next day he introduces legislation to index his own revenue sources. It is no wonder that any rational observer looking at the performance of this minister will conclude that there is no way the minister and the government will attack inflation. What they are attempting to do is to protect their revenues upon which the government operates, basically the same way as an individual or business operates to protect himself. This government is not acting on behalf of the nation as a trustee. It is operating as a corporate entity on its own in competition with the private sector. Just as the private sector moves to protect its welfare from inflation by raising prices, so does the government move to protect itself from inflation. The same is true for an individual who seeks to protect his salary from inflation.

The government is supposed to adopt the role of a trustee in terms of the rest of the population. It is not supposed to be competing with the private sector. It is not supposed to be designing systems to ensure that it can continue to extract funds from the private sector. It is supposed to be concerned about the whole country. But that is not the way this government behaves. Instead of acting responsibly by coming forward annually with a budget to raise or lower taxes according to need in an open and forthright manner, the government resorts to ploys such as the ones before us to index its revenue sources so that it will be protected. It does this to avoid the embarrassment and political cost of having to be open and honest about its revenue sources.

I would ask the government to re-examine its intent. I know that it has looked at the province of Quebec, the province of Ontario and others. The government says, "if the provinces are doing this, then why shouldn't we?" One good reason why the government should not is that it is supposed to be the national government, it is supposed to provide leadership. It cannot, on the one hand, demand more power from the provinces and on the other follow the bad examples set by those provinces which have resorted to indexation to protect their revenues.

The Acting Speaker (Mr. Ethier): Order, please.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

AUTOMOTIVE INDUSTRY

(A) EXPORT OF PARTS TO EUROPEAN AND JAPANESE CAR MANUFACTURERS

(B) DISCUSSIONS WITH EUROPEAN AND JAPANESE MANUFACTURERS

Mr. Bill Kempling (Burlington): Mr. Speaker, on April 13, in *Hansard*, at page 9191, I asked the Minister of Industry, Trade and Commerce (Mr. Gray) questions regarding the

auto parts manufacturers in Canada and the discussions the minister had with the U.S. government authorities when he visited Washington to pursue amendments to the auto pact. I asked as well if the minister had discussions with Japanese and European government trade officials regarding their automobile exports to Canada. We all realize the automobile industry and its component parts is having a difficult time. We all know as well that the solution is not an easy one.

All North American manufacturers of automobiles are coming out of a year of massive losses, coupled with the very high cost of tooling required to produce smaller fuel efficient cars. So one can see quite readily that a fast solution will not be found. Only time and a change in buyer preference will turn around this industry. Most manufacturers are producing their version of the world car. Industry spokesmen tell us that by the end of this decade there will be only five major automobile manufacturers left in the world. There may be a few smaller manufacturers producing for a local market; but the industry experts say there will be only five major manufacturers in 1990. I believe that is a valid analysis.

We hear every month about joint projects such as Volkswagen and Renault co-operating to design an automatic transmission that will be used by both manufacturers. We have also heard of Volvo and Renault developing a fuel efficient gasoline engine that will be used by both manufacturers. We see as well that Honda and British Leyland have an agreement to use Honda components with British Leyland sheet metal work and body, and so on.

We see these agreements and arrangements being made by various manufacturers because the cost for one of them to do it is tremendous, but two of them can share the cost and benefit from it. This is driving the industry together. The point of my question is, what is Canada doing to get some of the world car component parts business because the world car will be the volume car of the future? Can we get some of the component parts business? What can we get? In Burlington at the Oakville plant there is a very aggressive company called Tridon Limited. Tridon, after many years of research and development, is in the production of two very saleable items. One is a windshield wiper and the other is a flasher. It is selling that windshield wiper in 43 different countries in the world to original equipment manufacturers and to users as well.

The point is, what are the prospects for Canadian businessmen developing other products that could be used in world car production? This is the way we have to look. If we do not look at the world car market and try to get a piece of it, by the end of the decade our auto parts business will be simply non-existent.

A look at the auto parts industry in Canada will show that 70 per cent of the production facilities are subsidiaries of U.S. companies. Many of them have no sales force, and are really a manufacturing facility which builds on demand for the U.S. parent. I make no comment as to whether this is good or bad, only that it is hardly an atmosphere in which one could likely get component parts business for the world car market. We have had ample evidence from past history where development funds have been given to a company who has used those funds to develop a product, only to have the venture close down and production transferred to the foreign parent. I know we can all catalogue such cases.

I believe there is a place for Canadian components on the world car market. We have leverage because we have a good sized market of our own here. I believe we are the fifth or sixth largest user of Japanese automobiles. That is a sizeable market. We must not abandon this market or allow it to slip from our hands and go across the border in the reconstitution of the North American automobile industry.

We have heard very little, if anything, from the minister. He roars and he issues press releases which get headlines, but that is about all we see. All we have heard from the Washington talks is that the Americans feel it is not an opportune time to renegotiate the auto pact agreement. I believe that secretly industry, trade and commerce officials agree with that assessment. Fresh on the heels of press releases and headlines about a reduction in quotas of Japanese cars is a story that the Japanese will ask for a 5 to 8 per cent increase over last year. While the minister flops from one disaster to another, the opportunities of the world car slip from our hands forever. There is a market there. Tridon and others have proved it can be done.

● (2205)

I feel that this whole matter is lost in the depths of the Department of Industry, Trade and Commerce and that we are only reacting to crises as they surface. The automobile industry contributes substantially to the economy of Canada.

I urge the minister to recognize the potential of the world car component parts business and to encourage and assist the automotive parts manufacturers to get a sizeable share for Canada.

[*Translation*]

Mr. Gérald Laniel (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, I am pleased to answer the question of the hon. member for Burlington (Mr. Kempling) who seldom has the opportunity of putting questions in his capacity as whip of the official opposition; we know his questions and interventions are always positive and serious.

[*English*]

In trying to reply to this question, I want to give the hon. member a little bit of history, about which he probably knows, but I want to put it on the record.

One major effect of the auto pact has been the rationalization of the industry resulting in its transformation from a basic domestic supplier to a North American one for both original equipment and replacement markets. That was to the benefit of Canadian industry.

In relation to manufacturing, the automotive parts industry consists of four types of companies: divisions of U.S. auto manufacturers; foreign-owned multinational divisions; Canadi-

an-owned multinational companies; and wholly-owned Canadian companies.

In the first two groups, the disposition of funds rests largely in the U.S. to the extent that financial resources generated by U.S. branch plants cannot be regarded as always being available for use in Canada and in such activities as developing new markets, research and development, purchases of advanced equipment, or generally accommodating the Canadian operation to changing market conditions.

As the world car concept advances, rationalization on a world scale will affect various divisions of U.S. vehicle manufacturers. As an example, suspension components for the General Motors J-Car will be produced in only two GM plants in the world, one of which is located in Canada.

We recognize that a problem does exist with some U.S. auto parts manufacturers in Canada who have no Canadian domestic or export sales force and who carry out export functions through their U.S. head office. Indeed, there are successful Canadian-owned companies in the automotive sector which do not participate in the lucrative offshore markets.

Recently, a greater emphasis has been placed on investment in Canada by the department. A mission of Canadian automotive parts manufacturers visited Japan in March of this year to meet with Japanese companies interested in joint ventures or licensing agreements leading to production in Canada of automotive parts for Japanese vehicles. Comprising the mission were a number of Canadian subsidiaries of U.S. parents.

The mission was extremely useful from the point of view of interest generated and contact established, and negotiations are continuing.

I want to bring to the attention of the hon. member that in reply to the Minister of Industry, Trade and Commerce (Mr. Gray) about the increased importation of Japanese cars into Canada and the possible request for an increase in quota was that better and more participation of Canadian industry—

The Acting Speaker (Mr. Ethier): Order, please. The hon. member's allotted time has expired.

EMPLOYMENT—INQUIRY RESPECTING INCREASE IN FUNDING OF COMMUNITY DEVELOPMENT PROGRAM

Mr. Maurice Foster (Algoma): Mr. Speaker, on November 17, I asked a question of the Minister of Employment and Immigration (Mr. Axworthy) concerning the community development program and whether additional funding could be provided to this program. Indeed, some time early in the new year, additional funding was provided to this program, at least in my constituency.

● (2210)

The arguments I want to put before the minister tonight relate to how the program will be carried out this coming fall because there has been a wide variation in the amount of funding over the past three or four years. In the year 1980-81, under this program $376,373 was provided to the constituency of Algoma. When the Conservatives were in power in 1980, no funding was provided under the Canada Works program. In the year 1978-79, my constituency received $1.5 million and in 1977-78, $1.8 million.

This program of employment during the winter months when there are high seasonal lay-offs is very important. It does not so much affect the communities in my constituency with a large industry such as a steel mill, a pulp and paper mill or a uranium mine, but it does affect the dozens of smaller villages, hamlets and rural townships throughout the vast area, some 400 miles in the Algoma-Manitoulin area.

Many of these communities have high seasonal lay-offs and the people are unable to find other work. Some must apply for unemployment insurance benefits or welfare. This is certainly true in the 12 Indian bands in the constituency.

My request to the minister tonight is that adequate funding be provided in the upcoming year for the community development program. Indeed, I hope there will be increased funding and that it will be targeted to the high unemployment areas of the country. Last year funding was provided right across the country, $100,000 to every constitutency whether it was needed or not. I feel that the program operated in 1978-79 which was targeted to the high unemployment areas was much more useful and beneficial.

It is important to note that over the past four or five years of this program the department has developed an excellent staff of young people who are dedicated, helpful and imaginative. They have developed a lot of expertise at operating direct employment programs. These people are available. There is a certain amount of additional overhead by having capable, competent staff like that, but it really pays off in value for the dollar spent. Often we are just displacing dollars that would be spent on welfare or unemployment insurance. People want to see value for the money spent for the work that is carried out.

I hope the minister will be successful when he puts this program before cabinet and that cabinet will hear these representations and will provide adequate funding for the community development program in the coming winter months. I hope the application forms will soon be made available in order that they can be processed over the summer months so that the projects can be approved, started on time and carried out during the winter months, providing much-needed employment in many of the slow growth areas of our country, at the same time carrying out very worth-while community projects, such as community halls, fire halls, and any number of other worth-while community projects carried out under this program over the last several years.

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): Mr. Speaker, I am pleased that the hon. member in his question has acknowledged the extent of the response across the country to the Canada community development projects.

• (2215)

As the hon. member is aware, the government decided, immediately upon taking office, to initiate this direct job-creation program as a replacement for the Canada Works program which had been terminated by the previous government.

Through this program, $105.5 million was originally made available for the creation of jobs with a particular impact on the winter months of 1980-81. Early in this calendar year, an additional $4.5 million was made available to the program for the creation of additional employment opportunities. While these jobs were created across the country, they were concentrated in those areas and groups beset by high unemployment. As a result of this government's initiative, almost 20,000 people worked over the winter months who would otherwise have been unemployed. Some 60 per cent, or almost 12,000, of these persons are still working today.

EXCISE TAX—APPLICATION TO LIQUOR SALES—PURPOSE OF INDEXATION

Mr. Joe Reid (St. Catharines): I rise in respect of a question I addressed to the Minister of Finance (Mr. MacEachen) on May 15, and I submit the answer given was not only unsatisfactory but, perhaps, by a sin of omission was misleading to the House. I am in the hands of the Chair in that regard, but I suggest the minister misled the House in saying that the excise tax on alcoholic beverages to the alcoholic beverages subgroup, having regard to the consumer price index sale, was not discriminatory. Specifically the minister stated that a different tax system, an ad valorem tax system, applied to other commodities. This suggests that although we are talking about two different and separate tax systems, the end result is the same. That suggestion is unmitigated nonsense and I am surprised it should come from the Minister of Finance.

Perhaps it is best that I begin by trying to distinguish between these two systems and establish what we are talking about when we refer to an ad valorem tax and indexation. An ad valorem tax simply establishes the tax percentage rate applicable to a particular commodity. It is voted on in Parliament and the taxation rate does not change unless Parliament changes it, either by way of increasing or decreasing it. As the value of that particular commodity changes, the amount of tax may change but the applicable percentage rate does not.

Indexation on the other hand, as it applies in this case to the consumer price index, represents an entirely new trend in taxation policy. It sets a precedent which I find reprehensible. The percentage rate of taxation is pegged to the consumer price index, meaning that the government's percentage of taxation increases at a rate equal to the change or the increase in the consumer price index. What makes this so disturbing is that the change in percentage, unlike an ad valorem tax, is accomplished without parliamentary approval.

With the definition of these terms somewhat clarified, I should like to again refer to my question to the minister, pointing out that it was based on fact. The indexation of the excise tax on alcoholic beverages is discriminatory. No other tax is based on the consumer price index, and if the minister honestly believes that the effect of this taxation will be the same as an ad valorem tax, I invite him to make it an ad valorem tax so that the taxes all fall within the same system.

Of course the reason this was not made an ad valorem tax is that these are different tax systems, and the net return from indexation of the tax to the consumer price index will be far greater with the increase in consumer price index than it would have been on an ad valorem basis. It is the government's greed which has singled out these industries for this kind of tax. It is an established fact that beer and wine sales are down. My expectation in this regard is that this decline in sales will continue as long as this government continues to burden industries with higher retail costs as a result of a higher form of taxation.

• (2220)

The consumer, already in a financial squeeze, will simply cut back his or her purchases of alcoholic beverages. To an already closely run industry, a further drop in sales could only have a disastrous effect. If the government does not care about the wine or beer industries in particular, then let me add that the government is actively promoting inflation and inflationary expectations by the application of this indexing method.

Canadians expect interest rates to go up every week. This proposed indexation will give them a second expectation, and that is that every three months the cost of alcoholic beverages as a result of the indexed tax will increase as well.

I ask the parliamentary secretary, or whoever is speaking tonight on behalf of the Minister of Finance: does the minister propose to extend this precedent to other commodities, just as I indicated he might be able to do—and he can do—as he has in connection with the beverages we are talking about this evening? If he does not propose to add a form of indexing to other commodities, then how can he justify this continued discrimination against the wine, beer and spirit industries, particularly in view of the fact that they are now facing undue hardships?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): Mr. Speaker, the hon. member for St. Catharines (Mr. Reid) sought an explanation of the taxes on alcoholic beverages in his questions to the Minister of Finance (Mr. MacEachen) on May 15, 1981.

The Excise Act and the Excise Tax Act impose commodity taxes on most goods imported into or manufactured in Canada. The great majority of these taxes are ad valorem levies; that is to say, they are expressed as a percentage on the sale price. The federal sales tax which is the main levy, is imposed at the rate of 9 per cent on most goods, except building materials, which are subject to a 5 per cent rate.

Since the federal sales tax is a percentage of the price, it automatically increases as prices increase. No special mechanism is required to achieve that relationship. Indeed, the system has functioned in that manner for more than 75 years.

However, in the case of alcoholic beverages and tobacco products the commodity tax levies are structured somewhat differently. The bulk of the taxes on these goods are not expressed as a percentage of the price. Rather, they are expressed as an amount per unit of product. To illustrate, the levy on spirits was $16.25 per proof gallon of alcohol, and the levy on beer was 42 cents per gallon. These specific levies were increased in April, 1980 to $17.15 per gallon for spirits and to 54 cents per gallon for beer.

In the absence of discreet changes in such specific levies on alcoholic beverages, their real value falls as prices rise. Even with the increase in April, 1980, the real value of taxes on these goods is less than it was in the late 1960s.

Federal revenues should keep up with the growth in prices of products, as do those provincial mark-ups which are expressed in percentage terms, and as does the general sales tax which is imposed on most goods as a percentage of value.

For these reasons, the government introduced a measure to adjust automatically the levies on alcoholic beverages in line with changes in prices. While this change does increase federal taxes on these products, it does not discriminate against beer, wines and spirits. Rather, it places the commodity tax levies on those goods on approximately the same basis as the commodity tax levies on all other goods.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o'clock p.m.

At 10.24 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, May 27, 1981

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

SOCIAL SECURITY

NEEDS OF SENIOR CITIZENS—MOTION UNDER S.O. 43

Mr. Peter Elzinga (Pembina): Madam Speaker, I rise under the provisions of Standing Order 43. In light of there being 600,000 women in Canada who are over the age of 65 and who are single, widowed or divorced, and in view of the fact that 60 per cent of them are living in poverty, I move, seconded by the hon. member for Edmonton South (Mr. Roche):

That the government be condemned for its inability in dealing with the needs of Canada's senior citizens and that the government take positive steps in resolving this grave situation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR RELATIONS

STRIKE BY RAILWAY WORKERS IN BRITISH COLUMBIA—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, a work stoppage by 200 rail workers in British Columbia is causing havoc with shipments of western grain. In Alberta there are 1,500 fully loaded railway cars sitting on sidings, some trains being a mile long, which cannot proceed to their destinations because of the tie-up. Canada's reputation as a reliable supplier of quality grain is being jeopardized.

I move, therefore, seconded by the hon. member for Medicine Hat (Mr. Hargrave):

That the minister responsible for transport and the Wheat Board intervene personally to get this dispute settled and get western grain moving again to the markets of the world.

Madam Speaker: Is there unamimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

NECESSITY FOR PRICING AGREEMENT WITH WESTERN PROVINCES—MOTION UNDER S.O. 43

Mr. Len Gustafson (Assiniboia): I rise under the provisions of Standing Order 43, Madam Speaker. Given the fact that oil production cutbacks in western Canada, and more particularly in the Weyburn area by PanCanadian, an operator of the units of 65 companies, last week resulted in the cutback of 75 per cent of their production from some 480 producing wells for which they receive $17.75 a barrel at the wellhead while the government continues to pay $40 a barrel for offshore oil, and given the fact that the gasoline price at the gasoline pumps has increased in the last year by 50 cents a gallon, I move, seconded by the hon. member for Edmonton East (Mr. Yurko):

That the Minister of Energy bring an end to the cold war between the east and the west which he has created and address the very serious situation, which is his responsibility, of a pricing agreement with the provinces of western Canada, which will allow western Canada to make its contribution to the energy of this great nation.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

CONSEQUENCE TO CANADA OF UNITED STATES POLICY—MOTION UNDER S.O. 43

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I stand under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Recognizing that the prime rate last week in West Germany was 13.8 per cent, in the United Kingdom 13 per cent, in The Netherlands 12 per cent, and in Switzerland and Japan was 6.5 per cent, and recognizing that there is not a mass flow of capital out of these countries into the United States with its prime rate of 20.5 per cent, and recognizing that the government says Canada must tie its rate to that of the United States of America I move,

therefore, seconded by the hon. member for Broadview-Greenwood (Mr. Rae):

That this House request the Minister of Finance to admit to the Canadian people that the policies of this and former federal governments have relegated our country to the status of a 51st state.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1410)

TOURISM

NEED FOR GOVERNMENT ACTION—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, under the provisions of Standing Order 43 I rise on a matter of some urgency. Statistics Canada has reported that the tourist deficit in this country for the first three months of this year was almost $1 billion, which was almost the same figure as for the same quarter of last year. In light of the potential of the tourist industry to assist in generating extra income for all sectors of the economy, and because in addition to ignoring this potential the government has placed the entire industry in jeopardy as a result of high interest rates, I move, seconded by the hon. member for Erie (Mr. Fretz):

That the government cease its imitation of the Peace Tower clock and start working again to get the mechanism of the economy moving forward.

This government should stop talking and start ticking.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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WILLIAM HAMILTON MERRITT

SUGGESTED TRIBUTE TO BUILDER OF WELLAND CANAL—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, I rise on a motion which I am sure will receive the unanimous consent of the House. Last century there was a man who had a dream and who had the courage and determination to bring that dream to life. The man was William Hamilton Merritt, and his dream was the Welland ship canal, which is now an integral part of the St. Lawrence Seaway. In order to honour the memory of the man who brought the Welland Canal into being, I move, seconded by the hon. member for Nepean-Carleton (Mr. Baker):

That this House agree that consideration should be given by the Canadian Coast Guard to naming a vessel *The William Hamilton Merritt*.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSING

ASSISTANCE TO HOME OWNERS RENEGOTIATING MORTGAGES—MOTION UNDER S.O. 43

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I too rise under the provisions of Standing Order 43. Some years ago the government encouraged home ownership through the AHOP program. Today, because of its calamitous interest rate policy, the same government is threatening to deprive hundreds of their homes due to the necessity of remortgaging at 18 per cent, 19 per cent and more. I move, seconded by the hon. member for Kamloops-Shuswap (Mr. Riis):

That the government institute a six-month freeze on remortgaging in cases where the new interest rates will consume in excess of 30 per cent of the family income for house payments and, failing that, the government extend the subsidy, without ceiling, to the same hardship group.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SMALL BUSINESS

SUGGESTED RESIGNATION OF MINISTER—MOTION UNDER S.O. 43

Mr. Otto Jelinek (Halton): Madam Speaker, I rise under the provisions of Standing Order 43. Despite the fact that our small business community makes a tremendous contribution to the economic well-being of the country, is our number one creator of new and productive jobs, and is innovative and counterinflationary, the Liberal government has refused to recognize the devastating effects its misguided budgetary policies and high interests are having on this vital sector and, in turn, on the country as a whole. Because of the fact that our party can be singularly credited for forcing into effect those assistance programs which do exist, I move, seconded by the hon. member for Pembina (Mr. Elzinga):

That the Minister of State for Small Businesses and Tourism, who obviously does not have the attention of his senior colleagues in the cabinet, cross the floor of this House and join the ranks of the Progressive Conservative party where he will be able more effectively to exercise his responsibilities.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

CANADA PENSION PLAN

INDEXING ON QUARTERLY BASIS—MOTION UNDER S.O. 43

Mr. Vince Dantzer (Okanagan North): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas pensioners are among those who suffer most from the impact of high inflation which, under this government's management, has reached the ridiculous rate of 13 per cent, and whereas the government's policy of indexing the Canada Pension Plan on a yearly basis causes a loss to pensioners, due to inflation, of over 6 per cent of their yearly pensions, or about one month's rent every year—a loss they can ill afford—I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the government immediately institute a policy of indexing the CPP on a quarterly basis to ensure that Canadian pensioners do not suffer needlessly because of the government's mismanagement of the economy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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TRANSPORT

VIA RAIL PLANS TO BYPASS BELLEVILLE, ONT.—MOTION UNDER S.O. 43

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, last week the chairman of VIA Rail announced that after June 1 the regular Ottawa-Toronto trains would bypass Belleville, which has been a rail centre since Confederation. I therefore move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the Minister of Transport request a study of the material used in this terrible decision before the changes are instituted.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

RESTRICTIVE TRADE PRACTICES

PUBLICATION OF URANIUM MARKETING INQUIRY FINDINGS

Hon. Sinclair Stevens (York-Peel): In the absence of the Minister of Consumer and Corporate Affairs I would like to put my question to the Prime Minister who confirmed yesterday that the inquiry into the uranium cartel is now complete.

As the Minister of Consumer and Corporate Affairs stated on March 4 in this House that when the inquiry was completed the director's findings would be made public, and as in 1977, when the inquiry was commissioned, the then minister of consumer and corporate affairs also said that the findings of the inquiry would be made public, would the Prime Minister now inform us when he intends to make these findings public?

Right Hon. P. E. Trudeau (Prime Minister): Well, it would not be for me to set the date, Madam Speaker. If the minister gave that undertaking I will consult with him and see what his intentions are. The competition bureau, as I said yesterday, has referred the matter to the attorney general, and of course if he decides to lay charges the whole matter will become public in court.

POSITION OF FORMER MINISTERS—APPOINTMENT OF LEGAL COUNSEL

Hon. Sinclair Stevens (York-Peel): Madam Speaker, again in the absence this time of the Minister of Justice perhaps I could put my follow-up question to the Prime Minister. Is the government presently retaining independent counsel for certain former ministers, deputy ministers and other civil servants who had some involvement with respect to the uranium cartel? Namely, are you presently retaining counsel for certain former ministers such as Mr. Macdonald or Mr. Gillespie?

Right Hon. P. E. Trudeau (Prime Minister): Not to my knowledge, Madam Speaker, if he is referring to the matter of the report of the competition bureau. If, however, the hon. member is referring to actions taken in the United States courts which attempted to summon Canadian ministers before those courts, I do recollect some years ago that the Department of Justice was authorized to provide advice to a former minister which, as of course the hon. member would recognize, is very proper.

IMPACT OF CARTEL ON CANADIAN CONSUMERS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, I would suggest that the Prime Minister might check his records and perhaps report later in the day to the House concerning whether such independent counsel have in fact been appointed and are still being retained by the government on behalf of certain ministers and civil servants in connection with the uranium cartel combines investigation in Canada.

As my final question, would the Prime Minister indicate, since he sanctioned the various orders in council and regulations, and took other steps with respect to the activities of the uranium producers, including Crown corporations, during the period 1972 through 1978, whether he was ever aware of the implications such a cartel had for Canadian consumers, in short, that the price rigging, quota setting and other activities of this cartel were having an impact on Canadian consumers, and not only at present but in the future?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, as I indicated yesterday in an answer to the House, the intent of these regulations was quite clear. It was to protect Canadian citizens and corporations from the extraterritorial effect of U.S. law. That was the intent of the regulations. If the competition bureau has uncovered anything which is otherwise illegal, then I imagine they will be reporting it and it will be in the hands of the attorney general. This I do not know.

Mr. Stevens: Let us see the report.

Mr. Trudeau: However, I made it quite clear that the intent of the regulations was to protect the Canadian uranium industry, and not in any sense to put pressure on the Canadian consumer. On the contrary, it was to keep alive a Canadian industry which was being very severely discriminated against by United States regulations respecting the free entry of Canadian products into their market.

JUSTIFICATION OF MARKETING PRACTICES

Mr. Chris Speyer (Cambridge): Madam Speaker, my question is also for the Prime Minister. It is clear that the methods of marketing utilized by the uranium cartel involved a scheme of bid rigging, and what happened is that there would be a true bidder designated by a secretariat in Paris, and a secondary sham bid. Senior Canadian officials participated in establishing the rules of the cartel, and the cabinet over which the Prime Minister presided implemented the regulations which gave effect to these artificially high prices. In light of this fact, how does the Prime Minister justify the marketing? Is it not just plain cheating and fraud on the purchasers of uranium?

● (1420)

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, this matter came before the House in great detail during past years. The situation is still exactly the same. I do not know why the opposition chooses to deny the fact that the American industry used American law in order to protect that American industry from international competition, against the rules of GATT and of free trade.

Canada, along with several other countries producing uranium, took protective measures. We found it was our duty; we still believe it was our duty. I am surprised we do not have the support of the opposition to protect Canadian producers and workers against discriminatory measures taken in the United States.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speyer: Madam Speaker, the Prime Minister has just said that any means justifies the end.

Some hon. Members: Oh, oh!

QUERY RESPECTING LEGAL OPINIONS

Mr. Chris Speyer (Cambridge): Madam Speaker, my supplementary question is directed to the Minister of Justice. Does any letter of opinion or any indication exist within the Department of Justice which would immunize against prosecution any firms that were members of the cartel? Does the Minister of Justice have an independent legal opinion, in light of the potential conflict of interest his department might be in, in circumstances which might prove that there will be a prosecution in the offing?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I just received a report from the investigation and research branch. We are studying the report at this time. When we are ready to decide whether or not we have to prosecute, we will decide it. I will try to act as quickly as possible. If I feel there is some difficulty for me in making up my mind about this problem, of course I will be happy to seek some outside opinion. But in the last analysis the Minister of Justice and the Attorney General of Canada will have to make the decision.

* * *

THE ECONOMY

VIEW OF GOVERNOR OF BANK OF CANADA ON FULL EMPLOYMENT

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, in the absence of the Minister of Finance I should like to direct my question to the Prime Minister. It concerns the evidence given yesterday to the Senate Committee on National Finance by the Governor of the Bank of Canada, Gerald Bouey. Governor Bouey indicated to the committee that he felt the Canadian economy was working at virtually full capacity, and that unemployment was still too low. He described the labour markets as being very tight in Canada.

Does the Prime Minister regard an economy which is working at around 80 per cent capacity as being full capacity? Does he share the view of the Governor of the Bank of Canada that unemployment right now is too low in Canada?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I read hastily the statement prepared by Governor Bouey. I saw nowhere in it that he indicated unemployment was too low. If the hon. member has a quote, I would stand corrected, but I have not seen any such words from the mouth of the governor. Perhaps the hon. member read them in the press, but I do not believe he heard them from the governor.

As to operating near capacity, the hon. member knows the figures. In the last quarter of last year the economy was operating at a real growth rate of 8 per cent on a real basis. In this first quarter it is 6 per cent on a yearly basis. We do not know if these trends will continue. We do know they are very high growth rates, indeed very much higher than the growth rates in other industrialized countries. These growth rates have caused a fall in unemployment rates, not a rise.

GOVERNMENT'S VIEW ON UNEMPLOYMENT

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, when the transcript of the evidence of Governor Bouey is available, I think it will indicate that the governor said the labour markets were tight and that the economy needed to produce more slack before he felt the war on inflation would be won. In that light I would like to ask the Prime Minister, since we now have over 900,000 unemployed soldiers in the trench war on inflation and like some First World War general, Governor Bouey is saying, "Let us send another half million into the trenches in order to fight inflation", if it is his view, and the view of his government, that unemployment should increase. If that is the view, how high should unemployment go? Is the Prime Minister prepared to accept the policy of the Governor of the Bank of Canada in this regard, and will he come clean with the Canadian people and say just how much unemployment he thinks is necessary in order to fight this useless trench war against inflation?

● (1425)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member asks if it is the view of the government or of the Governor of the Bank of Canada that unemployment should be higher. It is certainly not the view of the government, and I just challenged the hon. member to indicate where the governor had ever used such words. The hon. member tells me that when the transcript is available we will see. I suggest that the hon. member should come clean and tell us now that he is only fantasizing from headlines and not from words which were actually spoken.

Some hon. Members: Hear, hear!

GOVERNMENT POSITION ON INTEREST RATES

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, the Prime Minister is an expert on fantasizing. I simply indicate to him that when the Governor of the Bank of Canada states that in his view labour markets are very tight and the economy is working at capacity, that means he thinks we have to reduce capacity in order to fight inflation, which means he thinks a higher rate of unemployment is acceptable.

Some hon. Members: Oh, oh!

Mr. Rae: Among other things Governor Bouey also said he thought that the government had made a mistake and that he had made a mistake in reducing interest rates in the period between April and July of last year. Since the government took great credit for the fact that interest rates went down during that period, and since it was regarded as an act of deliberate policy—in fact part of the genius of the Minister of Finance—I would like to ask the Prime Minister whether he agrees with Governor Bouey that the government made a mistake in reducing interest rates at that time. Can the Prime Minister tell us whether it is his intention to reduce interest rates over time, or whether it is the intention of the government to maintain interest rates at the level which Governor Bouey again indicated yesterday he regarded as entirely acceptable and ones which were, in his view, necessary to carry out the policies of the government?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would suggest that the genius of the Minister of Finance speaks for itself.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Trudeau: As to carrying the responsibility for interest rates, every member of this House knows the rules. When interest rates go up, the government blames the opposition, and when they go down they just say it is chance.

Some hon. Members: Oh, oh!

Mr. Trudeau: That is the rule the hon. member follows, the rule every member follows.

Some hon. Members: Oh, oh!

Mr. Nielsen: You have it topsy-turvy.

* * *

CANADA DEVELOPMENT CORPORATION

APPOINTMENT OF DIRECTORS

Hon. John C. Crosbie (St. John's West): Madam Speaker, I would like to praise the government, but in all justice I cannot do it.

My question is for the Prime Minister. Last Thursday the shareholders of the CDC met at Winnipeg to re-elect a board of directors and to have their annual meeting. The government nominated four directors to the board, led by Maurice Strong, the Prime Minister's pet fixer, and three other Liberals. Is it correct that the deputy minister of finance, Mr. Ian Stewart, met with the board of directors of CDC previous to the shareholders' meeting, and advised them that the government wanted two other directors appointed, Mr. Joel Bell, the vice-president of Petro-Canada, and Mr. David Beatty, a former partner of Mr. Jim Coutts in the firm of Canada Consulting, that these two gentlemen also had to be appointed or the government would vote its shares to dismiss all of the directors of CDC if they did not carry out the government's wishes? Is that correct?

It is obviously correct that the board refused, of course, this extraordinary and astounding threat, and that the government withdrew it just before the meeting. Can the Prime Minister confirm whether that in fact happened, and whether Mr. Stewart was authorized by the government to do those things?

Would the Prime Minister also explain the reasons for that kind of action, and would he agree to a public inquiry into the whole situation surrounding the Canada Development Corporation over the last month or so, its future direction, what will

happen to the board of directors, or a reference to the House of Commons finance committee?

• (1430)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, as to the little story of what happened in Winnipeg, I will inquire and will perhaps be able to inform the member of the opposition. As to the direction of the CDC, it is contained in the law which set it up. The CDC has certain goals and objectives which are set out in the law.

Mr. Andre: Does the law say all must be Liberal hacks?

Mr. Trudeau: The Minister of Finance made it quite clear that he had no intention of introducing any changes in that law. The whole action of the government, and I wish the hon. member would realize it, was intended to ensure that the major shareholder, the shareholder owning 75 per cent to 80 per cent of the equity, being the people of Canada, represented under the law by the Minister of Finance, had some say in the choosing of the chairman of that corporation. Once again I will challenge the hon. member, who seems to know a lot—

An hon. Member: What about the other two?

Mr. Trudeau: —about money-making, does the hon. member know of any corporation the major shareholder of which is not ever even consulted or informed on the naming of the chairman of the board? If he does, then I wonder how he made his money?

REPORTED THREAT TO DIRECTORS

Hon. John C. Crosbie (St. John's West): The Prime Minister fails to understand the seriousness of this situation, and he did not answer my question. Does the Prime Minister remember that in 1971 he gave a letter to Mr. Hampson, the president, and to the directors, as did his Minister of Finance in 1972, containing written assurances that the board of directors would be free of political intervention and would be permitted to exercise their business judgment as directors of the Canada Development Corporation, as was said in the debate when the bill went through this House? Does the Prime Minister remember that and, if he does, will he so state to this House? I happen to know this is correct, as I have checked it myself.

Did the government instruct the deputy minister of finance to go to Winnipeg and make a threat to fire the whole board of directors of Canada Development Corporation if they did not elect Joel Bell and David Beatty to the board of that company, together with the other four Liberals who had been proposed in accordance with section 40 earlier? Did that happen and, if so, why did it happen, and will he permit a public investigation of the whole situation?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the answer to the first part of the question is yes. Indeed the directors are expected to exercise their business judgment in matters of business. The law states as much. The undertaking we gave to the first directors named was to that effect, and nothing in the recent actions of the government indicates any intention to change that direction.

Mr. Crosbie: What about the threats that you made?

Mr. Trudeau: I repeat, Madam Speaker, that the major shareholder considers that it is entitled to be informed about the choice of a director. I told about the choice of a chairman. I informed this House that the earlier chairman had been chosen with my knowledge and with information given to me. None of the directors found this scandalous, nor saw any reason to resign, nor indeed did the then opposition find any reason to complain. That is because in those days members sitting opposite knew something about how corporations operate and how shareholders' interests should be respected.

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[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MADAM N'KANZA, DIRECTOR OF U.N. SOCIAL AND HUMANITARIAN AFFAIRS CENTRE

Madam Speaker: I have the honour of drawing the attention of hon. members to the presence in our gallery of Madam N'Kanza, director of the United Nations Social and Humanitarian Affairs Centre and Secretary General for the International Year of Disabled Persons.

Some hon. Members: Hear, hear!

* * *

[*English*]

CANADA DEVELOPMENT CORPORATION

INDEPENDENCE OF DIRECTORS

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is a supplementary to the preceding question to the Prime Minister, in the absence of the Minister of Finance. The government, by its hanky-panky in connection with putting its own appointees, Liberal supporters, on the board of directors, has put in jeopardy the investment of many pensioners and of other small investors and widows who invested in this corporation. The value of the shares has gone down. There has been interference by the government by virtue of its actions.

At the time this legislation was introduced, Mr. Benson, the then minister of finance and spokesman on behalf of the government, indicated that the Canada Development Corporation was "placed in the hands of a very independent board of directors because when social or political objectives intervene in business decisions, business judgment suffers". I ask the Prime Minister, in view of the fact that during the last election he stated that he wanted to convert the CDC into a PetroCan

mould as a tool of government policy, whether he now renounces that position and will allow the board of directors to operate independently and choose their own directors as an independent corporation?

Mr. Andre: Come on, be honest. Admit you have changed.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think that is a preposterous suggestion that we put in jeopardy the investment of people because as major shareholders we want to have a say in the choice of the directors of a corporation and the choice of a chairman of a corporation. I repeat the challenge to the opposition. If they know of any shareholders in the private sector who, owning a majority of the shares of a company, are not interested or do not have a word to say in the choice of a chairman, I would like them to give some names today, tomorrow or the next day.

Mr. Andre: Are you going to interfere, or are you not going to interfere?

SUPPORT URGED FOR CORPORATION'S POLICIES

Hon. Ray Hnatyshyn (Saskatoon West): The fact of the matter, and the Prime Minister knows it, is that his action and the action of his government in attempting to interfere with the operation of this business are in fact, a political ploy and have seriously impeded the corporation.

An hon. Member: Sell CDC. Sell your shares.

Mr. Hnatyshyn: He has caused a substantial loss. It is contrary to the principles involved, and the fact is that it is a reflection on the way in which the corporation has operated in the past.

I want to ask the Prime Minister whether he will give a commitment, on behalf of those representatives of himself and the government, that they will give a full vote of confidence and will continue to support the successful policies which Mr. Hampson and the board of directors have demonstrated, up to this point.

Mr. Lalonde: We have appointed a board.

Right Hon. P. E. Trudeau (Prime Minister): Quite honestly, Madam Speaker, I do not think the hon. member is qualified to say how a Crown corporation should be run, let alone the CDC.

Mr. Hnatyshyn: It is not a Crown corporation.

Mr. Trudeau: We know from the hon. member that he tried to destroy Petro-Canada, so he obviously cannot have any understanding of the CDC.

Some hon. Members: Hear, hear!

Oral Questions

BANKS AND BANKING

PROFITS OF CHARTERED BANKS

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I would have addressed my questions to the Prime Minister, but his grasp of economics and his answers have deteriorated since the people dealt with him previously in May of 1979. I direct my question to the Minister of State for Finance. There was notice today that bank profits for the second quarter of this year are holding a very strong and, I would suggest, outrageous position. The president of the Bank of Nova Scotia has indicated that the reason for this very strong earning position is basically the high interest rate policy of the government and the high spreads of interest rates. Given that the Minister of Finance has said that he would keep a close eye on this trend and could not operate on a single quarter, and that these profits are maintaining a high role, would the government be prepared to put a special tax on bank windfall profits?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): The question of bank profits has been raised a few times in the House and it has been linked as well to certain economic events. I would be tempted to give an example which I borrow from Plato. When Socrates would dip a stick into water and ask, "Is the stick straight?" people would answer, "No, it is bent since the water bends the stick." He would draw it out and say: "You were mistaken because you were looking at reality from too close a vantage point, the stick is really straight." I suggest the hon. member is making the same mistake. He is looking at reality from too close a vantage point, he lacks perspective to be able to judge the true profitability of banks. However, the Minister of Finance did indicate that he had asked his department to take a close look at the situation and that if abuses are uncovered he would take the necessary corrective measures.

[*English*]

REQUEST FOR REFERENCE TO STANDING COMMITTEE

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, if the point of the short story was that the Liberals then took the stick from Plato and jammed it up our nose, I think he is correct. The question would go a little further. Since it has been acknowledged by the banks that their strong earning position is coming from a very large spread in interest rates and the high interest rate policy of the government, since there has been a substantial and continuing profit, and since they put out a document of half truths and distortions, like Plato's stick, would the minister be prepared to recommend to the government that it refer the question of bank profits and this document to the committee on finance to examine the problem, if the government is unwilling to do anything about it?

● (1440)

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, a few days ago the Standing Committee on Finance, Trade and Economic Affairs had the opportunity of examining the estimates of the office of the Inspector General of Banks. The issue of bank profits was raised and I can only repeat to the hon. member that the close examination undertaken by the Minister of Finance will lead to certain measures if they are justified by the facts brought to his attention.

* * *

[*English*]

HAZARDOUS SUBSTANCES

THE DANGERS OF MARIJUANA

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, my question is directed to the Minister of National Health and Welfare. As the minister is aware, there is an increasing amount of carefully researched medical evidence that marijuana, with its 60 psychoactive and biologically active chemical ingredients, is both physically and psychologically harmful. In particular, there is positive evidence that use of marijuana can and does produce brain dysfunction, significantly increases the risks of emphysema, chronic bronchitis, and lung cancer, and has a detrimental effect on hormone production. It is clear that these effects make the user dangerous, not only to himself or herself but to the community at large.

Madam Speaker: Order, please.

Some hon. Members: Hear, hear!

Madam Speaker: We are just about ready for the question.

Mr. Hudecki: In light of the above health considerations, and in light of the mounting advocacy by some members in this House and the press at large—

Madam Speaker: Order, please. Would the hon. member put his question?

Mr. Hudecki: —for the relaxation of the laws in regard to possession of marijuana, will the minister's department take equally aggressive action to warn and educate the people of this country by every means possible, of the—

Madam Speaker: Order, please.

* * *

THE CONSTITUTION

GOVERNMENT'S POSITION ON SHARED COST PROGRAMS

Hon. Jake Epp (Provencher): Madam Speaker, I should like to direct my question to the Minister of Justice. Twice this past week the minister stated that if the Supreme Court declares that the federal government's constitutional package is illegal, the government will retaliate by applying the Constitution, in the minister's words, "to the letter", and will refuse to renegotiate federal-provincial agreements. Could the minister explain whether the government is threatening to withdraw its support from programs such as medical services and post-secondary education in Canada if the Supreme Court does not rule in its favour? Why does the minister make these idle threats—if they are idle—and why does he insist on attacking Canadians—old people, those who need medical help, and students who want to go to university?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, the answer is very simple. I just said that there are two options. One is to start again after 54 years of negotiations—

Some hon. Members: Oh, oh!

Mr. Chrétien: —to go back and renegotiate, or to do what the hon. member from Halifax was asking the Prime Minister to do last week on the offshore, when he asked why we do not refer the case to the Supreme Court and let the Supreme Court decide. This is a very valid option because we have a Constitution and it is the prime law of the land. To say, as Minister of Justice, that this act can be respected and judged by the Supreme Court of Canada, makes no threat. It is a correct interpretation of the legal situation.

GOVERNMENT'S ROLE IN FEDERAL-PROVINCIAL NEGOTIATIONS

Hon. Jake Epp (Provencher): Madam Speaker, I should like to direct a question to the Right Hon. Prime Minister. In view of the statement that he made on May 1 namely, "—some gestures toward conciliation certainly would be welcome on everybody's part", can he tell the House whether this is the government's new form of conciliation? Was the Minister of Justice speaking on behalf of the government when he said that if the government did not have its way with the Constitution it would use threats on programs that have been established for a long period of time? Is this the new method that the Prime Minister is going to use in federal-provincial negotiations should he not get his way?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is just showing that he did not listen to the answer given by the minister.

Some hon. Members: Oh, oh!

Mr. Trudeau: It is very simple. We have been trying to change the Constitution by discussion over the past many years. We have always tried to seek agreement on modifications which were needed in the Constitution. We have tried to seek agreement on who would regulate and manage the offshore. This has been the procedure of this government. What the minister is saying is exactly what the hon. member's colleague from St. John's said a week ago—

Mr. Crosbie: Not from St. John's.

Mr. Trudeau: —I am sorry, from Halifax—

Mr. Crosbie: Right.

Mr. Trudeau: —said a week ago, "Why don't you refer the matter to the Supreme Court?" The Minister of Justice is saying that—if we cannot reach agreement with the provinces, it will be the Supreme Court which will have to decide where the law lies.

Miss MacDonald: That is not what he said.

* * *

AIR SAFETY

REFERENCE OF REPORT TO STANDING COMMITTEE

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, I have a question for the Minister of Transport. In about 15 minutes the minister will table the report of the commission of inquiry into air safety. Would he give the House a commitment now that when he tables that report he will, at the same time, refer it to the Standing Committee on Transport for deliberation?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have not tabled it yet so it is a bit difficult to anticipate. My answer at the moment would be simply to say that the report I am going to table is Volume I of what will be a three-volume report. I would not know exactly what to refer. My hon. friend would probably like me to refer the whole subject. That would not be possible because I have only received the first of three reports. Be that as it may, I would think that some legislative action will follow the first of the reports, and consequently I would hope that there would be some interesting material for the permanent committee on transport to work on in the fall.

Mr. Ellis: Madam Speaker, if I may answer the minister's question, he can refer the first volume and the subject matter to the committee. Frankly, I think it is not good enough to wait until the fall. I ask the minister again if he will not refer the subject matter and Volume I to the Standing Committee on Transport, on which the government has a majority of members, so that it can deal with it in the next six or seven weeks before the recess and perhaps also through the summer. The subject matter is extremely important.

Mr. Pepin: Madam Speaker, everyone recognizes the importance of the subject, indeed. As I said, the first volume will most probably lead to legislative action. I would think this would be quite sufficient for the committee. If, as I expect—Mr. Justice Dubin is in the gallery and we salute him en passant—the other two volumes are in by the fall, then reference to the committee of legislative action on part of it, with the totality of the information in front of us, would be a very constructive way to proceed.

CANADIAN BROADCASTING CORPORATION

POLICY OF CONTRACTING OUT PRODUCTION OF PROGRAMS

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, my question to the Minister of Communications concerns the CBC strike. NABET members are being told by their superiors that the federal government supports and endorses the CBC's determination to extend the practice of contracting out. Since the government is forever telling us, when questions are posed to it, that the CBC makes its own administrative decisions, may I ask if it is true that the government endorses contracting out at CBC?

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, whenever there is a strike in the public service, as in the CBC, this is of course something that we deplore. We would like to see that strike settled as soon as possible. As far as the government is concerned, we would like to see the CBC produce a lot more Canadian programming. One of the ways suggested by CBC management is to have greater recourse to production through the private sector. In that sense, the government would like to see the CBC use its funds as effectively as possible to stimulate the development of a good Canadian program production industry.

PROGRESS OF NEGOTIATIONS TO END LABOUR DISPUTE

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, it appears to me that the minister's answer is yes. This party also supports more Canadian programming, but we do not support union busting. It looks to me as if that is exactly what has happened.

Some hon. Members: Hear, hear!

Mr. Rose: NABET people are also being told by their superiors that the CBC can manage without their services until the end of the summer and that the corporation is not interested in a settlement until September. May I ask the minister if that is true and if the government agrees with it?

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, the hon. member is obviously raising a most interesting question. I am somewhat surprised to see members of the Conservative party applauding, since the member for Vancouver Centre not too long ago criticized the CBC for not devoting enough of its budget to the independent program production centre. Be that as it may, the hon. member does not seem to be aware of the fact that the CBC in its negotiations with the union has undertaken to guarantee that there will be no loss of jobs, and that the number of programs presently produced in-house by the CBC will not be diminished.

● (1450)

ENVIRONMENTAL AFFAIRS

NEGOTIATIONS WITH UNITED STATES ON ACTION TO COMBAT ACID RAIN

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Minister of the Environment. A front-page article in the Washington *Post* yesterday revealed the contents of a secret internal report of the U.S. environmental protection agency, which concluded that the United States government should take little action against acid rain until further research is done. How does the minister reconcile such a position, taken by the major agency in the U.S. government responsible for the environment, with what the minister has been telling Parliament, namely, that the United States government is eager to work closely with Canada to combat acid rain in both countries?

Hon. John Roberts (Minister of State for Science and Technology and Minister of the Environment): Madam Speaker, I am always a bit skeptical as to the accuracy of the contents of leaked material. As the hon. member knows, I have had meetings with the Secretary of the Interior of the United States who has spoken to us very strongly of his desire to move. The administration has indicated it intends to begin formal negotiations on the treaty in the third week of June. The environmental protection agency administrator was confirmed in office just a few days ago, so I have not yet had a chance to meet her, but I expect to do that very shortly.

POSSIBILITY OF LEGAL ACTION AGAINST UNITED STATES INDUSTRIES

Mr. Tom McMillan (Hillsborough): The Minister of the Environment is practically the only person in all of North America who does not believe that Canada's negotiations with the Americans on acid rain are, in fact, in very deep trouble.

If the Canada-U.S. negotiations toward an accord on acid rain do not materialize, which seems to be the case, does the Canadian government have a contingency plan to deal with the problem? If so, what is that contingency plan? Does it include the possibility of the Canadian government actually taking legal steps against industries in the United States which pollute the Canadian environment?

Hon. John Roberts (Minister of State for Science and Technology and Minister of the Environment): As I indicated, Madam Speaker, the administration is committed to beginning formal negotiations with us next month.

Miss MacDonald: When?

Mr. Roberts: In the third week of June. If the hon. member for Kingston and the Islands had listened to me yesterday and earlier today, she would have known that in the third week of June those negotiations are going to begin. I would hardly think it useful to assume immediately that these negotiations are going to fail and then describe what possible alternatives we might have in that situation. We have a commitment from the U.S. administration, we intend to pursue it, and I am confident we will make progress next month.

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CANADA DEVELOPMENT CORPORATION

REPORTED THREAT OF DISMISSAL OF MEMBERS OF BOARD OF DIRECTORS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I have some questions for the Prime Minister relating to the propriety of activities by governments under his leadership. The first relates to the Canada Development Corporation. The Prime Minister did not reply to the question put by my colleague from St. John's West. We would like a reply. First, we would like to know whether it is a fact that the deputy minister of finance went to Winnipeg and threatened the dismissal of members of the board of the Canada Development Corporation if they did not name the two Liberal nominees, Joel Bell and David Beatty. Second, we would like an undertaking from the Prime Minister that the whole question as to the future of the CDC and its treatment by this government will be referred to a committee of this House of Commons.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I answered the first question by saying that I did not know the answer but that I would inquire. I doubt very much if that is the case, but I will inquire.

Mr. Crosbie: It is the case.

Mr. Trudeau: If the hon. member knows the answer, why does he ask?

Mr. Crosbie: We want you to find out and confirm it. You are the Prime Minister.

Mr. Trudeau: Well, he can state his case, he has the floor every day in this House. He can make his case if he wants. I would say, so what?

Some hon. Members: Oh, oh!

Mr. Trudeau: There was a second question, Madam Speaker.

Mr. Clark: The Prime Minister would probably say "so what" to the right of Parliament to inquire into the abuse of the Canada Development Corporation, just as he said "so what" to the idea of a deputy minister threatening members of the board of directors of the Canada Development Corporation.

Some hon. Members: Hear, hear!

Mr. Clark: Let this "so what" Prime Minister consult his memory, consult the record, and come back and answer the questions as to whether or not that threat was issued and

whether or not there will be a willingness to refer the matter to a committee of this House.

* * *

RESTRICTIVE TRADE PRACTICES

MARKETING OF URANIUM

Right Hon. Joe Clark (Leader of the Opposition): I would now like to turn the Prime Minister's attention back some years, again on the question of the propriety of actions of his government, to the question and the time of the formation of the uranium cartel. The Prime Minister knows full well that there were diverse instruments available to the Government of Canada to protect the interests of Canadians at the time the cartel was formed. There was an instrument that was within the law, the establishment of a marketing board, and an instrument which was outside the law, the establishment of a cartel. Will the Prime Minister tell the House of Commons why a government he led chose an instrument outside the law, the formation of a cartel, rather than choosing an instrument inside the law, the establishment of a marketing board?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the right hon. member is begging the question. He states that the forming of an international agreement is outside the law. I would challenge him on that, and I would say that it is not.

Mr. Clark: The Prime Minister is consistent in his refusal to respond today. We look forward to receiving the Bertrand report as to whether the matter is within the law.

QUERY RESPECTING EXISTENCE OF LEGAL OPINIONS

Right Hon. Joe Clark (Leader of the Opposition): Let me go to another question that the Prime Minister did not answer when it was posed by my colleague from Cambridge, that is, whether there has been any commitment, opinion or undertaking by the Department of Justice or any other department or agency of the Government of Canada which would protect or shelter any Canadian company or any Canadian individual against prosecution for violation of the law of Canada in relation to matters covered by the uranium cartel.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I can only say I know of none, but I indicated that the whole purpose of the legislation was to protect Canadians from the application of the law of the United States. Returning to the earlier question, I ask the hon. member does he know what law would prevent Canada from entering into an international agreement on trade? There is obviously no such law. He knows that. He is just trying to mount a case against the government, spuriously, as he always does.

CONSUMER AFFAIRS

INSPECTION OF RETAIL SCALES—LACK OF DEPARTMENTAL MANPOWER

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my question is for the Minister of Consumer and Corporate Affairs, but in his absence I will direct it to the acting minister, whomever he or she is. The government will know that a senior official in the weights and measures branch of the Department of Consumer and Corporate Affairs has publicly stated that federal inspection of retail scales has been carried out on only half of the 600,000 measuring devices in the country in the past year because of the tremendous workload and understaffing. Will the consumer and corporate affairs ministry consider reallocating its existing resources to enable the weights and measures branch to increase the number of inspectors so that retail scales may be more efficiently regulated, and so that consumers will run the least possible risk of rip-offs?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, I thank the hon. member for his question and his concern. I want to assure him that the government is always reviewing the nature and adequacy of its weights and measures program in terms of problems in the marketplace, as the hon. member indicated. Of late, as he can well imagine, technological change has been presenting additional challenges. Solutions being employed at the present time include changes in inspection techniques and strategies, and also include assessment of resource needs. He can be assured that the government will continue to take appropriate action to ensure that Canadian buyers and sellers benefit from accurate measurements.

ACCURACY OF SCALES CONVERTED TO METRIC MEASUREMENT

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, I can imagine that the words technological change largely mean conversion of scales to metric. That will mean that the weights and measures branch will have a very real and even more desperate need for manpower. What assurances can the Ministry of Consumer and Corporate Affairs give this House and the consumers of Canada that these scales that are being converted to metric will indeed be checked for their accuracy, as Canadians may run the very real risk of some businesses accidentally or deliberately cheating people as we are being forced to understand metric measurement?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs and Postmaster General): In reply to the hon. member, Madam Speaker, I would tell him categorically that we will take every precaution to see that the consumers of Canada are given a fair shake when this change takes place.

Oral Questions

RESTRICTIVE TRADE PRACTICES

PUBLICATION OF BERTRAND REPORT

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question to the Prime Minister is supplementary to questions asked earlier with respect to the cartel. The Prime Minister has given an opinion to the House of Commons that a cartel is not illegal. That is his opinion. If he is not giving that opinion, there remains a question outstanding in the Prime Minister's mind in respect of the legality of a cartel. The Bertrand report obviously deals with a cartel and the question of illegality. In view of what has occurred today, and in view of the position in which the House now finds itself, will the Prime Minister undertake immediately the release of the Bertrand report, because it obviously has some effect upon the combines law of Canada, one way or another, and I think it is time the House had that matter before it as quickly as possible.

● (1500)

Mr. Nielsen: You promised to do it.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I must clear up the confusion in the hon. member's mind. I did not say a cartel was not illegal.

An hon. Member: It is not illegal?

Mr. Trudeau: I said that an international agreement entered into by Canada and other countries relative to trade, is not illegal. That is what I said and it is as simple as that. I do not see why the hon. member is attempting to distort my words.

An hon. Member: With a domestic implication?

Mr. Trudeau: He asks about the report. I would point out to him that under the law, as voted by this Parliament, these inquiries must be conducted in secret, and Section 27 makes it quite clear that it is then, after being conducted in secret, handed to the Attorney General of Canada for a judgment by the Attorney General as to whether there are any illegalities in the report. If there are, the matter ends up in front of the courts, and then the matter becomes public. It is as simple as that.

Mr. Baker (Nepean-Carleton): Madam Speaker, I think the Prime Minister and the government have suddenly changed their position. On March 4, 1981, the minister said in answer to a question in the House of Commons, as reported at page 7878 of *Hansard:*

> In relation to the second question of the hon. member regarding the uranium inquiry, this inquiry by the director is not completed. Obviously, when it has been completed, his findings will be made public.

It would be made available by the government, of course, which follows from that implication, and not as a result of court action. Will the Prime Minister live up to that undertaking by his minister, and will he tell us, however this is described, as an international agreement, a cartel or however, how such an agreement which has domestic implications, which has to be so in order to contravene the combines act, could possibly be legal, and given the questions that arise therefrom will the Prime Minister reconsider this change in the position on the part of his government?

Mr. Trudeau: Madam Speaker, again I will attempt to clarify the situation. An international agreement made between various countries on restraining trade is not illegal in Canada. Once again I challenge any lawyer to tell me the contrary. After that agreement is set up it is possible that the people who operate under that agreement—

Mr. Crosbie: Oh, blame them now.

Mr. Trudeau: Blame them? Will the member suggest who we are going to blame, the government of France or the government of South Africa?

Mr. Crosbie: The Government of Canada.

Mr. Trudeau: I do not know what he is driving at.

An hon. Member: Answer the question.

Mr. Trudeau: Madam Speaker, I cannot answer all the questions at the same time. If I have one at a time I will answer them.

* * *

PRIVILEGE

MR. CROSBIE—LETTER WRITTEN BY MR. AXWORTHY RESPECTING CANADA COMMUNITY DEVELOPMENT PROGRAM

Hon. John C. Crosbie (St. John's West): Madam Speaker, this question of privilege has to do with a letter that was sent by the Minister of Employment and Immigration (Mr. Axworthy) to the member of Parliament for Gander-Twillingate (Mr. Baker), which letter subsequently came into my possession and the possession of other members of this House. It involves a written misleading and false reply contained in that letter. I have to give Your Honour some background first.

Last summer of 1980 the government announced the Canada community development projects program for 1980-81. The total funding for that program for all of Canada was $105.5 million. The amount of the funding for the province of Newfoundland was $17.376 million and the funding was supposed to be spent in accordance with the level of unemployment in various areas of Canada.

Under that program the deadline for projects to be submitted if they were to receive approval for funding was September 29, 1980. If you put in an application from any district of the country after that date, under the guidelines sent out by the minister and his department it could not be considered for funding after that date. I will come back to the importance of that date in a few moments. As a matter of fact, I know of projects that were submitted two days after September 29, 1980 which the minister's office rejected and said could not be processed because they were late and outside the guidelines.

It was also part of the guidelines for the program that projects had to start by February 2, 1981. The guidelines were sent to every member of Parliament and widely publicized across the whole country.

During October, 1980, in Newfoundland the provincial boy scouts' council requested the seven members of Parliament for Newfoundland to allocate some of the funds for their districts to a project for the boy scouts that was going to be constructed in the district of Gander-Twillingate. The basis of their appeal was that this facility would benefit boy scouts all over Newfoundland and they needed the help of the MPs from all over Newfoundland to fund that project.

As a result I, the hon. member for St. John's East (Mr. McGrath), the hon. member for Bonavista-Trinity-Conception (Mr. Rooney), the hon. member for Burin-St. George's (Mr. Simmons) and the minister for Grand Falls-White Bay-Labrador (Mr. Rompkey) agreed to allocate $25,000 each from funds allocated to their districts to build this project in the district of the hon. member for Gander-Twillingate. The project was a project of the provincial boy scouts council.

On October 23, for example, I received a letter from the hon. member for Gander-Twillingate thanking me for that co-operation. One Newfoundland member did not contribute, the hon. member for Humber-Port au Port-St. Barbe (Mr. Tobin).

In the fall or early winter of 1981 $2 million in additional funds were made available to the minister to spend on this program in whatever way he liked, in whatever political way he wished. A few weeks later, in February 1981, a further $4.9 million was made available secretly by the government to the minister to spend across Canada on these projects.

Madam Speaker: Order, please. I want to ask the hon. member to please come very soon to the matter which is the basis of his question of privilege. He is giving me a lot of information about what those guidelines were. I do not know for what reason he is referring to them. I do not know yet why the guidelines are important or why it is important to read them out to the House. I would ask him to come very soon to the matter of the question of privilege, otherwise I will interrupt him.

Mr. Crosbie: Madam Speaker, the relevance of all this will very soon become apparent.

There was $4.9 million made available, unknown to ordinary Canadians and members, in additional funding for this program for the minister to spend at his discretion. The minister decided to allocate $275,000 of that funding for the province of Newfoundland. Now I am coming to the relevancy and you will see that all this is relevant, Madam Speaker.

The hon. member for Gander-Twillingate apparently did not hear of any money being made available for his district, so he wrote the Minister of Employment and Immigration on February 26 asking whether additional funds were to be allocated to Gander-Twillingate under this program. The minister answered him in a letter dated April 14, 1981. In the meantime, of the $275,000 allocated for Newfoundland the minister made $150,000 available to the district of Grand Falls-White Bay-Labrador for a 1982 Winter Games Association, Incorprated project 2855 MA9 submitted by the people of Labrador City-Wabush and signed by one Gordon Manstan. The application from that group was dated February 5, 1981. It was received by the department February 23, 1981, five months late—five months after the deadline for that project. Despite violating all these guidelines the Minister of Employment and Immigration allocated $150,000 to his colleague the Minister of National Revenue, for a project that did not meet the guidelines of the program at all. It may be a good project, but it should be funded from sports and recreation, or wherever, not in violation of the employment program.

• (1510)

In this letter, and I have a copy in my hand now, from the Minister of Employment and Immigration (Mr. Axworthy) to his Liberal colleague, the hon. member for Gander-Twillingate (Mr. Baker), he is responding to a letter of February 26. He tells him that his constituency received an allocation of $3 million originally, and then he goes on to say this in the third paragraph:

> Federal constituencies in Newfoundland received $275,000 of the incremental funds which were distributed amongst the five constituencies which had transferred a portion of their initial allocations to your constituency.

There is not a word of truth in that paragraph because in the district of St. John's West not one cent was received of the $275,000 incremental funds to repay St. John's West for the contribution of $25,000 to the member of Parliament for Gander-Twillingate's boy scouts project. Not a cent of those funds went to the district represented in this House by the hon. member for St. John's East (Mr. McGrath). Whether any of the other three districts got anything, I do not know, and no funding went to Gander-Twillingate. So, Madam Speaker—

Madam Speaker: Order, please. Can the hon. member confirm something for me? I suspect he is now telling me that the basis of his question of privilege is that some members did not receive funds to which they felt they would be entitled or that funds were allocated while not following the guidelines which had been set forward by the minister. Is that what the hon. member's question of privilege is all about?

Mr. Crosbie: No, Madam Speaker, it is not about that at all. My question of privilege has to do with a letter sent by a minister to a member of Parliament which contains false and misleading information and which, therefore, interfered with and breached his privileges as a member of this House, breached the privileges of this House generally and that of every other member who was sent a copy of the letter. It has no connection with the violating of the guidelines of the program.

I am giving the background so that this letter can be understood, and this is based on a precedent of this House to which I will come in a few minutes and in which a prima facie case of privilege was found by Mr. Speaker Jerome in 1978.

Just to finish this background, how did the hon. member for St. John's West get a copy of this letter containing false and misleading information from the Minister of Employment and Immigration? A copy was sent to me by the hon. member for Gander-Twillingate with a note dated April 16 which reads as follows:

John,

As you can see by the attached letter your constituency received an additional amount of money to compensate for your constituency contribution to the boy scout camp.

Congratulations!

The hon. member was congratulating me for receiving this additional funding. He was pleased to see that I got this additional funding for making $25,000 available to the district of Gander-Twillingate during the fall.

What is the nature of the complaint? The outline of the facts here shows, of course, that the program was violated. The guidelines were ignored by one cabinet minister listening to a supplication from another cabinet minister. Dozens of projects were turned down as being late. Five months later one was allowed, and $150,000 went to it, although it did not meet the guidelines of the program at all. That was to the detriment of many dozens of other projects submitted in Grand Falls-White Bay-Labrador and all over Newfoundland, but that is not the complaint. The complaint is that the minister, having done that, wrote a letter to a member of Parliament, a colleague of his in his own party, and deliberately gave him wrong information.

An hon. Member: False information.

Mr. Crosbie: False information. In other words, he was saying to the member of Parliament for Gander-Twillingate, "You didn't get any of this $275,000 because I took that $275,000 for Newfoundland and repaid the five districts that helped you out in your boy scouts project." That is what the program means. We have two members in this House who can testify to the falseness of that information, and the minister had to know it was false.

What about the precedents? I have a motion here that I am ready to move. I am fully aware that the function of the Speaker is to decide whether there is a prima facie case of privilege or not, and if she finds that, the matter then has to be debated and voted on by the House.

I want to refer Your Honour to a recent precedent. If you look at *Hansard* for November 3, 1978 at page 777, you will see a similar kind of complaint made by the hon. member for Durham-Northumberland (Mr. Lawrence). There was a letter from a minister of the Crown which misled the hon. member for Durham-Northumberland several years earlier. It was not even in the same year; it was in a different Parliament. The minister of the Crown had sent him a letter with misleading and false information and, in turn, the hon. member for that district had misled his constituent. There was a written misleading and false reply sent to that member which directly affected his capabilities and attitudes in the House with respect to his duties as a member of Parliament.

This program is one of the more important programs, I can assure you, in Atlantic Canada where employment is very, very badly needed and where there are thousands and thousands of projects put forward by communities and groups. Nothing could be more important in creating employment in our rural areas. Yet we were given misleading and false replies by the minister as to how the funds were being spent.

As it was said then, and I repeat now, I should be able as a member of Parliament, as should the hon. member for Gander-Twillingate, both in and out of this House, to trust the word of a minister of the Crown. Surely if a minister writes us a letter stating that certain things have happened and that certain funds have been distributed in a certain way, we are expected to trust his word as a member of Parliament and minister of the Crown. If we cannot trust his word, the whole system collapses. That is what affects the privileges of this House and members of Parliament. We should be able to trust the word of such members.

I will not read long citations from May. I presume Your Honour will be looking them up because this is a very serious question of privilege. The nineteenth edition of May at page 67 deals with what constitutes privilege:

The distinctive mark of a privilege is its ancillary character. The privileges of Parliament are rights which are "absolutely necessary for the due execution of its powers". They are enjoyed by individual members, because the House cannot perform its functions without unimpeded use of the services of its members; and by each House for the protection of its members and the vindication of its own authority and dignity.

We as members need to be protected from any suggestion or any possibility that other members of this House or ministers of the Crown will deliberately mislead us. If we do not have that kind of assurance and if we cannot be absolutely sure of that, then this whole system of Parliament founders.

I want to refer Your Honour to page 141, which deals with acts or conduct constituting a contempt of Parliament and an abuse of our rights:

It is a breach of privilege to present or cause to be presented to either House or to committees of either House forged, falsified or fabricated documents with intent to deceive such House or committees or to subscribe the names of other persons or fictitious names to documents—

Madam Speaker: Order, please. I believe those quotations are not very relevant. I ask the hon. member to concentrate his argument on something else. When he quotes May, he is speaking of conduct of ministers or statements of ministers which would impede members in the House. Up until now the hon. member has spoken of nothing that happened in the House, but of a letter which was written to another member of Parliament in which some information, the hon. member alleges, was false. Up until now the hon. member has not indicated to me how his function in the House has been impeded by the fact that a particular letter was written.

Mr. Crosbie: Madam Speaker, if I might just make one further point, how have my actions in the House been impeded as a result of receiving this false information? Every member of this House is involved in carrying out, supervision of and checking upon public programs. This is a public program that

took place in Newfoundland. I have the right to come here to this House and criticize how the program is administered. I have the right to go to committees on the estimates and to ask questions on how it is being administered and whether it meets the guidelines.

Madam Speaker: Yes, the hon. member has that right, and that is what he should do, but he should not raise a question of privilege about it. Of course the hon. member has the right to criticize actions of ministers or the government and to ask questions about what a particular minister has done, about which the hon. member might have a grievance. I have heard the hon. member for more than 15 minutes and I must interrupt him now, because if he has not proved to me in the course of 15 minutes that he has a question of privilege, I do not think he will be able to do so in the next five minutes.

The letter and the precedent to which he alludes are quite different. That precedent has to do with a letter which had been improperly drafted by the RCMP and which they admitted had been improperly drafted, and which probably allegedly impeded the hon. member for Durham-Northumberland (Mr. Lawrence) in performing his duties in the House. So that precedent does not apply; it is a completely different type of letter.

● (1520)

The hon. member probably has a grievance, he wants to levy some kind of criticism of the minister in question and he is quite entitled to do that, but not under the guise of a question of privilege. I must therefore rule that he does not have a prima facie case of privilege.

Mr. Crosbie: There is a precedent of your predecessor but I am not even allowed to quote the precedent?

Madam Speaker: Order, please.

Mr. Crosbie: A minister can lie to a member of Parliament and it is not a question of privilege?

An hon. Member: Order.

Mr. Crosbie: Order yourself.

Madam Speaker: Order, please. The hon. member has quoted a precedent, the contents of which have been communicated to me by the Table. I said the precedent was not applicable and I do not think the hon. member can contest that. In any event, in the course of his more than 15-minute intervention he has not indicated to me that he had a prima facie case. I have now ruled on that and I am afraid that I will not be able to hear the hon. member further.

Mr. Crosbie: I rise on a point of order.

Madam Speaker: Order, please.

Mr. Crosbie: On a point of order.

Madam Speaker: Just before I hear the hon. member's point of order. I just want to warn him that he cannot now transform his question of privilege into a point of order, because I will not hear him. If he has another point of order and it does not refer to my ruling, I will hear him.

Mr. Crosbie: Madam Speaker, my point of order refers to the fact that when a similar question of privilege was raised in 1978 the member was given a good 30 to 40 minutes to explain and cite the precedents.

Madam Speaker: Order, please.

Mr. Crosbie: That was a question of privilege on exactly the same point.

Madam Speaker: Order, please. That might be true, and in some cases I have allowed longer interventions on questions of privilege feeling that I needed further information; but in the course of the hon. member's 15 minutes, and after my repeated requests to the hon. member to be more precise on what exactly was the basis of his question of privilege, he did not come up with anything that convinced me there was a question of privilege. Therefore, I must tell him that I can hear him no further on that particular question of privilege.

Mr. Crosbie: The judgments of your predecessor do not matter to you.

Hon. James A. McGrath (St. John's East): Madam Speaker, on a point of order, perhaps you could assist me because I am involved in the same question of privilege and I had hoped to be able to make an intervention, to be able to give arguments in support of the arguments put forward by my colleague, the hon. member for St. John's West (Mr. Crosbie). I think it is an important matter, but obviously I am not permitted to present that argument now because Your Honour has in fact ruled. How can I then raise it? Do I raise it as a grievance or as a—

Madam Speaker: Order, please. I have ruled on it. I have ruled that there is not—

Mr. Crosbie: The minister is a liar, a damned liar.

Madam Speaker: —a prima facie case of privilege. The hon. member did say that he wanted to speak on the same question of privilege. I have ruled that there is no question of privilege. If the hon. member had another question of privilege not related to that one, I can hear him at another time but not today. I have ruled on it and I cannot hear the hon. member.

Hon. William Rompkey (Minister of National Revenue): Madam Speaker—

Madam Speaker: I am sorry, is this a point of order?

Mr. Rompkey: On a point of order, Madam Speaker. My question is really the same as that of the hon. member for St. John's East (Mr. McGrath). I had also hoped to make an intervention on the same question of privilege—

Madam Speaker: Yes, but the hon. minister, I am afraid, is out of order as well.

MR. McKINNON—ALLEGED ATTEMPT TO ALTER RECORD OF COMMITTEE PROCEEDINGS

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question of privilege, I am thankful to say, is not on the same point although the similarity of what I am complaining about will be clear.

I delivered this morning to your office, Madam Speaker, a statement of my question of privilege and I intend now to speak to you and the House on it in order to enlarge somewhat on my question of privilege. It involves an attempt to change the wording in the minutes that reflect what happened in the Standing Committee on External Affairs and National Defence.

At a meeting of that committee on May 14, the Minister of National Defence (Mr. Lamontagne) gave an opening statement of which he appeared to be reading part and ad libbing part. He did not circulate a copy of the text from which he was reading although he did at a later meeting circulate a copy of a NATO press release.

Madam Speaker: Order, please. I am very sorry but the hon. member's question of privilege relates to deliberations which took place in a standing committee. The hon. member knows that deliberations taking place there cannot be dealt with in the House until such time as the committee reports back to the House. Therefore, I am afraid I have to advise him that the place to deal with his particular question of privilege would be in the standing committee and not in the House.

Mr. McKinnon: There are two points I would like to make on that, Madam Speaker. First, I know of no method whereby the chairman of the standing committee could refer the matter to the Standing Committee on Privileges and Elections. Second, part of the offence did take place in this House on May 20 when the minister misled the House during part of the same nefarious conduct that I am complaining about. I was hindered in my duties as a member of Parliament by a misleading and untrue statement that he made in the first part of his answer to my first question that day.

Now, if I may proceed, Madam Speaker? When speaking of possible NATO commitments outside of the recognized NATO boundaries, the minister said:

> Canada has made a new commitment to deploy its NATO forces outside the normal NATO treaty area.

I was rather surprised and said that I hoped the minutes of the committee would reflect his ad libs as well as his written statement. On May 15 the unedited transcript of the minutes were sent to my office and it confirmed the remarks that I heard, which were:

> Canada has made a new commitment to deploy its NATO forces outside the normal NATO treaty area.

In the second meeting of the same committee the minister, in reply to questions from two Liberal MPs, said there was no new commitment. I assume that he was contradicting himself as he sometimes does. He made no comment that his remarks of May 14 were in error.

Madam Speaker: I must warn the hon. member that I can only listen to what happened in the House. It is quite clear to me that the hon. member is referring to an incident in the standing committee. It is true that the matter came back in the House on May 20, and I now have in front of me the answer given by the minister in the House. Therefore, the hon. member is discussing that aspect of the question he is raising now; but if he has a question of privilege arising from the deliberations of that day, that is to say May 20, that was the time to raise it. Furthermore, if he is not satisfied with an answer that a minister has given in the House, no matter in what way he is not satisfied, it does not constitute a question of privilege.

Mr. McKinnon: Madam Speaker, I thank you for your advice, which I will try to follow and restrict myself to what happened on May 20. I will ignore from now on my allegation and contention that he has tampered with the record of the proceedings in a committee, which he certainly has done. As he said at that time—

Madam Speaker: Order, please. If the hon. member alleges that some minister has tampered with the proceedings of a committee, as he is now doing, that he must do in the committee. Now, the hon. member asks how that can be dealt with because that committee does not have the authority to refer the matter to another standing committee.

● (1530)

The procedure would be that if the standing committee found the minister had tampered—allegedly tampered—or had done whatever the hon. member says he has done, the committee would report such action to the House. Then the House would be able to deal with it by referring it to another committee in order for the committee to pronounce on that particular action. This would be the procedure, and this is the way to deal with that kind of matter.

If the hon. member can state his case without arguing that he is not satisfied with the answer given the House, I can hear him.

Mr. McKinnon: Madam Speaker, thank you for your guidance. Fortunately, that committee will meet one more time before it finishes the estimates. I will certainly attend it to lodge my complaint and see how it goes.

However, the second part of my complaint is that in the House on May 20 the Minister of National Defence said in part:

> At the time I read the statement at the SCEAND on May 14, I said that Canada had made no new commitment to deploy its NATO force outside the normal NATO Treaty area.

This is misleading and untrue. I understand that anybody who makes misleading and untrue statements in the House is interfering with the privileges of members. Certainly it inter-

fered with my privileges. I spent hours on this during the rest of the week. I was hindered in that question period by following up with the question I had intended to raise, and I was impeded in my duties as a member of Parliament for several days afterward trying to track down actually what the minister had said.

Some hon. Members: Hear, hear!

Mr. McKinnon: In view of that and the curtailment Your Honour put on the rest of my point, which I will defer, as you suggested, to the committee, I would like to move, subject to Your Honour finding there has been a prima facie case in this instance of the minister's misleading myself and the House, that it be referred to the Standing Committee on Privileges and Elections for an investigation and a recommendation.

Madam Speaker: The hon. member would like me to be the judge—

Mr. Nielsen: A member wants to be heard.

Mr. Chas L. Caccia (Davenport): Madam Speaker, I would like to intervene along the lines you have suggested on this question of privilege to submit that there is no question of privilege as far as the House of Commons is concerned. As far as the committee is concerned, we debated this matter yesterday and we will do it again.

In the House of Commons, as the hon. member quite correctly quoted, the minister said that he had made no new commitment. This is consistent with the quotation he read and with what the minister said in the House. Therefore, I submit that there is no question of privilege; there is no contradiction. The minister said in the House what the member just repeated by reading from the transcript. Therefore, there is no discrepancy in the statement made by the minister in the House.

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I happen to know that you have in front of you a very complete treatment of this matter by the hon. member for Victoria (Mr. McKinnon). It amounts to a three-page letter of notice which alleges a number of things. Among them is what the hon. member has attempted to allege about something which occurred in the committee that Your Honour has said strictly and narrowly cannot be dealt with in the House. Also there is an allegation of something that occurred in the House of Commons to which he has been able to speak. This indicates clearly, whether or not he knew it or for whatever reason, that the House and the hon. member was misled by the answer of the Minister of National Defence (Mr. Lamontagne). Those are the two things Your Honour has.

The third thing you have in that letter is a sense of concern that ought to be in the minds of every hon. member and ought to carry beyond the mere technicalities of narrow questions of privilege. One privilege we are supposed to enjoy in the House is some assurance that there will never be an attempt to tamper with the records of the House of Commons, which includes the records of the committees of the House.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): I have read the letter submitted by the hon. member for Victoria (Mr. McKinnon) who, by the way, has listened to the tape. It is a matter of some concern to me as a member of the House of Commons that this should be confined merely to the narrow question of privilege as to whether it occurred in the committee or in the House of Commons. We are talking about the integrity of the record-keeping of the House of Commons, which I think ought to involve the concerns of everyone. It is the integrity of that, not with respect to those who operate the system, but with respect to what is contained in there about attempts to change the minds or the view respecting the operation of the system.

That is why I think, in this case particularly, that when the hon. member for Victoria has submitted such a very elaborate submission to Your Honour, it goes far beyond that mere point and involves the privileges of all hon. members of the House of Commons. I say with respect that elaborate submission ought not to stand in the way of the oral argument which may be necessary to encompass and develop the case.

Madam Speaker: The hon. member for Victoria had a chance to discuss that aspect of what he felt was a question of privilege which took place in the House. I reiterate that the other aspect of it has to be dealt with in committee. I urge the hon. member to clarify this matter in the committee.

What I want to say about what happened in the House is that the hon. member is asking me to be the judge of the veracity of any statement made by the minister, its veracity or compatibility with whatever he said in another place. Obviously that is not the role of the Chair and the Chair cannot determine on such a basis that there is a question of privilege.

The hon. member has a place where he can seek redress for his complaint, and that is in the standing committee. As for what happened in the House, I cannot determine whether an hon. member has made a statement which was true or untrue. The only thing upon which I could rule is if the hon. member stated that the minister had deliberately misled the House by saying one thing or the other, and that he has not mentioned. On that basis I am afraid I must rule that the question must be dealt with somewhere else.

As to what happened in the House on May 20, that ought to have been raised immediately at the time it happened. I find that there is no question of privilege on this particular statement of the minister.

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, the hon. member for St. John's West (Mr. Crosbie) put certain allegations on the record with regard to my riding. It is the duty of a member of the House to promote his riding, to defend and to speak for his riding. It seems to me he has the privilege of straightening the record as to certain facts. If not, I would ask Your Honour how I could correct the record within the confines of the House. Also I would ask for time to straighten the record with regard to the comments of the hon. member for St. John's West.

Madam Speaker: I am sure the hon. minister will find many occasions to straighten the record. I try to keep questions of privilege fairly short; I do not want to allow too many interventions. I ruled on that question of privilege. I know the hon. minister wanted to speak on it, but I did not allow it. Therefore, I ask him to seek other occasions—and I know he can find them—to straighten the record.

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OFFICIAL REPORT

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, I rise on a point of order in the hope that by doing so we can avoid a hassle tomorrow about any changes in the record. As Your Honour will recall, during the question period all of us heard the Prime Minister (Mr. Trudeau) say quite clearly that when interest rates go up the government blames the opposition.

Mr. Epp: That is right.

Mr. Knowles: It may have been a "tingue-twuster". Perhaps care should be taken, since if that sentence in *Hansard* is changed we will spend another half hour on questions of privilege tomorrow. I do not think it will hurt the Prime Minister for the record to be printed in the way he actually said it.

• (1540)

Madam Speaker: We will have to see about that tomorrow.

* * *

PRIVILEGE

MR. COSSITT—SECURITY MEASURES ON PARLIAMENT HILL

Mr. Tom Cossitt (Leeds-Grenville): Madam Speaker, my question of privilege arises from an incident which occurred at approximately 6.35 p.m. last evening when my wife and I were leaving the Centre Block of the Parliament Buildings to proceed along our direct and usual way in exiting from Parliament Hill. My wife was driving our vehicle, which clearly bore House of Commons special licence plates as issued by the province of Ontario with the customary prefix MHC. I was sitting in the front of the car on the passenger side.

Before proceeding further, I would like emphatically to state that nothing I intend to say, or will say, is meant to detract from what I am sure we all agree are the very necessary stringent security regulations protecting the Prime Minister (Mr. Trudeau), particularly in light of the recent incidents involving President Reagan in the United States and His Holiness Pope Jean Paul II in Rome. Also, before proceeding further may I say to you, Madam Speaker, that I realize the hon. member for Annapolis Valley-Hants (Mr. Nowlan) raised a question of privilege a few days ago on which you gave a ruling yesterday. I hope I will have the opportunity to illustrate that my question of privilege is sufficiently different from the one raised by the hon. member for Annapolis Valley-Hants and that it cannot be said that I am speaking on something about which you have already ruled.

I would now like to return to the incident in question. As we were signalling a left turn to proceed toward the members' entrance of the Centre Block, with the intention of proceeding down the hill to Wellington Street, an RCMP constable somewhat frantically rushed out from our left and ordered my wife to come to a full stop and then to turn around and proceed in the opposite direction at once. I got out of the car and asked the officer what this was all about. He replied, "I cannot tell you, just move at once; I have my orders". I then identified myself as a member of Parliament travelling with my wife—

An hon. Member: You are a Canadian like anyone else.

Mr. Cossitt: I am a Canadian like what, did you say? If hon. members opposite will stop their silly shenanigans, I might be able to proceed.

Mr. Cousineau: Stop yours and we will stop ours.

Mr. Cossitt: I am telling you, Madam Speaker, they started them when they started as a party and they will continue them until they cease to exist as a party, which may be sooner than they like to think.

To get on with my question of privilege, Madam Speaker, having identified myself as a member of Parliament travelling with my wife I offered identification and again demanded to know why my exit was being impeded from the Hill. Again I drew attention to my MHC licence plate as identification and offered to produce my House of Commons identification. The RCMP constable replied, "I am not permitted to answer your questions. How do I know you are really an MP? Move out."

Some hon. Members: Shame!

[*Translation*]

Mr. Cousineau: And thus the hon. member was prevented from carrying out his duties.

[*English*]

Mr. Cossitt: I told him I had a right to an explanation and that I had absolutely no intention of moving until I was given one. I asked him—

Madam Speaker: Order, please. The hon. member does have the right to an explanation in this particular case. He must tell the Chair how he was impeded in the performance of his duties as a member of this House because of this incident. I understand he was leaving the House, but there might be some catch to that—

An hon. Member: You have jurisdiction over them.

Madam Speaker: The Speaker has no jurisdiction over the grounds, the RCMP has. However, I want the hon. member to concentrate on telling me how this particular action impeded

him in the performance of his duties as a member of Parliament in this House since he did raise another question of privilege.

Mr. Cossitt: Madam Speaker, when I finish outlining the incident, I believe that will become apparent. I am approaching the crucial point of the incident.

I asked the RCMP constable if there was something wrong here. I asked, "Has there been an accident? Is someone coming out of the members' door?" I asked him if no member was allowed to go in that door. He replied, "I have orders. I am not allowed to say whether anyone is coming or going at that door. Hurry up and move."

It was at this point that I noticed that the Prime Minister of Canada (Mr. Trudeau) was standing on the sidewalk adjacent to the members' entrance along with the Minister of Justice (Mr. Chrétien). I observed that everything on the Hill had been brought to a complete standstill by the police, including the stoppage of the House of Commons buses which were proceeding to the Hill. I cannot prove this, but I would presume that the buses carried members of Parliament who were proceeding to the Hill to perform their duties as members of Parliament. Of course, the public were stopped as well.

The Prime Minister and the Minister of Justice were obviously not engaged in a serious conversation but in a conversation which could have waited until later. By his actions the Prime Minister was holding up the entrance to—and I emphasize that point—and exit from the building. He was guffawing and giggling and the Minister of Justice was also doing a good job of guffawing and giggling. I feel that if the Prime Minister requires security, and I agree that he does, he should not take advantage of that security by tying up all of Parliament Hill for the purpose of giggling and guffawing and holding up everyone else who has plans, as members, to come into the building to carry out their functions in the House or to attend committee meetings, etc., or even to leave the buildings to speak at a function, as we are obligated to do as part of our duty as members of Parliament.

I contend that the Prime Minister, not the RCMP—I do not fault the RCMP for this at all since I feel they were carrying out their orders—was misusing his office and the security which has been and should be afforded to him in a way which was actually impeding the work of any number of members of Parliament. While I saw some members in the area, I am not sure how many there were at that particular time. I did not actually go around to the buses to see how many members of Parliament were on them.

This was a disgusting and disgraceful display. If it is still going on, and I have no reason to believe that it is not, I believe it should be fully investigated and that it should stop. If the Prime Minister wants to leave the Hill with protection, why does he not simply go to his car and leave instead of standing around and impeding the duties of members of Parliament? That is what he was doing and there is no question about it.

Mr. Lalonde: Use another door.

Mr. Cossitt: You over there are impossible.

In conclusion, Madam Speaker, I feel that the Prime Minister of Canada was, in effect, impeding the ability of members of this House to perform their duties as members. I would not criticize the right hon. gentleman if it was something crucial which required him to be where he was. The silly part of it is that he was simply giggling and guffawing and making jokes on the sidewalk. He caused everything to come to a standstill. I think it is a disgrace.

If you do find that I have a question of privilege, Madam Speaker, I would like to reserve my right to move the appropriate motion.

REQUEST FOR CLARIFICATION RESPECTING APPOINTMENT OF RCMP DEPUTY COMMISSIONER

Mr. Tom Cossitt (Leeds-Grenville): Madam Speaker, I do have one other point. It may be that you would prefer me to raise this point subsequently, since it is not absolutely connected with my previous point. My point concerns a very important question of security in this building. I will raise the matter now if you wish. It will take approximately 60 seconds or so.

Madam Speaker: If the hon. member promises to make his point in 60 seconds I will hear him now.

Mr. Cossitt: Madam Speaker, I rise to ask if the Chair would clarify for the benefit of all members of this House that the deputy commissioner of criminal operations of the Royal Canadian Mounted Police, J. R. R. Quintal, has been, in effect, appointed—I have not heard it announced so I presume he was secretly appointed—director of security for Parliament Hill.

The reason I ask for clarification on this point is that we now have two good men, Mr. Sandy Cunningham, who runs the protective staff, and Mr. Gene Grace, who runs the plain clothes security staff; and there is now being brought in someone to be put between these two gentlemen, if this report is true, and the Sergeant-at-Arms. In other words, an expensive messenger boy to rush back and forth. That hardly seems necessary. I would just like to ask, has Mr. Quintal been appointed, or is he about to be appointed, and is he presently a deputy commissioner of the Royal Canadian Mounted Police?

• (1550)

Madam Speaker: I would like to remind the hon. member that while he is arguing that he has been impeded in some of his duties as a member of Parliament by the actions of an officer of the Mounted Police outside the building, he did not tell me which ones.

Mr. Cossitt: By the Prime Minister, Madam Speaker.

Madam Speaker: It has not been made very clear what kind of impediment he has suffered because of that particular incident. However, I do want to remind the hon. member that

there is a distinction to be made between the different duties of a member of Parliament which are considered essential to his function, and he did not consider that; nor did he tell me which of these duties he was not able to perform because he was accosted by one of the officers of the Mounted Police.

I do not know whether the hon. member was in the House, but he did refer to my ruling on the matter raised by the hon. member for Annapolis Valley-Hants (Mr. Nowlan). I did tell the House that, for reasons of both security and safety, procedures for directing traffic on the Hill, and particularly the buses, have been revised periodically. Yes, some new procedures have been adopted as a consequence of that revision.

Because some hon. members have complained about the way in which the Mounted Police are carrying out these new procedures, I have asked the Sergeant-at-Arms to discuss these matters with the Mounted Police. What I do want to assure hon. members is that, whatever changes are made in those procedures, I will try to ensure that they are made with the minimum interference with members of Parliament.

As for the nominated or about to be nominated new director of security, I can tell the hon. member that nominations of House of Commons staff are made in the usual way and not in the House.

Mr. Cossitt: Madam Speaker, I was simply asking, not how the appointments were made, but for clarification as to whether the deputy commissioner, J. R. R. Quintal, of the Royal Canadian Mounted Police has, in effect, been appointed and it is an accomplished fact.

Madam Speaker: If and when any nominations of this type are made, they will be made in the usual manner and the hon. member will be informed.

Mr. Cossitt: It has been done, Madam Speaker.

Madam Speaker: The hon. member knows that if he wants any information on this kind of matter he can either come to my office or write a letter and he will get it.

Mr. Gordon Taylor (Bow River): Madam Speaker, might I ask, when the RCMP stops a person and that person asks a reasonable question, why should the constable not answer in a civil way? We are surely entitled to an answer.

An hon. Member: You are never reasonable.

Madam Speaker: Whatever happens outside the House, of course, is not under my jurisdiction, but I can ask—

Some hon. Members: Oh, oh!

Madam Speaker: Well, that is absolutely correct. I have no jurisdiction outside the House. Security and safety on the Hill is the responsibility of the Mounted Police. However, what I can do to accommodate hon. members is to ask the Sergeant-at-Arms to inquire about this kind of conduct on the part of officers on the Hill. I will do just that in the name of the hon. member.

Mr. Taylor: I have had no experience on the Hill—

Some hon. Members: Hear, hear!

Mr. Taylor: —but whenever I have had an experience with the RCMP and they have stopped me, I ask why and I have always had a civil answer. I cannot see why that should not be so on the Hill as well.

Madam Speaker: I am sure the director of operations on the Hill will want that to be so, too. As I said, the Sergeant-at-Arms will have a consultation with the director.

* * *

POINT OF ORDER

MR. HUDECKI—QUESTION ASKED DURING QUESTION PERIOD

Mr. Stanley Hudecki (Hamilton West): I rise on a point of order emanating from the question period. At Your Honour's indication, I went directly to my question and proceeded with it when I was really closed off and told that the question had not been put forward. I think that the error occurred in that there was a delay with the sound equipment. I did present the question. The sound equipment was not in operation. I have evidence from witnesses both on this side of the House and from the hon. members opposite that the question was put forward.

In view of the importance of that question, I wonder what mechanism I have of putting that question forward before the House again.

Mr. Knowles: Tomorrow.

Madam Speaker: I did call the hon. member to order at least two times and perhaps a third time. I cannot remember that, but I do remember at least two times. His question was very long. I do not know whether it had been put right at the beginning, but his question was too long and on two occasions I got up and asked the hon. member to put an end to the question. He continued to ask his question.

Perhaps I have been a bit hard on the hon. member. He is new in the House. However, whenever the Speaker gets up, the hon. member has to resume his seat. If the Speaker indicates that the question, in her view, is too long, usually hon. members co-operate and go to the question immediately. If I did not hear that the question had been posed in the very first sentence, I do apologize and I will try to recognize the hon. member another day on the same question providing, of course, it is short.

PRIVILEGE

MR. CROSBY—OWNERSHIP OF OFFSHORE RESOURCES—REPLY OF MR. CHRÉTIEN DURING QUESTION PERIOD

Mr. Howard Crosby (Halifax West): Madam Speaker, I have a question of privilege which I can state very briefly, but it is nonetheless one of great importance to me and to the people of Nova Scotia. It arises from remarks made during the question period by the Minister of Justice (Mr. Chrétien) and repeated indirectly by the Right Hon. Prime Minister (Mr. Trudeau).

The remarks were to the effect that I asked the government and the Prime Minister to refer to the Supreme Court of Canada the question of the ownership of offshore resources; that is to say, the ownership of the minerals, hydrocarbons and the submarine lands off the coasts of Nova Scotia and Newfoundland. The remarks of the Prime Minister and the Minister of Justice relate to a debate which took place in the House on May 20, 1981, in which this matter was raised. I said then what I say now.

The Minister of Justice and the Prime Minister misinterpreted the nature of that exchange in that I had said that this question ought to be referred to the Supreme Court only if the Prime Minister and his government were unwilling to continue the political action of negotiating with the provinces of Nova Scotia and Newfoundland over the settlement of the ownership of those resources. I want to say to Your Honour, to all hon. members of this House and to the people of Canada that this question of ownership of offshore resources is just as important to the people of Nova Scotia as it is to the other provinces.

Madam Speaker: Order, please. I am sure the hon. member will find other occasions to say just that, if he wishes. He is entering into a debate. This is obviously not a question of privilege. He feels the Right Hon. Prime Minister has misinterpreted the situation and he wants to put the facts right. That is obviously debate, not a question of privilege.

Mr. Crosby: I am sorry, Madam Speaker. Your Honour cut me off before I even got to the mention of privilege. It is a matter of privilege of the hon. members of this House when the Prime Minister and the Minister of Justice indicate that they have taken a legal position which they have not, in fact, taken. Is that not a misrepresentation of what was said? The record will speak for itself.

Madam Speaker: It will indeed. The hon. member should know that hon. members constantly question the interpretation put on hon. members' words. This is the whole purpose of debate in the House of Commons. That is exactly what debate is. I cannot allow it as a question of privilege. It is obviously a difference of opinion between the two hon. members. That is quite legitimate and can be debated in the House; but it is certainly not a question of privilege.

● (1600)

Mr. Waddell: Madam Speaker, on a point of order, today is a Conservative opposition day and we have just heard an hour

of questions of privilege from the Conservative party. I wonder if they have any more questions of privilege. If we knew, we could either go back to our offices and get on with other work or go into the Conservative debate.

Mr. Lalonde: The great Tory filibuster.

ROUTINE PROCEEDINGS

[*English*]

TRANSPORT

Sixth Report of Standing Committee on Transport—Mr. Dionne (Northumberland-Miramichi).

[*Editor's Note: For text of above report, see today's Votes and Proceedings.*]

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[*Translation*]

AIR TRANSPORT

TABLING OF REPORT OF COMMISSION OF INQUIRY ON AIR SAFETY

Hon. Jean-Luc Pepin (Minister of Transport): With your permission, Madam Speaker, I would like to table, pursuant to the provisions of Section (2) of Standing Order 41, in English and in French, the report of the Commission of Inquiry on Air Safety—

[*English*]

—a document which will soon become, if it has not already become, the Dubin report.

Some hon. Members: Hear, hear!

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,217 (Revised), 2,135, 2,144, 2,208 and 2,223.

I would ask, Madam Speaker, that the remaining questions be allowed to stand.

[*Text*]

MR. MICHAEL PITFIELD

Question No. 1,217 (Revised)—**Mr. Cossitt:**

1. Was Mr. Michael Pitfield, secretary to the cabinet and Clerk of the Privy Council, absent from his job at any time since he re-assumed his position and, if

so (a) for how many days and on what dates (b) for what purpose and where (c) was he paid his usual government salary during the days absent and (i) if so, under what authority (ii) if not, what amount was deducted for each day absent or part thereof and what was the total amount deducted to the date this question is answered?

2. Did his absences include first class transportation to Boston and, if so, was such travel made at public expense?

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

1 and 2. Since his reappointment as Clerk of the Privy Council and secretary to the cabinet on March 11, 1980, Mr. Pitfield has not been absent from his job save for normal holiday leave. During the period immediately following his reappointment, and in accordance with arrangements made at that time, Mr. Pitfield's family continued to reside in Boston, Massachusetts, until the end of the 1979-80 academic year. He made regular visits there to visit his family and to complete his teaching obligations to Harvard University. Mr. Pitfield was authorized to use first-class transportation where circumstances required. See also reply to question 2,386 answered May 25, 1981.

CNR NEWSPAPER ADVERTISING

Question No. 2,135—**Mr. Cossitt:**

1. Did the Canadian National Railway recently place advertisements congratulating the Canadian Pacific Railway on its anniversary and, if so (a) at what cost (b) for what purpose (c) what are the names of all the newspapers in which the advertisement was placed (d) what is the name and job designation of the highest ranking person authorizing the advertisements?

2. Is it government policy to scrutinize the spending by a Crown corporation on such advertisements and, if so, in this case did the government scrutinize such spending so that there would be no waste of taxpayer's money?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport):

The management of Canadian National Railways advises as follows: 1. Yes.

(a) $ 64,244.

(b) The purpose was to congratulate Canadian Pacific on its one hundredth birthday and to recognize the great contribution that company has made to Canada.

Together CN and CP form an industry that forged the links of nationhood and the ad was meant to draw attention to this fact as well as underline the important role this industry will have in the future development of Canada.

(c) Moncton *Times Transcript,* Halifax *Chronicle-Herald/Mail Star,* Montreal *Gazette,* Quebec *Chronicle Telegraph,* Toronto *Globe and Mail,* Toronto *Star,* Ottawa *Citizen, Calgary Herald, Edmonton Journal,* Regina *Leader-Post,* Saskatoon *Star-Phoenix, Winnipeg Free Press,* Vancouver *Sun-Province,* Moncton *L'Evangéline,* Quebec *Le Soleil,* Montreal *La Presse,* Montreal *Le Devoir,* Toronto *L'Express,* Ottawa *Le Droit,* Edmonton *Le Franco Albertain,* Regina *Journal L'Eau Vive,* St. Boniface *La Liberté,* Vancouver *Le Soleil de Colombie.*

(d) R. A. Bandeen, president and chief executive officer.

2. Transport Canada advises as follows: it is government policy to review annual forecasted budgets of capital and operating expenditures. Ongoing day to day operating expenditures are not reviewed as this is more properly considered the responsibility of Canadian National Railways management.

NATIONAL REVENUE BUILDINGS, RIGAUD, QUE.—USE OF FACILITIES

Question No. 2,144—**Mr. Herbert:**

1. What amount was charged, if any, for the use of the facilities, on the weekend of February 14, 1981, at the National Revenue Buildings, Rigaud, Quebec, by the city of Ottawa for city council budgetary studies?

2. Are other municipal councils offered similar use of the facilities?

3. What is the policy of the government concerning the use of the Rigaud facilities by other public or private bodies?

Mr. Claude Tessier (Parliamentary Secretary to Minister of National Revenue):

1. $1,437.35.

2. Yes.

3. Consistent with the government's program of decentralization, the facilities at Rigaud can be made available to other private or public bodies, but only under strict conditions, and only when not otherwise occupied to meet operational requirements.

CN EXPRESS SERVICE—BROCKVILLE, ONT.

Question No. 2,208—**Mr. Cossitt:**

1. Is the CN Express giving consideration or has it decided to shut down its express service in and out of Brockville, Ontario and, if so, for what reasons?

2. Will the government give a positive guarantee that the express service at Brockville will not be closed down?

3. What are all the reasons justifying the consideration of any shut down in view of the large revenue obtained by CN Express at Brockville as revealed in the answer to question No. 4?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport):

1. Brockville has been identified as one of some 30 express terminals CN intends to retain as part of their network of core terminals for express operations.

2. It is not felt necessary for the government to give such a guarantee. CN is committed to maintaining express service across the country, sometimes by interlining to serve the smaller, light density market areas.

3. At the present time, closure of the Brockville express terminal is not being considered.

CMHC ACQUISITIONED HOUSES—MORTGAGE INSURANCE

Question No. 2,223—**Mr. Herbert:**

1. Did the Canada Mortgage and Housing Corporation refuse to insure mortgages for houses sold by the corporation after acquisition and, if so, for what reason?

2. Are the purchasers of the houses able to obtain insurance in the private sector and, if so, is the total interest for both the insurance and the mortgage different from the total for a mortgage insured by CMHC?

3. Was a study undertaken to determine whether or not an increase in the cost of insurance and interest rates for a mortgage affected the selling price of a house and, if so, what were the results?

Hon. Paul J. Cosgrove (Minister of Public Works): I am advised by Canada Mortgage and Housing Corporation as follows:

1. In general, houses acquired by CMHC qualify for NHA insured mortgages when they are sold. However, in isolated cases mortgage insurance has been refused because of the poor physical state of the unit. In such cases the sale is on an "as is" basis at an appropriate price, and insurance is refused because it is not known whether the unit will be repaired to acceptable standards.

2. Canada Mortgage and Housing Corporation does not compile data regarding this subject and is therefore unable to provide relevant information.

3. Canada Mortgage and Housing Corporation has not undertaken any such study.

[*English*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I ask that all notices of motions for the production of papers be allowed to stand.

Madam Speaker: Shall the notices of motions be allowed to stand?

Some hon. Members: Agreed.

* * *

MESSAGE FROM THE SENATE

Madam Speaker: Order, please. I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill S-19, an act to provide for state immunity in Canadian courts, to which the concurrence of this House is desired.

National Energy Program

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—CONDEMNATION OF NATIONAL ENERGY PROGRAM

Hon. Michael Wilson (Etobicoke Centre) moved:

That this House condemns the government's National Energy Program because of the substantial adverse impact it has had on energy development in Canada, and on those parts of the economy which supply goods and services to the oil and gas industry.

He said: Mr. Speaker, I should like to thank hon. members opposite for their patience in waiting for my speech. I want to assure them that, like a good wine, my speech has improved with age!

Yesterday we debated Bill C-57. During the opening speeches on that bill we discussed amendments to delete the production tax and the excise tax on natural gas, principally because of the damage it is doing in the area of supply, the area of energy development and the deadlock that has caused the megaprojects to be put on hold, as well as the consequent very dangerous exposure which this country faces in view of the increasing reliance on the Middle East.

As I said yesterday, these taxes are at the heart of the problems that we will encounter in the years ahead. But there is another side to this issue, and that is the immediate impact of the government's energy program on the economy today. It is a very visible side of this issue. As I have said in the past in this House, 139 rigs have left the country since October 28; drilling activity is down in excess of 50 per cent this year compared to the same period last year, and in addition land sales on petroleum properties have declined about 70 per cent. All this is having a ripple effect throughout the entire economy. It is that aspect of the energy program that I wish to debate today.

We on this side have discussed the effects of this energy program on individuals, businesses, different sectors of the economy, not just in Alberta, Saskatchewan and British Columbia, but also in parts of eastern Canada which are important suppliers to the oil and gas industry. Many of us in this House met with representatives of the oil service industry. They told us about small companies of five, ten, 15, 30 and 40 people and stated categorically that if no changes are made in the situation as it is today, about half of them will be out of business within six months and about 70 per cent will be out of business within one year.

A very urgent problem faces us, Mr. Speaker, and that is the reason for the motion we are debating today. The motion stands in my name but I am proud to make it on behalf of the many people in my party who have felt directly the concerns of the people so severely affected by the program brought forward by the Minister of Energy, Mines and Resources (Mr. Lalonde) and his colleague, the Minister of Finance (Mr. MacEachen), on October 28—the energy program.

Let me just read the motion quickly:

That this House condemns the government's National Energy Program because of the substantial adverse impact it has had on energy development in Canada, and on those parts of the economy which supply goods and services to the oil and gas industry.

As I mentioned earlier, some of the service companies have been to Ottawa to discuss the very real problems that affect them, the people who work for them and the people in their communities. I should like to refer briefly to some of these. One individual had seven leases of rental equipment cancelled outright with the resultant loss of $500,000 to him and to his small company when the equipment had to be returned to the bank. Another person, also in the equipment rental business, who one year ago employed 26 people, now employs 11 people. There is a contractor who, in 1980, employed 50 people but this year employs only 20. Another construction company had 137 people in 1980 and now has only 27.

We would not ordinarily think of hotel owners being in the oil and gas business, but they accommodate the people who work on the rigs. A particular hotel owner had 68 employees in 1980; now he has 38, the loss of business being directly attributed to the National Energy Program.

I should like to refer to a survey conducted by my colleague the hon. member for Peace River (Mr. Cooper) on companies in his constituency. He asked: "Has your firm experienced an actual reduction in financial activity in the last six months?" Mr. Speaker, 82 per cent replied that they had. The average amount of the decrease was 41 per cent, so it is a substantial decrease and it is much greater than in other parts of the economy.

The next question was: "Has the change in financial activity been a direct result of the National Energy Program?" About 50 per cent of the companies canvassed responded to the questionnaire—and that is a high number, Mr. Speaker—and 88 per cent replied that the change had been a direct result of the NEP.

About 55 per cent of the respondents are involved directly in the oil and gas industry. I should point out that 81 per cent of the companies are 100 per cent Canadian owned. This is the result of the Canadianization program that the Minister of Energy, Mines and Resources has introduced.

Unemployment has increased in the riding of Peace River. Last year employment was about 4,000 people—3,964. This year it is down to 3,065, a decrease of about 22 per cent.

• (1610)

Finally, "Could you indicate the amount of capital you spent and what you plan to spend within the Peace River constituency in the following years?". In 1979-80, it was around $35 million or $37 million. In 1981-82, these companies are projecting about $18.5 million, a decline of about 50 per cent. There are very real indications of the disastrous effect this policy has had on individual business, small business, Canadian-owned business, businesses that are the heart of the economy of this country.

Let me also refer to the effects of this on companies in eastern Canada. There is a very direct impact. The Alberta government, in conjunction with companies in the industry, did a survey on the economic impact of the Alsands and Cold Lake projects. The purpose of this was to show that the economic activity generated by these projects in Alberta was about 42 per cent, and in Ontario and Quebec the total amount was 35 per cent; a little over 25 per cent in Ontario and a little over 9 per cent in Quebec. Therefore, these projects have a very direct impact in eastern Canada.

The megaprojects have been put on the back burner for some considerable length of time as a result of the discussions and disagreements that have taken place between the Alberta government and the federal government. We are at a very serious point in time where these projects just may not go ahead, in particular because of the deadlock between these two levels of government and because of the effect of the taxes, specifically the production tax, on these projects. In addition, the pricing schedule of the energy program has been stated quite categorically to be insufficient to bring forward the investment necessary.

Foster Associates did another broader impact study on conventional and megaproject investment as it relates to the rest of Canada. Of every dollar that is spent on both sides of the business, the megaprojects and conventional projects, 42 cents is spent in Ontario, 13 cents in Quebec, 16 cents in other provinces and 29 cents in Alberta. Therefore, this is not just an Alberta problem, or a British Columbia problem, but a Canadian problem. That is the point we want to make in the debate today.

The Foster Associates study went on to say that for every job created in Alberta by these projects, two additional jobs are created in the rest of Canada. The impact on the rest of Canada is not as massive as it is in the provinces of Alberta, Saskatchewan and British Columbia. Other of my colleagues will be discussing those specifically today. I would like to talk about some of the broader elements of the slowdown in the industry so that we can have a better understanding in this House of the impact of the policies the government is following.

Ralph Hedlin Associates completed a very intensive report entitled "Some Implications of the National Energy Program on Ontario and Quebec manufacturers". Let me just refer to the broad range of industries that are affected by the National Energy Program: the rubber industry, steel industry, wire rope, structural steel, fabricated pipe, boilers and pressure vessels, valves, turbines, pumps, controls, electrical equipment, transportation, measurement and control equipment. I would imagine that covers well over 75 per cent of the total manufacturing range of industries in this country. It is a very broad problem that we face.

Let us look at the compressor industry, one of the industries that is hardest hit. One firm in this industry estimates that losses of $40 million are due to cancelled, reduced or delayed orders. Another firm reports a fall-off from $17 million in sales about a year ago to $1.7 million, a 90 per cent drop in

sales in the two-month period of January and February. One company reports that under normal business conditions they would bid on 30 to 40 projects per month. Now they are bidding on three to four in the oil and gas industry. This is a serious situation that is growing worse daily.

Let us look at the rubber industry. They had anticipated orders of about $22 million for the Alsands project. These are delayed, I guess you could say indefinitely because the minister has been unable to make any progress as a result of the decisions he has taken in the negotiations with the Alberta government. They attribute these delays directly to the National Energy Program.

One structural steel company predicted about $100 million in potential business for western Canada. This is now on hold as a result of the program. One fabricated pipe manufacturer, who unfortunately had expanded production facilities prior to the National Energy Program, is now operating far below capacity with very substantial interest rates to maintain, as a result not just of the slowdown in the energy industry but the very high interest rate policy of this government.

Finally, in the electrical industry one company had planned to establish a research and development capability but it has now put that on hold pending resolution of the energy deadlock in this country. With the uncertainty and the direct impact of this energy policy, there is substantial loss of economic activity and loss of potential to the economy of this country that must be addressed very quickly or we will face very serious consequences throughout this country.

Let me draw some conclusions from the Hedlin study which I believe it important for members of this House to consider. The first is obviously the very broad relationship of the oil and gas industry to the total manufacturing economy of this country, not just in western Canada but all of Canada. This is a very important relationship that we must learn to better understand in this House.

Second, the immediate impact that the Hedlin study has observed is not nearly as much as the medium or longer-term impact, as the over-all result of this loss of business starts to affect orders that will be lost, sales that will be lost, lost employment opportunities as well as investment opportunities or the creation of new plant and equipment which generates economic activity in this country.

The key is that the next 12 months is a critical period for all of these industries. That is the period during which the direct impact will be felt by the country. If the megaprojects, the Alsands and Cold Lake projects, are delayed, the impact on this country will be disastrous, not just in lost supply so important to us in 1990, but in the economic activity that we need so desperately in this country today.

● (1620)

The intransigencies of the minister and the provocative approach that he and the Prime Minister (Mr. Trudeau) took to these oil negotiations last year at this time have resulted in the most serious government-induced slowdown in our economy that I think anybody in this House can remember, and perhaps I could say it is the most serious government-induced slowdown of our economy in history.

The Alberta reaction which resulted in cutbacks and putting these megaprojects on hold was a predictable reaction. In face of the way the minister and the Prime Minister conducted the negotiations last summer, it is clear there were few options the government of Alberta had when the energy program finally came out and showed, if you can believe it, a less satisfactory offer to the provinces than had been offered to them back in July. It was no surprise. I think anybody could have predicted it and we were predicting it in this House prior to the energy program, if there was not a more realistic approach when the energy program was finally brought down.

Today the outlook for the Canadian economy is not good. We had unexpected strength in the fourth quarter of last year and the first quarter this year, but with the high interest rate policy that this government has maintained throughout this whole period and with increasing interest rates, it is clear to me that the economy cannot stand that sort of stress and still maintain any degree of economic growth. The future is very cloudy indeed, and we need desperately this energy development to be brought forward to take up the slack in this economy.

I am not the only person saying that. If you read economic reports, including the one of the Economic Council of Canada, you will see stated very clearly in the last report that the key hope for this economy is energy development in this country.

Let me refer briefly to a statement made by the Governor of the Bank of Canada yesterday when he was before the committee in the other place. He said:

> —a settlement of energy disputes probably ought to be given the highest priority in economic policy these days . . . I think the settlement might very well help us on the exchange rate and might improve the investment climate.

I believe you know, Mr. Speaker, that the Governor of the Bank of Canada is a very subdued and soft-spoken individual, but I think that is a very powerful message he has given us to date. What he is saying to us is that because there is uncertainty about future energy development in this country in face of the real energy problems the world faces, there has been downward pressure on the Canadian dollar—the exchange rate, to use his words.

He also indicated previously in his testimony that if there was not that pressure on the exchange rate he would have an opportunity to reduce the level of interest rates in this country. Quite clearly, the direction the Governor of the Bank of Canada has followed is in maintaining an interest rate policy which clearly has an eye to the level of the Canadian dollar, because if the dollar falls further than it has to date it will generate further inflationary pressures in this country.

Let us be quite clear. When you cut through it all what we are referring to is jobs—jobs of individual Canadians in small businesses, medium-sized businesses and very large businesses. This is most visible in the province of Alberta but we are starting to see it more and more from statements being made in the provinces of Ontario and Quebec.

Let us not forget that last November and December we on this side of the House, as well as many other observers in the country, warned the Minister of Energy, Mines and Resources, the Prime Minister and the Minister of Finance that the policy, if followed through, would result in the disasters that are starting to fall around us right now. We did predict oil drilling activities and we did predict the drop in land sales. Now this is a fact.

How long is the minister going to sit there nodding his head saying yes, yes, yes, when we talk about the broader economic effects of this policy and do nothing about it? The statistics we see today clearly demonstrate that we knew what we were talking about in November and December, and the statistics of later on this year will prove that we know what we are talking about today. Very few people in this country disagree with us.

Let me refer to another element which I think involves an important message which I am receiving from people in my constituency and others who are directly affected, and that is the oil brain drain. This is quietly happening today, Mr. Speaker. Canada is not an island unto itself in energy development. We have to be conscious of what is happening in the rest of the world. We are part of a broad, worldwide oil and gas industry. I do not think there is another country in the world which has taken the approach that Canada has to oil development. Other countries are aggressively pursuing exploration and production of oil and gas. They are valuable commodities to these countries, so we have a competitive situation here. Our young men and women are being drawn away from Canada because of uncertainty and the lack of jobs in this country, jobs which are available for them in spades in many other countries of the world, most particularly in the United States because it is right at our doorstep.

Mr. Gerry Maier, chairman and chief executive officer of Hudson's Bay Oil and Gas Co., recently made a speech on this subject. He said:

> As long as Canadian energy policy results in cash flow cutbacks and reduced profits for the industry, the temptation to move to greener pastures will remain strong.

He goes on to say:

> In the U.S.A. reducing dependence on foreign petroleum has become a virtual crusade, and Canadian recruits are being welcomed with open arms.

The prospects clearly are better in other parts of the world. The uncertainty which has been created by this energy program in Canada is pushing our technologists, our highly technical experts, out of the country to other parts of the world. The industry and the governments in these other countries have accepted as a common goal the need for greater production. We must accept that today or we will lose more of our highly technical people.

The result of this will be that when these projects are to be developed the people we need to bring them on stream will not be available. What that means is that we will get the second best talent, which will result in longer times to bring the project on and it will result in mistakes. The net result of that is that the consumer in this country will pay more for energy developments that could be under way today if this government had any sense.

In face of these clear signs of deterioration, whether it is from conventional drilling, delay in the megaprojects or from the oil brain drain, it is hard to understand the complacency of the Minister of Energy, Mines and Resources. He is saying they have a majority in the House of Commons and they are going to ram this program through. They do not have to listen to anybody. They can build the monument to Marc Lalonde.

Another statement he has made which disturbs me tremendously is that if they are going to get beaten in the next election they should get beaten by something they really believe in; not what the people want but what they, Marc Lalonde and other members of the government, feel is important to their small little world.

• (1630)

The Acting Speaker (Mr. Ethier): Order, please. Hon. members should be referred to by the names of their constituencies, or by their departmental titles if they are ministers, but not by their names.

Mr. Wilson: Thank you, Mr. Speaker, for drawing that to my attention. I will try to do better next time.

What we are forgetting here is that people are losing jobs. We are creating tremendous oil supply insecurity in this country, and we are losing the technological brains which would be tremendously important to this country in the years ahead. The minister must not sit and build his own oil and gas Utopia in which things are done just according to what he says. He must learn, he must pay attention and he must be sensitive to what is happening in the rest of the world. He must pay attention to the decisions which are being made by people in the industry and by individuals who are going to those green pastures to which Mr. Maier referred. If the minister does not do these things, his Utopia will force Canadians to accept lower living standards, less economic security and a much more uncertain and cloudy future than we see even today.

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Mr. Speaker, I am glad to see that we finally got around to debating this motion which the Progressive Conservative members of the opposition surely deemed very important and very urgent, but which they even came close to stranding completely because of the altogether unfounded questions of privilege raised during a full hour by various members opposite.

[*English*]

For an hour we listened to a number of frivolous Conservative questions of privilege and points of order. The hon. member for Halifax West (Mr. Crosby) tried to back away from a position he impressed upon the Prime Minister (Mr. Trudeau) a week or two ago. Having reflected upon his attitude at first, the hon. member tried to back away from the position he took in this House. As the hon. member himself

said, the record will speak for itself. It is there for everyone to see.

[*Translation*]

The motion before the House today reads very simply as follows, and I quote:

That this House condemns the government's National Energy Program because of the substantial adverse impact it has had on energy development in Canada, and on those parts of the economy which supply goods and services to the oil and gas industry.

If the Progressive Conservative members of the opposition had the courage of their convictions, they would have drafted a much clearer and much simpler motion. They would have said quite simply that the Progressive Conservative Party urges the government to raise consumer prices so as to give more money to the oil industry and to the producing provinces. Basically that is what the Conservative members have been advocating here and there and everywhere in the country, and we had the best example of that earlier from the hon. member who spoke on behalf of the Progressive Conservative opposition. In fact, what the Progressive Conservative Party is doing, and I quote, it "condemns the National Energy Program" as a whole. I see Conservative members opposite, the hon. member for Victoria (Mr. McKinnon) who nods his head in agreement. It is important that Canadians know what the Progressive Conservative members object to when they say: We reject the National Energy Program. What they reject, Mr. Speaker, is a whole series of measures whose aim is Canada's self-sufficiency by 1990; what they reject is a whole series of measures to ensure that that industry will be controlled and owned by Canadians by 1990; what they reject is a price system which will be fair to consumers and to the various regions of the country as well as to the Canadian government and the government of the producing provinces. That is what the Progressive Conservative members reject. They should have the courage of their convictions. The National Energy Program provides for billions of dollars in grants to help Canadian consumers improve energy conservation through the Canadian Home Insulation Program, for instance, in which we pay half the cost of insulation up to $500 for each home. That is what the Progressive Conservative members reject. Similarly they reject measures to promote the replacement of petroleum by other forms of energy, something which must be done as quickly as possible because that is what will make Canadians self-sufficient in the short term. Thanks to the measures I announced on Monday, Mr. Speaker, we will be able to reduce oil consumption in Canada by 300,000 barrels a day. Canadian consumers will be eligible for up to $800 for each home to convert their oil heating system to a heating system operating on gas, electricity, wood, propane gas, solar energy or other forms of energy. That is what the Conservatives are condemning and rejecting. Let them have the courage of their opinions, let them stand up and be counted! The Canadian consumers will know how to judge their position on this subject.

What else are they rejecting? They are rejecting the extension of the gas pipeline for the citizens of Quebec and the maritime provinces, which is an integral part of the National Energy Program.

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Etobicoke Centre (Mr. Wilson) on a point of order.

[*English*]

Mr. Wilson: Mr. Speaker, I hesitate to interrupt the hon. minister's speech, but he is attributing a large number of statements to this side of the House, which is a total distortion. If the minister is going to make those statements, I ask him to substantiate them.

The Acting Speaker (Mr. Ethier): Order, please. The hon. member had 30 minutes. He had a chance to make his point of view known, whether he was accusing the government of mismanagement or of having a bad energy program. Now the government is defending itself. I think the Chair is here to listen to both sides, and that is what we will do.

Mr. Lalonde: Mr. Speaker, the Conservatives wasted an hour of the time of the House this afternoon with flimsy questions of privilege and points of order. I hope the time taken by the hon. member in raising this latest flimsy point will not be considered part of my time.

I am not attributing any intentions to the Conservatives. I am reading their own motion, which says:

That this House condemns the Government's National Energy Program—

An hon. Member: That is true.

Mr. Lalonde: An hon. member says that that is true. I will tell hon. members opposite what they are condemning. They should stand up and be counted. They are condemning conservation measures. They are condemning measures which will encourage consumers to use substitutes for oil. They are condemning the Canadianization program of this government which will ensure that before the end of this decade Canadians will control the petroleum industry, which at the present time is over 70 per cent controlled by foreigners. That is what the Conservatives are rejecting.

Mr. Taylor: We won't even have a country if you are there for long.

Mr. Lalonde: With the support of the people of this country, before the end of this decade this government will see that the people of Canada own over 50 per cent of this industry.

Mr. Taylor: If there still is a Canada.

Mr. Lalonde: They will control the major companies in this industry. Through their government the people of Canada will have a larger ownership than they had before, and this will benefit Canadians.

Mr. Taylor: If there still is a Canada.

Mr. Lalonde: We hear them now. We know what they are condemning. We can hear hon. members opposite talk and shout. What they are condemning are measures in the energy program which provide that Canadians will pay a predictable price for their oil. They will pay a price which will increase, but it will increase on a gradual basis. The price of oil will not be subject to the rapidly escalating and unpredictable prices determined by OPEC. That is what the Tories are fighting. With respect to distribution between the regions of this country, the Tories are against the proposition that the national government should get a larger share for the benefit of all Canadians. This is what they are fighting, Mr. Speaker. This is what the Tories cannot see.

• (1640)

Mr. Taylor: Fifty dollars to Mexico.

The Acting Speaker (Mr. Ethier): Order, please. I thought the House had recognized the Minister of Energy, Mines and Resources (Mr. Lalonde) and it is very difficult for the Chair to hear the discussion when there is shouting. I think courtesy was extended to the previous speaker and I would invite the hon. members to be as courteous to the present speaker.

An hon. Member: Ask him to leave the House if he does not want to listen.

Mr. Lalonde: I think we have clear evidence that the truth hurts and it seems to hurt very badly over there.

Mr. Wilson: It is not true, though.

Mr. Lalonde: In effect what we are proposing is that the people of Canada, through the energy program, should be entitled to 23 cents out of every $1 that comes out of that industry while the industry will still get 33 cents and producing provinces will get 43 cents. That is what the Conservatives are fighting. They think the people of Canada, who have been paying through their taxes the overwhelming part of the industry incentives, are not entitled to more than 9 cents. Well, we think 23 cents is a very fair and very low payment to the people of Canada for everything they have put into that industry over the years, and that is for all the people of Canada.

Mr. Wilson: That is a distorted figure.

Mr. Lalonde: So when the Conservative party puts a motion condemning the National Energy Program globally as they are doing in this debate, let us remember what they are condemning.

Mr. Taylor: Fifty dollars to Mexico, $15 to Alberta, that is what we are condemning.

Mr. Lalonde: What I would like to cover more specifically is some points raised by the hon. member.

[*Translation*]

I believe that it is important, Mr. Speaker, to recall once again what it is that the Conservatives are opposing. What they oppose is the National Energy Program as a whole, that is a good program for the Canadian consumers, a good program for Canadian ownership and Canadian control of this industry, and a program which will ensure energy self-sufficiency by 1990, which means that we shall no longer have to import foreign oil.

The Conservatives' answer would be to increase consumer prices and give more money to the corporations and the producing provinces even though in no other federal system in the world producing provinces receive as much as they do in Canada, and this under the National Energy Program.

[*English*]

Now, the spokesman for the official opposition has depicted a very gloomy picture of the situation and I would like to draw to his attention a few facts. I will begin with what is happening in the Canada lands, Mr. Speaker. These lands are the exclusive responsibility of the Government of Canada, and if any blame is to be attributed, you cannot parcel it out. If something goes wrong in the Canada lands, the responsibility is that of the Government of Canada. However, if something good happens there, then the Government of Canada should get the credit. And what have we seen? The hon. member talks about the oil and gas industry. I would urge the official opposition to look at the oil industry in global terms, not just to look at Alberta and say that that is the end of it. Look at the situation in Saskatchewan, British Columbia and the Canada lands.

What is the situation in the Canada lands, Mr. Speaker? Well, I have no doubt that the Conservatives do not know what was spent there last year. Total expenditures by the oil and gas industry in the Canada lands last year was $345 million. And after the National Energy Program was announced in 1981, Mr. Speaker, how much is the industry going to spend there? It is going to spend $630 million, almost double what it spent last year. Then we go to next year and the year after. The forecast for 1982 is $880 million, and for 1983 it is $1.035 billion. That is the kind of action taking place in the Canada lands with the oil and gas industry. The Tories will not talk about that, they do not know any better. They like to believe the stories they are being told by some spokesmen for the industry and they do not want to look at the whole forest; they look at a few trees and knock their heads against them and refuse to see what is happening in the industry.

What is happening in the provincial lands? Well, I will not quote internal statistics because they will be challenged as being inaccurate; I will quote the opposition's preferred source, namely the industry magazines, such as *Oilweek*, for one, which I am sure is known if not read by some members on the other side, and what do we see there? They talk about wells disappearing or a small number of wells being drilled. Well, let us face it, we have a situation in this country where we have had a surplus of natural gas, and that has been going on for quite a while. People recognized this well before the National Energy Program was brought in, Mr. Speaker. That program had nothing to do with capped wells in Alberta or in other

provinces. They were there well before the NEP was announced, so much so that a spokesman for the gas industry said, well before the program was announced, that there would be a very substantial decline in drilling activity in western Canada in 1981. This is what the oil and gas journal said in quoting the executive director of the Canadian Association of Oilwell Drilling Contractors before the NEP came into being. He said that no more than 5,000 wells would be drilled in Canada in 1981 compared with 8,300 wells in 1980, a drop of 40 per cent. That is not the government's policy, not the government's decision and not the National Energy Program.

Mr. Wilson: Read the rest of the quote.

Mr. Lalonde: It is a fact that the Canadian Association of Oilwell Drilling Contractors stated, before the National Energy Program was announced, that because of a surplus of natural gas they would have a very drastic reduction in the number of wells drilled in this country in 1981 and, significantly, that is what has happened.

What do we see in *Oilweek*? Comparing the first quarter of 1981 with the first quarter of 1980 we see that the number of wells in development for natural gas has gone down. There is no surprise there. That was foreseen by the industry at least a year ago. Development wells are down from 641 to 457. And we see, in spite of the gloomy stories we hear from the opposition, that the number of exploration and development wells for oil has not gone down, Mr. Speaker, but has increased. Oil exploration wells went up in the first quarter from 162 to 253, according to *Oilweek*. Oil development wells have gone up from 284 to 400 and therefore, the total for oil has gone up from 446 to 653, over 200 more in the first quarter of 1981 compared to the first quarter of 1980. If you add all the wells together, including the gas wells, you end up with a larger number of wells in the first quarter of 1981 than in the first quarter of 1980. It went up from 2,004 to 2,235. These are the statistics, the facts, the reality of what is happening.

The situation for natural gas is indeed serious and one we have had to live with, as I said, well before the National Energy Program.

• (1650)

Mr. Towers: Mr. Speaker, I rise on a point of order. Does the minister not realize that the figures he is quoting are the result of budgets established well before the National Energy Program, and that we are now just coming to the time when there will be a downturn? Surely he has the intelligence to understand that.

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Lalonde: Mr. Speaker, I hope the time taken up for this point of order will be deducted from my time. There are so many inaccuracies and wrong statements made by the opposition that I will need all my time to answer them. We are not talking about previous budgets; we are talking about the first quarter of 1981—

Mr. Towers: But it is a result of previous budgets.

Mr. Lalonde: —which is several months after the October 28 budget came into effect. These are the facts as put out by *Oilweek*.

Obviously there are some problems. I indicated that as far as the Canada lands are concerned, we are seeing more activity under the National Energy Program than we have ever seen before. This is taking place, thanks to the National Energy Program. It benefits oil and gas companies, mainly Canadian gas companies. For the first time in the history of that industry, junior Canadian companies are involved in exploration.

Mr. Wilson: In the United States.

Mr. Lalonde: They are involved in exploration on the east coast and in the Arctic, which did not happen before. Also this is thanks to the National Energy Program. Most of those companies are from Calgary and Alberta.

Some hon. Members: Hear, hear!

Mr. Waddell: Like Mobil!

Mr. Lalonde: There are problems in some areas. After having indicated the areas where the federal government alone is responsible, I would like to indicate that there are problems in some provinces.

I would like to say a word about those provinces because while we are exclusively responsible for the Canada lands, everyone recognizes the provincial governments are getting the largest share of the benefits. They have responsibility as well as the national government when it comes to provincial lands. As a matter of fact, they like to claim that it is all theirs, but when it comes to paying their contribution or their share of the costs, they are not so eager.

Let me look at the situation in some provinces. If we look at the situation in Saskatchewan, for instance, we see royalties in the province which are higher than in any other province in Canada. We have a situation where some of those wells are being closed at the present time. I am sure the hon. member for Assiniboia (Mr. Gustafson) will want to talk about this. Some of those wells are being closed, but why? It is because of the excessively high royalties in the province of Saskatchewan. The royalties are higher than in any other province, royalties which the industry itself is blaming for the current closing down of a large number of wells in that province.

I hope the government of Saskatchewan will reflect upon this and realize that it must do something about this. What is the situation in Saskatchewan? Saskatchewan royalties are twice as high as Alberta's on the production of an average well; they are twice as high as those of its neighbouring province.

Mr. Taylor: So what?

Mr. Gustafson: But our production is three times as low.

Mr. Lalonde: For an average well in Saskatchewan producing about 30 barrels per day, the royalty on old oil is 51 per cent in Saskatchewan and 24 per cent in Alberta. Lower rate producers are hit even harder. A ten-barrel per day well pays 37 per cent royalty on old oil in Saskatchewan and only 8 per cent in Alberta.

The hon. member for Assiniboia can complain as much as he wants but those figures indicate clearly that if those wells were in Alberta, they would be still producing. They are being closed down at the present time because of the excessive royalties the government of Saskatchewan has imposed.

Mr. McKinnon: Speak louder.

Mr. Lalonde: Now I would like to turn to British Columbia. We have heard a lot of noise from the hon. member for Victoria (Mr. McKinnon) earlier. What is the situation in British Columbia? Gas pricing in British Columbia is lower for the producer than it is in Alberta. The producer in British Columbia receives about $1.45 per thousand cubic feet for old gas after export adjustments. In Alberta the same producer receives $2.62. This is under the same National Energy Program. The situation in British Columbia has nothing to do with the National Energy Program. It has to do with the Socred government there and the type of decisions that government has taken. It is not the National Energy Program that is the cause of the difficulties in the industry in British Columbia at the present time. This has been repeated over and over again by the industry when representatives appeared before the British Columbia Utilities Commission.

I left Alberta to the last. Certainly Alberta has some problems. We have met with the service industries; many of them came from Alberta. Certainly these people attract our sympathy. It is sad to see many of those little Canadian companies suffer.

Mr. Towers: What will you do about it?

Mr. Lalonde: I have had several meetings and discussions with these people. Their attitude is more responsible and rational than that of the Conservatives on the other side of the House. In all the meetings these people said that both orders of government must settle this, that both orders of government must move, and that there must be some compromise. They recognize that since the National Energy Program was announced, we have made some moves, some adjustments, and have shown some compromise.

Mr. Gustafson: To take over the industry.

Mr. Lalonde: To the contrary, and I will quote the hon. member for Assiniboia. In the parliamentary committee last night he said that the producing provinces have not budged an inch. We can check the blues; he had better not change them.

Mr. Gustafson: They should not budge an inch.

Mr. Lalonde: This is what the hon. member for Assiniboia said.

Mr. Gustasfson: Why should they?

Mr. Lalonde: I presume he was speaking for the Tory Opposition when he spoke like this last night.

Mr. Taylor: Why should they?

Mr. Lalonde: Now we hear from another member from Alberta, the respectable hon. member for Bow River (Mr. Taylor). He is asking "why should they?" That is the attitude of the Conservatives: sock it to the consumers, give more money to the industry, give the producing provinces whatever they want; they should not compromise.

Mr. Taylor: You give Mexico $50 and us $15.

Mr. Lalonde: I am glad the ministers of energy for the producing provinces and the premiers, particularly the Premier of Alberta, have more judgment and are more reasonable than the hon. member for Bow River.

Mr. Taylor: That is why you have not reached an agreement.

Mr. Lalonde: They are ready and willing to make some concessions. I will meet with the minister of energy for Alberta on June 10; I am looking forward to that meeting. At our last meeting, we indicated that we were willing to be flexible and to compromise. There was such a recognition of this fact by the spokesmen for Alberta that they agreed to have another meeting to look at whatever flexibility they could introduce in their position. In that sense, they have shown a lot more judgment than the Conservative members from Alberta who are sitting in the House, particularly the hon. member for Bow River.

Mr. Taylor: Try telling them why you pay Mexico $50 and us only $15.

Mr. Lalonde: Indeed we have indicated that there must be a settlement.

Mr. Taylor: You will not answer that, will you?

Mr. Lalonde: It is a matter of high priority. The Governor of the Bank of Canada said yesterday that it was a matter of the highest priority. We agree with that. On November 2, the Prime Minister stood in the House and said that Alberta does not like the program and that we were ready to sit down and talk about improvements and adjustments to it.

Mr. Taylor: It took you about eight months to decide that.

Mr. Lalonde: What happened between November 2 and early April? We have not been able to obtain a meeting with the government of Alberta. That is the situation; that has been the situation.

Mr. Taylor: Now you blame Alberta.

Mr. Lalonde: There was a cutback of 60,000 barrels by the government of Alberta.

Mr. Taylor: And it could be even more.

Mr. Lalonde: The hon. member for Bow River is shouting that there will be another one on June 1. How will that help the negotiations? How will that help the average Canadian?

• (1700)

Mr. Taylor: Buy it from Mexico at $50 a barrel.

Mr. Lalonde: We know that it will not help the average Canadian, it will hurt him, because he will have to pay even more.

Mr. Taylor: Buy it from Mexico at $50.

Mr. Lalonde: We hear that the industry hurts. In its last report, the Alberta Energy Conservation Board said that at worst the National Energy Program in Alberta, perceived in its worst possible context, might reduce production by 50,000 to 60,000 barrels in Alberta by 1990. But that board, which is a board of the Alberta government, said that what was most damaging to the industry in Alberta at the present time was the cutbacks imposed by that government, and that those cutbacks this year would cut production by 180,000 barrels and would have an impact on the industry of over $200 million in Alberta. This is what is happening with the decisions of the government of Alberta, not the Government of Canada.

Mr. Taylor: Pay us a proper price then.

Mr. Lalonde: The hon. member for Bow River says, "Pay us what you want."

Mr. Taylor: No, pay us a proper price.

Mr. Lalonde: That is the position of the Tories in this House.

Mr. Taylor: Fifty dollars for Mexico, $15 for Alberta.

Mr. Lalonde: The Tories say that any provincial government may dictate to the national government what should be the national policy. We do not believe in that.

Mr. Taylor: Fifty dollars for Mexico, $15 for Alberta.

Mr. Lalonde: We believe in compromise and good sense. We believe in national responsibility for all the people of this country.

Some hon. Members: Hear, hear!

Mr. Lalonde: We will fulfil our national responsibility.

Mr. Taylor: Fifty dollars for Mexico, $15 for Alberta.

Mr. Lalonde: We will negotiate and arrive at a deal which will be fair to all Canadians.

Some hon. Members: Hear, hear!

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, I know that the minister must leave, but I hope that he will stay and hear me for a short while. When I listened to his speech he reminded me of a man whom Oscar Wilde described as someone who knows the price of everything and the value of nothing.

An hon. Member: Right on!

Mr. Waddell: It seems to me that once again the minister has thumped, pumped and spoken. It was not a speech he gave, it was more of a tirade, which indicates to me that the minister must be in trouble with his National Energy Program.

The message we received on this side of the House was the same old message: Ottawa knows best what is good for the west. Before the minister leaves I wish to quote—

Mr. Evans: When will you say something of substance?

Mr. Waddell: If the hon. member for Ottawa Centre (Mr. Evans) would listen for a moment he will see that I will deal positively with how I think we can solve this problem with western Canada.

Mr. Evans: Proceed.

Mr. Waddell: Mr. Speaker, I would remind the minister of a speech given in this House by the Right Hon. Lester Pearson on April 14, 1964, as reported in *Hansard* at page 2145. I see the minister is leaving, but he can read my remarks in *Hansard* tomorrow. At page 2145 of *Hansard* for April 14, 1964 Mr. Pearson was dealing with co-operative federalism. He said:

> It is the task of Parliament, without regard to party; it is the challenge of statesmanship rising above faction, to find the solutions to our problems which are now more serious and more difficult than any we have faced in peacetime since 1867.

Mr. Pearson was dealing with the problems of Quebec in the 1960s. He was dealing with a quiet revolution in Quebec, which in a strange way has certain similarities to the kind of economic revolution which is happening in western Canada at the moment. As I understand it, that was the reason why members such as the Minister of Energy, Mines and Resources (Mr. Lalonde) were elected to Parliament. Maybe the minister has forgotten some of the words of his mentor, the Right Hon. Mr. Pearson. The speech goes on:

> We must find these solutions by agreement, not force them by compulsion. We cannot hope to find such agreement in our country if we cannot find a basis for it in our Parliament.

And what did we receive in this House today? A tirade mainly against the Conservative opposition, and secondly, against the provinces with regard to the whole energy problem.

The minister has left the chamber, but I offer three quite obvious points to him to which I hope his parliamentary secretary will reply. One, we do not have a pricing agreement with Alberta, and on June 1 Alberta will turn down the tap further and Canadian consumers will have to pay more for gasoline. It will be another "Lalonde levy", as we call it here. The Liberals call it a "Lougheed levy". The Albertans call it a "Lalonde" levy and I call it a "Lougheed-Lalonde levy". In any case, it will be an additional tax to pay for imported oil.

That is a ridiculous situation, Mr. Speaker. The minister cannot just get up in the House and blame it on hon. members to my right, or on the provinces, although in a great many ways it is a shared blame. The minister is part of those negotiations. He must be flexible in the agreement. Is the minister or the parliamentary secretary prepared to stand up in this House and say, "Mr. Speaker, all right, we will withdraw the 8 per cent wellhead tax. We will withdraw it, change it, and we will be flexible"? Saying that would go a long way toward reaching an agreement. But you can bet your bottom dollar and your bottom barrel of oil that neither one of them will stand up in the House and say that. The minister is one of the inflexible parties.

The second point I offer to the government speakers to reply to is simply this. We heard from the hon. member for Etobicoke Centre (Mr. Wilson) of a downturn in the west, in Alberta, in oil exploration. I have the same figures and I could quote them. All the figures are before us and they will appear in *Hansard* as cited by the hon. member for Etobicoke Centre. The minister stood up and quoted figures from *Oilweek*, which I personally think are old figures. They are really last year's projections before the National Energy Program came into effect. Those figures will not be borne out. There will be a downturn in the Alberta oil and gas economy, also in the economies of Saskatchewan and British Columbia. I do not believe any of those figures. I do believe the guys who came into my office. They are working men, and they also went to the minister's office. I see a member to my right nodding, they also went to his office. I looked at them, and as a lawyer the minister knows that the best evidence is live evidence, what we lawyers call viva voce evidence. I could judge their credibility. It seemed to me they were credible. They were small time industry workers and they told me they were suffering. I believed them. They are suffering from the National Energy Program. For the minister to stand up and say that they are not suffering is simply hogwash. It goes against the best evidence there is—they were there and they were suffering.

The third point I offer to the government arising out of the minister's speech is the fact that the minister says we are developing Canada lands. He is asking us to look at all the exploration which is taking place, for example Dome Petroleum and others who, with all that public money, are exploring and developing Canada lands. "Canada lands" means the north and the offshore, it does not mean Alberta, Saskatchewan and British Columbia, where the minister cannot be the dictator. I ask this question of the government for reply in this debate: why develop Canada lands when you have Alberta, Saskatchewan and British Columbia to develop? That does not make any sense to me. Why go to the high costs in the Arctic and offshore when you have Alberta with conventional gas? This does not make any sense to me. I submit that it does not make any sense to the average Canadian either. As the hon. member for Bow River (Mr. Taylor) was saying, and I do not agree with his philosophy, why buy imported offshore oil when we have Alberta oil? It does not make sense for the minister to say, "Let us develop Canada lands", except if we accepted a rather Machiavellian interpretation of what the minister is doing. Is he saying that he will go around Alberta, Saskatchewan and British Columbia rather than deal with them? That is exactly the opposite of what Mr. Pearson said in the House in terms of co-operative federalism.

The minister said in the House, as well, that well before the end of the decade, by 1990, the people of Canada will own over 50 per cent of the industry. We support that. Who doesn't? Maybe a few hon. members to my right who have an ideological hang-up on public ownership do not agree, thereby going against the entire Canadian social history and the history of their own party. But other than those few members, we on this side of the House support that effort. In Sault Ste. Marie in 1974 the Prime Minister (Mr. Trudeau) said that we would own 50 per cent of the industry by 1980. Mr. Speaker, there is just no credibility there.

• (1710)

I would like to deal, in the time I have left, with what I consider are now the positions of the three political parties in Canada on energy. I hope that when I am outlining our position I can suggest some principles upon which we can settle by negotiation the dispute with Alberta. I agree with all speakers that this is the number one problem. It is one of the big problems in the Canadian economy today.

I should say right away that both the Conservative spokesman and myself do not think that the National Energy Program is working. It was supposed to help Canadian companies; but these little guys, these Canadian companies, are telling us they are going out of business. Something is wrong there; and I will tell you what is wrong. What is wrong is that the major foreign-owned companies are making their profits downstream. By that I mean in marketing, in pipelining and in selling gasoline at the pumps. The little Canadian companies make their money and do their work in exploration and development. So what does the government do? It puts an 8 per cent wellhead tax at the exploration and development stage. Whom does this hurt? The little guys? One does not hear the big companies squealing. One hears the little guys squealing. So what kind of a Canadianization policy is that? To me it does not make sense, and that is one of the reasons we are opposing the National Energy Program. They are scared. My colleague said they are scared of the big companies. I will come back to that in a moment.

With respect to the Conservative policies outlined by the hon. member for Etobicoke Centre, it seems to me it is simply that the industry should be given a free hand. He said, and I quote, "The pricing schedule is not sufficient to bring about new investment". That is the industry line: "Give us more and more and more." That is the line my friends to the right are taking. They believe it. They are advancing it. However, it seems to me it will result in high profits to the industry. There have been record profits over the past few years. It will result in continued foreign ownership. We must tackle that problem. There is no way of getting around it. Either we tackle it or we do not tackle it, and that kind of "let the industry have a free

hand" will mean continued foreign ownership. Finally, with continued foreign ownership, it will always mean pressure for high prices.

What is the Liberal policy? We have had a lot of fancy talk. In 1973 we had a national energy program. The Prime Minister said:

> Its prime objective, to be reached before the end of the decade is self-sufficiency in oil and oil products.

In 1973, the big target was 1980. Now, in 1980, the target is 1990. The fact is that the government has not done anything very much in the past to really tackle the oil industry. What is it doing now? The minister says it plans to support renewables and conservation, but it gives $20 million to Canartech and $40 million to Imperial Oil to continue on with its development in the tar sands. Mr. Bertrand came out with a report in which he said the oil companies made excessive profits over the time the government was in office, and the time that the Conservatives were in office as well, and that these excessive profits and rip-offs were continuing. What did the government do? Well, Mr. Bertrand was moved; he went to the Anti-dumping Tribunal. He was dumped on the Anti-dumping Tribunal, and that is what happened.

The minister also talks about opening up the north. As we found out, the National Energy Program, in the opening up of the Canada lands in Bill C-48, has, in fact, brought problems to the north. The northern governments are upset and the native people are losing their rights. Because it cannot solve its dispute with Alberta, this government is prepared to bring in a national energy policy which will destroy the lands, in my submission, destroy the environment of Canada's north and destroy the native people in Canada. That is the bottom line.

An hon. Member: Come on!

Mr. Waddell: The hon. member does not believe that. He should read the submissions which were made to the committee. There are all kinds of government reports to say that if the north is opened up too quickly, that is what will happen.

I wanted to say something about the position of our party. I can see an hon. member saying, "It is about time." He should talk about his own party and stop criticizing. What I would basically like to set out today is the position of our party. It is very simple. We believe in Canadianization; but to us Canadianization does not mean to take over Petrofina, number eighteen from the list of companies. We would make Petro-Canada number one in the oil industry by taking over Imperial Oil. Second, we believe in conservation and renewables. We will put a massive effort into conservation and into renewables, not this picky little effort of the government, and we would follow some of the recommendations of the recent report of the task force of the House of Commons.

Third, we believe in provincial ownership. This is essential. I heard the hon. members applaud when the minister gave his last statement. I asked the hon. members on the opposite side, on the Liberal benches, to think about what the minister said. The fact is that the resources belong to the provinces, and that is in the Constitution. It is in the British North America Act. It is in the new Constitution, and that is generally accepted.

The provinces have been painted as the bad guys here. They have said that in spite of the fact that the resources belong to them, they are prepared to share. They are prepared not to ask for world price, but only for 75 per cent of the world price. They are even prepared to share the revenue they then get, recognizing that oil prices are extraordinary. We in the New Democratic Party reject world price. We do not believe in the world price; but we are prepared to listen to the provinces when they request their share and the prices they want.

For the federal government's share, if the federal government wants to subsidize oil prices in this company, then the federal government must take less of the amount. In a way, that respects the principle of provincial ownership, and it respects the problem we have in this country of not rushing the high oil prices right away. So in this country we can, in fact, have lower oil prices, but we can meet the requirements of the provincial governments. We can take off the 8 per cent wellhead tax and we can take off the 30-cent per thousand cubic feet gas tax because they are discriminatory taxes. They fall against the west.

I just returned from Alberta and from Saskatchewan. The producing provinces in the west are incensed with that tax. It is all very well for the majority in eastern Canada. I say this as a member of Parliament from British Columbia, which is both a consuming and producing province, and as one who might stand in the middle, as a member of the party which represents producing and consuming provinces, not like the hon. members opposite who only represent consuming provinces. If they continue to treat the west the way they are, they will have a separated west, or they will have—

An hon. Member: Come on!

Mr. Waddell: Do not say, "Come on", to me.

An hon. Member: Why not?

Mr. Waddell: There is deep discontent in the west, and it is about time this government realized that.

[*Translation*]

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

The Acting Speaker (Mr. Ethier): The hon. member for Témiscamingue on a point of order.

Mr. Tousignant: Mr. Speaker, the hon. member seems to be suggesting that the provinces should receive more royalties. Can he tell us what the Americans and the American states—

The Acting Speaker (Mr. Ethier): Order, please. If the hon. member wants to ask a question, he must have unanimous consent.

[*English*]

Mr. Waddell: I asked the hon. member to listen to what I am saying. I am saying that we must try to meet the legitimate requests. The hon. member is a Quebecer, and I suspect that he understands the legitimate request of the province to control its own resources, to get a fair price for them, and to not be pressed or told what to do by the federal government and to not be discriminated against, but to work with the federal government. The government does not go around putting a tax on electricity going to the United States. That is what I am trying to say. Outside the House, or maybe later if I have time, I will talk to the hon. member about that.

I want to conclude by saying that it is no good to have a national energy policy without having an increased public sector role. That is really the kind of modern world we are talking about. If we are going to have Canadianization, we must talk about that. We must also talk a little bit about not giving away all this kind of money which we propose to give away in the north as direct grants without getting some equity for the Canadian people and without getting some control.

Finally, we must tie into a national industrial strategy. The people are groping with that in this House. The Conservatives have suggested that there will be an impact in Ontario if we slow down oil production. We must flush that out and bring in shipbuilding in British Columbia where I come from. We are interested in that development as well. So we must tie into an industrial strategy.

Let me just conclude by saying we do not think the National Energy Program is working. We applaud all these great statements of Canadianization, conservation, substitution and so on. We want to see it work in practice. Too many Liberal statements in the past have turned out to be just pious hopes. I have suggested today, in I hope, a very positive, Pearsonian spirit, that we can reach an agreement with the provinces based on the principles I have set out. I hope to speak further on these principles in the House at another time. I think we can get this agreement very soon. The world will pass us by if we do not get together to solve the energy problem in this country. We will all suffer as a result.

● (1720)

Mr. Len Gustafson (Assiniboia): Mr. Speaker, it is a privilege to speak in this House on this very important subject. I am sorry that the Minister of Energy, Mines and Resources (Mr. Lalonde) is not present because I should like to bring a very positive direction to the energy question, particularly from those in the field and the people in the service and supply industry in my area who are suffering as a result of the energy dispute.

The minister referred to the import compensation program which he defended vigorously in the House just a few minutes ago. I should like to deal with the facts as they are in the field, with the international situation and also with the deficit that this country faces because of the import policies and compensation program of this government.

We import 150,000 barrels of oil per day from Mexico and Saudi Arabia which costs taxpayers $8.8 million per day. This is the equivalent of $1 million per hour for an eight-hour working day, to say nothing of the spin-off benefits that would accrue to the economy of the country if the minister would address the National Energy Program in a positive manner.

The National Energy Program should be the number one plank for solving the economic problems facing us today. Instead, it has become the number one business mistake made by any government in this century, particularly the government of which the Minister of Energy, Mines and Resources is a member.

I want to deal with the local conditions in the province of Saskatchewan which the minister addressed, Mr. Speaker. He said that royalties in Saskatchewan are high. They are. The minister did not explain to the people of Canada, and particularly the people of eastern Canada who are not aware of the situation, that Saskatchewan wells have low production. The average production of a Saskatchewan oil well is 19 barrels; the average production in Alberta is 60 barrels. The minister is unfair to the people of Canada when he neglects to clarify that point.

I want to bring to the attention of the members of the House and all those who are interested in the national energy policy a situation which arose this past week in my riding of Assiniboia. There are 480 wells of which PanCanadian is the unit operator, covering 65 other oil companies. Production at those 480 wells has been cut by 75 per cent because in the production of 14,000 barrels per day throughout the last year, the companies lost $564,000. The energy picture in western Canada has been clouded since October 28, at a time when it should be having the biggest boom in its history. If this is not a serious situation, then I do not know what is.

In the Williston Basin, which is 100 miles south, in the area of Estevan, Weyburn, Radville and Midale, and the oil field of southern Saskatchewan which is a part of the Williston Basin, production has decreased by 75 per cent but the production in Williston-North Dakota has increased by 75 per cent. Mr. Speaker, 139 oil rigs have left. I recall that I was one of the first members to rise in this House and ask the Minister of Energy, Mines and Resources if he did not fear that the oil rigs would be driven out of the country. He would not even admit to the possibility. That went on until last July and then began again last fall. We on this side of the House kept asking the minister whether he did not fear that his energy policy would drive the rigs out and he continued to defend his position, claiming that his policies would not have this effect. But, Mr. Speaker, we have lost 139 rigs.

As a result of Bill C-42, in 1972 we lost 65 oil rigs, not one of which has returned. Canada has one of the finest oil drilling fleets in the world, and it is being driven into the arms of Americans for their benefit instead of being used for the benefit of the Canadian people. All that drilling technology and so on is lost as well.

I should like now to turn to the service and supply industry. My colleague in the NDP mentioned that these people are

suffering very badly, and that is true. The industry is suffering as never before. There is about a 40 per cent reduction in employment, and small Canadian companies are being hurt.

The national energy policy pretends to address the Canadian situation and Canadianization of the industry, but in fact it is North Dakota, Montana and Texas which are being Canadianized. The rigs, the expertise and the investment capital are being driven out. All this will have far-reaching effects on our economy which will not soon be forgotten.

I should now like to turn to the matter of capital. For the past year I have been a member of the Standing Committee on National Resources and Public Works which deals with energy. One member of the committee invariably asks how much capital is being spent in Canada. In most cases, whether the company concerned was Canadian or foreign, it was a fortunate thing for the Canadian people if they responded that as much as 25 per cent or 30 per cent of their total capital investment is spent in Canada.

The outflow of capital due to the government's energy policy and the minister's direction, is a frightening thing at this time, not only on the provincial scene but in the Canada lands as well. The Canadian people should not forget about this question because it is a very serious one in terms of the outflow of capital. There was mention of $1.5 billion to be spent by 1983 in the Canada lands. In testimony at the committee, the Norwegians made it abundantly clear that it is important to have the participation of all the majors in a project as large as Hibernia and the North Sea development.

• (1730)

It is most important that our energy policy address itself to that. I would like to get back to the local scene in Saskatchewan and elsewhere in western Canada and to what is happening there. There is a job loss of about 40 per cent. Many small operators possibly will not be able to hang on beyond another month or two as a result of this energy policy.

About 120 service and supply people from Saskatchewan, Alberta and British Columbia appeared in Ottawa and painted a very serious and sad picture of the energy policy in Canada at this time. One hundred and thirty-nine rigs have left, as well as a great number of service rigs. There is 40 per cent unemployment and a 50 per cent cutback in exploration. The minister just said in this House that exploration would be up. It was intended that some 1,500 new wells would be drilled for exploration this year. It is now predicted that less than 700 new wells will be drilled. That is what is happening to our industry.

What about pricing? We now pay Mexico $42.50 a barrel for their oil. In Weyburn, Saskatchewan and in Alberta they pay $15.75 a barrel for heavier crude and $17.75 for lighter crude. This means a loss of jobs and a loss of opportunity for the people of this country. The minister of energy would prefer to buy oil from Mexico and Saudi Arabia at more than twice the price than give Canadians an opportunity to have jobs in their own country.

What about the spin-off benefits for the people in Ontario, Quebec, those in the rubber industry and in manufacturing industries? I do not think there is one industry in Canada that would not be affected by the spin-off benefits from the production of oil in western Canada.

We have to be realistic. We in western Canada are good Canadians. We want to be a part of building this country. However, we want to be treated fairly. For 100 years the industrial sector of the world dominated the economic scene, not only in Toronto, Montreal, North America but across the world. Suddenly under OPEC, energy has become number one. Somehow western Canada is supposed to be second place to all of this activity and accept $15 a barrel while everyone else receives $40 a barrel. We are reasonable people. If the price of oil were increased by $4 a barrel, we would be receiving half the world price, which might be reasonable.

The members of this House and the people of Canada should start to think very seriously about what the minister of energy is doing to our country. As I said before, the people of western Canada are good Canadians. It just happens that we produce energy and food. I repeat, for 100 years the industrial sector of the world dominated the economic scene. Suddenly that sector is in trouble. The government which represents the golden horseshoe is saying to western Canadians that it will take with its big powerful hand of government what is necessary to keep this country going in the direction it has been. There is nothing wrong with that. We in western Canada think the federal government should have a fair share, but let us be reasonable. The future potential of Canada is great in manufacturing, energy and food, but we must work together as a country and a people.

When my colleague spoke previously, he warned about the dividing factor this energy policy has become under the direction of the minister of energy. It is very serious, and the frustration in western Canada is great. The minister must address the cold war between east and west as it relates to the energy policy.

I want to address another area of the energy policy. There is a very definite parallel in the direction in which the Prime Minister (Mr. Trudeau) is trying to lead this country with the Constitution and the energy policy. Make no mistake about it. I want to read a paragraph from the book "Reaction: The National Energy Program" put out by the Fraser Institute in Vancouver, British Columbia. I quote:

> It is ironic that a program of government, designed to "secure the nation's energy future" should have such a damaging effect on the industrial sectors and the provinces uniquely capable of achieving it. Perhaps it is this inconsistency that has led some observers to claim that the new energy program is, in fact, a political document more concerned about short-run political objectives than energy security.

The direction of this government's energy policy is to nationalize the oil industry. Through Bill C-48, the move in the Canada lands and the 200-mile offshore in Canada lands, the federal government gives to the Crown corporation Petro-Can 25 per cent. There is a move to nationalize the oil industry. Through Bill C-48, it gives extraordinary powers and

privileges to the minister of energy to take up as much as 50 per cent in some cases.

Because of my statement about the energy policy and the Constitution running parallel, I want to read something written by the Prime Minister on an earlier day when he wrote about the practice and theory of federalism dealing with constitutional reform and what he thought should happen to Canada in 1960, some 20 years ago. He wrote:

If the whole of the Canadian electorate could miraculously be converted to socialist ideals at one fell swoop, there would be no reason to discuss strategy in the present context. Socialism would be achieved with or without federalism, and socialist administrations would be installed at every level of governmental affairs, no matter the form of the Constitution.

● (1740)

I want to suggest to you that it is not by chance that running parallel with the nationalization direction and the Constitution of Canada is the energy policy. We are faced with a new direction that will lay an industry in western Canada flat on its back, if needs be, to achieve this end. That is exactly what is happening. The Canadianization program and the energy program of Canada at this time are taking that kind of direction.

What is the cost of the energy program to the people of Canada at this time? Some experts have projected that the cost of the energy program, including the cost of the spin-off effects amount to $1 million an hour, not taking into account the $8 million it is costing us to pay for the 150,000 barrels of oil we are bringing into Canada daily. I refer to the spin-off effects, the loss of jobs to Canadians, the loss to the car industry of Ontario and the loss to the manufacturing sector of Ontario.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his allotted time has expired.

Mr. Roy MacLaren (Parliamentary Secretary to Minister of Energy, Mines and Resources): I find in listening to the debate this afternoon, Mr. Speaker, that there seems to be some confusion on the part of the hon. member opposite who moved the motion. His motion reads:

That this House condemns the government's National Energy Program—

Yet the hon. member for Etobicoke Centre (Mr. Wilson) the same member who moved the motion condemning the National Energy Program, stated on January 22:

—I am in agreement with the broad objectives of the program. Who in this country would not be in favour of self-sufficiency, an increase in Canadian ownership, and fairness in pricing and revenue sharing?

On the one hand the hon. member opposite condemns the program, and on the other hand he says he is in agreement with it.

I suppose one should not be too surprised by that contradiction because one has aften heard of similar instances during the course of our energy debates in this House. We have, for example, the hon. member for St. John's West (Mr. Crosbie) going to Alberta, urging the Alberta government to "hang tough" as I believe he put it, in discussions with the national government, in demanding higher and higher oil prices. Yet that same member when he returns to his native province of Newfoundland, or indeed here in the House of Commons, deplores the impact of higher oil prices on our economy and particularly on inflation. I do not know how the hon. member is able to reconcile those two obviously contradictory points of view.

Of course, we know of the confused Conservative Party attitude toward Petro-Canada. We have seen a series of positions taken, starting with outright condemnation, to gradual acceptance, and then to full acceptance. The other day the Leader of the Conservative Party (Mr. Clark) said, yes, after all, let us have Petro-Canada. That did not deter the hon. member for Calgary Centre (Mr. Andre) who within a few days said, as reported in *The Calgary Herald*, that there are too many Crown corporations in Canada, let us get rid of some. Obviously, he added, Petro-Canada would be a good place to start. I do not think we need to feel any real surprise about the contradictions that are before us in this motion when we have, as I pointed out, the same hon. member supporting the National Energy Program and then turning around and condemning it.

In supporting the program, he specified three principal objectives: self-sufficiency in oil, added to the self-sufficiency in all other forms of energy which Canadians already enjoy; an increase in Canadian ownership; and fairness in pricing and revenue sharing. Let me deal with one or two of those points which, indeed, are principal objectives of the National Energy Program.

The petroleum industry is and will, of course, continue to be one of the largest and most prosperous sectors of our economy. The industry will benefit immensely from the effects of increased prices foreseen in the energy program, and particularly from the incentive grants to help ensure that Canadians achieve oil self-sufficiency, as well as benefiting from a greater degree of conservation and oil substitution.

We do not, however, accept that fundamental decisions affecting Canada's petroleum industry, that most dynamic sector of our economy, should be made primarily in the boardrooms of multinational companies outside Canada.

Since 1974, for example, the petroleum industry has been a major exporter of capital from Canada. Such capital exports would grow if we had not introduced the National Energy Program, and grow so substantially that our balance of payments situation would deteriorate causing yet further strain on the Canadian dollar and, indeed, fuelling inflation.

By ignoring the problem of foreign ownership and domination of the industry in the past, Canadians in fact forfeited a significant share of the benefits from the strong resource sector we fortunately have in this country. We have many sources of energy in rich supply, and we intend to ensure that our energy resources benefit all Canadians.

A recent report by the Royal Bank of Canada, noting the strong base for growth that we enjoy in this country, offered the following appraisal of the Canadian economy. It predicted that over this decade employment opportunities will increase

faster than the growth of the labour force. The Royal Bank estimated that the unemployment rate will fall to 6 per cent by 1985 and about 4 per cent by 1990, which is in fact, in the statistician's terms, almost no unemployment at all. The bank went on to suggest that Canada's potential growth rate will remain above that of the United States and rank second only to Japan among the seven major industrialized countries. I note these forecasts, Mr. Speaker, because that is the context in which the energy developments of the months and years ahead will bring benefit to all Canadians.

In the Atlantic provinces energy resources are behind much of the Atlantic renaissance, and that certainly will continue. Saskatchewan, British Columbia and Alberta will, of course, be the major beneficiaries of future energy developments in the area of conventional oil and in oil sands. It is against that background that we are working toward an agreement with the government of Alberta. I am sure that all members of the House look toward that agreement emerging in the time ahead.

● (1750)

Throughout the industrialized world, oil-fuelled inflation remains a persistent problem. We have noted how the two major OPEC-imposed price increases of 1973 and 1979 led to a rapid growth in inflation throughout the industrialized world. Yet we here in Canada have the opportunity to reduce that impact and to cushion the blow on our economy by developing our own resources.

Unlike hon. members opposite, we on this side of the House favour a made-in-Canada oil policy, not one that is made by OPEC, so as to benefit all Canadian consumers. Apart from sheltering consumers from the severe impact of unpredictable oil price hikes imposed from outside our country, we shall encourage all Canadian explorers and producers of oil and gas in Canada to participate to a yet greater degree in the industry. We shall do that through Canadianization and, through the activities of Petro-Canada.

I want to cite a few examples of the growing success of our Canadianization program. Obviously Canadian companies see the petroleum incentives program announced in the National Energy Program as a catalyst for putting together deals with largely foreign companies which control so much of the land both in the frontier areas and in the provinces. There is growing evidence too—we have seen articles and news announcements in profusion recently—about the reaction to the incentives which are being offered. There are high expectations for the east coast. Not only will the major Hibernia and Sable Island deposits bring great benefit, but other opportunities are also being identified, partly in response to the initiatives taken under the National Energy Program.

In the Arctic the recent discovery of oil by the Panarctic consortium is encouraging. In the Beaufort Sea, Dome's activities are clearly accelerating, and development will reach record levels. Other Canadian companies such as Norcen are joining with foreign-controlled corporations in the search in the Arctic areas as well.

Therefore, there is certainly no need to be sombre. Indeed, there is every reason to be expectant and optimistic about the opportunities on Canada lands, the frontier areas of Canada. As the minister noted, oil exploration activity on Canada lands this year is at record levels. It shows every prospect of continuing and reaching much higher levels in the years ahead. That is an ample refutation of claims by hon. members opposite who continue to argue against the thrust of the National Energy Program.

I have cited several major activities on Canada lands, but I would not want to pass over the fact that other corporations have recently announced new initiatives. Husky Oil has indicated an intention to play a new role in offshores exploration. Real-West Energy Corporation has acquired potentially the largest single shareholdings in Asamera Inc. and United Canso, a step in the direction of Canadianization and further development. There is growing evidence that many foreign-owned companies are adjusting their ownership structures to take advantage of the incentives offered under the National Energy Program. The government's agreement with Dome Petroleum regarding the creation of Dome Canada is only the first example of many which I am sure will emerge in the time ahead.

I could cite, for example, the case of PanCanadian Petroleum which has formed a new east coast exploration group with Norcen and Roxy Petroleum. Another Calgary company, Ranchmen's Resources, has restructured its shares using the Dome Canada arrangement as a model.

I cite these examples to indicate to hon. members opposite that the National Energy Program constitutes a new and innovative approach to energy policy in Canada. For aggressive and forward-looking companies the program obviously offers immense benefits. Contrary to what the previous speaker said about his fears of some obscure move toward nationalization, we see in fact ample evidence of private entrepreneurs in Canada taking the initiative to ensure that the Canadianization goals set by the government will be achieved.

Of course, not all Canadians can hope to participate in the Canadianization of the industry through the acquisition of shares. For those who cannot take or do not take that route, participation is achieved through Petro-Canada. Canadians can all benefit through their own Crown corporation in major oil and gas activities. I find it ironic that we still hear from hon. members opposite attacks on Petro-Canada. Any brief review of the past years will indicate a remarkable confusion on the part of hon. members opposite about where they stand on the question of a national petroleum corporation.

I remind hon. members that in 1974 when we created Petro-Canada it was to provide a window on the industry. It was to provide a toe-hold, so to speak, at the exploration and research end of the petroleum industry, with an initial capital investment of some $500 million. I remind hon. members that at that time the Leader of the Opposition said that Petro-Canada would become a $500 million white elephant.

Through the 1979 election campaign confusion and contradiction in the Conservative ranks increased even further. The

free enterprise hawks were whetting their appetites at the thought of the carrion which was about to be created from the national oil company. Yet that was the same year, 1979, in which the president of the Canadian Chamber of Commerce said of Petro-Canada said: "It is serving a purpose, and my own feeling is that it should be left alone". Indeed, in a very short time we noted the chairman of Imperial Oil and other leaders in the petroleum industry recognizing that there was an important role for Petro-Canada to play. Perhaps as a result of those or other factors, the Conservative party then changed course from its days in opposition, and when it came to power it passed through a remarkable series of acrobatics about who should own Petro-Canada, what its share structure should be, whether it should be a Crown corporation or not, whether it should be partly owned by the public or through direct share ownership, whether it should be entirely in private hands, and so forth.

Finally, during the 1980 campaign the Leader of the Opposition asserted that Petro-Canada's mandate should be broadened—

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, it is my duty to inform the House that pursuant to Standing Order 58(11) proceedings on the motion have expired.

This House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 2(1).

At 6 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, May 28, 1981

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

AGRICULTURE

HOG STABILIZATION PROGRAM—MOTION UNDER S.O. 43

Hon. John Wise (Elgin): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The urgency of this matter is in connection with the May 21, 1981 announcement by the Minister of Agriculture (Mr. Whelan) regarding the 1980-81 hog stabilization payment.

Since this measure violates the minister's discretionary powers under the 30-year-old Agricultural Stabilization Act, thus making his action illegal and, in addition, causes inequities to producers not only between but also within provinces, I move, seconded by my colleague, the hon. member for Prince Edward-Hastings (Mr. Ellis):

That this Minister of Agriculture immediately revise the application of this much needed program in such a manner as to avoid the penalization of producers who, because of the lack of adequate leadership and financial commitment on the part of the federal government, have purchased additional coverage and protection from their own provincial governments.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*Translation*]

VIA RAIL

RECOMMENDATION THAT OFFICIAL LANGUAGES POLICY BE IMPLEMENTED—MOTION UNDER S.O. 43

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, pursuant to the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion on an urgent matter.

Referring to VIA Rail Canada Inc., the Commissioner of Official Languages stated in his report that the quality of services in French on the trains remains quite inadequate throughout the country, even on lines crossing Quebec, because VIA Rail Canada continues to give priority to the principle of seniority in the choice of routes by its staff, with the inevitable result that too frequently the trains are manned by unilingual crews. Such a situation, which is ridiculous besides being frustrating and which might be hazardous, goes against the intent of the Official Languages Act, and particularly falls short of the promise concerning French services made by the Minister of Justice (Mr. Chrétien) and others during the referendum campaign. Therefore I move, seconded by the hon. member for Edmonton-Strathcona (Mr. Kilgour):

That the House condemn VIA Rail Canada for the shortcomings of its official languages policy, and urge the Minister of Transport to take the necessary measures so as to ensure that this policy will be carried out by the Crown corporation, and that in the meantime the minister recommend that VIA Rail Canada act immediately with a view to eliminating this hazardous situation.

Madam Speaker: The House has heard the motion of the hon. member. Pursuant to the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

POST OFFICE

SUGGESTED ISSUANCE OF COMMEMORATIVE STAMP TO HONOUR ST. ALBERT, ALTA.—MOTION UNDER S.O. 43

Mr. Peter Elzinga (Pembina): Madam Speaker, I too rise under the provisions of Standing Order 43. One hundred and twenty years ago one of the very first western missionaries, Father Lacombe, established the mission of St. Albert in Alberta which, down through the years, has contributed much to the opening and development of the west. This year St. Albert, a city on the outskirts of Edmonton, will be celebrating its birthday in grand fashion. In the interest of preserving some of the national and historical nature of St. Albert, I move, seconded by the hon. member for Edmonton East (Mr. Yurko):

That the government issue a commemorative stamp honouring St. Albert and its founder, Father Lacombe, on this its 120th birthday, and that the site of the original mission be declared a national monument.

Madam Speaker: Is there unanimous consent for this motion?

S.O. 43

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE LATE CARDINAL WYSZYNSKI OF POLAND

MOTION UNDER S.O. 43

Mr. Jesse P. Flis (Parkdale-High Park): Madam Speaker, I rise to seek the attention of all hon. members of this House on a matter of urgent and pressing necessity under the terms of Standing Order 43.

I move, seconded by the hon. member for Calgary East (Mr. Kushner):

That this House express profound sadness and sympathy to the Polish people and the Roman Catholic church on the death of Cardinal Wyszynski, Primate of the Roman Catholic Church of Poland.

Cardinal Wyszynski was a very distinguished representative of the church and a dignified son of Poland. He was a great proponent of respect for human dignity, and his absence will be felt by all.

Some hon. Members: Hear, hear!

Madam Speaker: I am sure the House will want to express its sentiments by its applause.

Some hon. Members: Hear, hear!

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FORESTRY

FUNDING FOR FREDERICTON, N.B., COMPLEX—MOTION UNDER S.O. 43

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the declared commitment of the Minister of the Environment (Mr. Roberts), who is responsible for forestry, made last December 1, almost six months ago in Fredericton, to the Maritime Forestry Complex in that city, and in view of the fact that the land sale exchange for the complex is now near completion and that officials have yet to hear from the federal government as to when the funds will be available, I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That the Minister of the Environment now live up to his commitment of December 1, 1980, and immediately inform this House when the government will put its money where his mouth is, commit these funds publicly, and begin to clear up the huge research and development and forestry education backlog, which all agree is stopping the forest industry in Canada from meeting its potential for huge growth.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

AIRPORTS

FUTURE OF PICKERING, ONT., PROJECT—MOTION UNDER S.O. 43

Mr. Scott Fennell (Ontario): Madam Speaker, I rise under the provisions of Standing Order 43. My constituents have been disturbed, disgusted, and divided for almost a decade by the Pickering airport issue. Last month the Minister of Transport (Mr. Pepin) indicated that the Pickering lands confiscated from farmers in my riding will remain "in the refrigerator" until the 1990s. This means 20 years with the government acting as a slum landlord to an 18,000 acre wasteland.

Therefore I move, seconded by the hon. member for York North (Mr. Gamble):

That this House direct the Minister of Transport to stop sitting on the fence and tell us once and for all if plans to build the airport are being finalized, or if the bureaucrats will return the Pickering lands to the people.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1410)

THE ECONOMY

EFFECT OF HIGH INTEREST RATES ON FARMERS AND SMALL BUSINESSMEN—MOTION UNDER S.O. 43

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent necessity. Every person in this House surely understands the importance in this country of agricultural small business, yet the government insists on sitting quietly by and watching thousands of hard-working Canadians in both farming and small businesses go bankrupt—

Mr. Baker (Nepean-Carleton): Shame!

Mr. Bradley: —the same government that unhesitatingly aided Chrysler, that spent billions of dollars in setting up a government oil company, and set up a cartel to help uranium producers get a good price. Is it not time, Madam Speaker, that they did something for our farmers and small businessmen in order to halt this unacceptable situation of interest rates and overhead? I therefore move, seconded by the hon. member for Oxford (Mr. Halliday):

That the government immediately take steps to offset the effects of high interest rates and overhead on the farmers and small businessmen of Canada.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

LABOUR RELATIONS

RAILWAY WILDCAT STRIKE IN BRITISH COLUMBIA—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a matter of urgent and pressing necessity under Standing Order 43. Whereas the Canadian Labour Board upheld the dismissal of two CPR employees at Revelstoke; and whereas pressing for their reinstatement, other employees at Revelstoke, led by a handful of militants, are on a wildcat strike has virtually stopped the movement of grain between Calgary and the west coast, and whereas it is absolutely ridiculous when a handful of persons can inconvenience and jeopardize the livelihood of thousands of farmers, to say nothing about the possible loss of markets, I therefore move, seconded by the hon. member for Assiniboia (Mr. Gustafson):

That this House urges the federal government to take immediately any and all steps necessary to stop this costly nonsense and to get the grain moving again.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AIR TRANSPORT

SERVICE BETWEEN OTTAWA AND NEW YORK—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, I rise on a matter of urgent and pressing necessity. Given that the Canadian Transport Commission has not yet made a decision on an Ottawa-New York City air link, even though a three-month search has failed to turn up any willing American carriers, and given the fact that two Canadian carriers have expressed serious interest in providing this service, I move, seconded by the hon. member for Surrey-White Rock-North Delta (Mr. Friesen):

That this House urge the Minister of Transport to get off his duff, that is if doing so does not conflict with any CTC guidelines, and make an early decision to award the direct air service to one or the other of the interested Canadian carriers.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

ROYAL CANADIAN MOUNTED POLICE

CURTAILMENT OF INVESTIGATION IN NOVA SCOTIA—MOTION UNDER S.O. 43

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, whereas it has now been established that both the provincial Crown attorney and the responsible RCMP officer originally assigned to the investigation of transactions between Mr. Roland Thornhill and a number of chartered banks were pulled off the case before their investigation was completed, and whereas it is clear that the so-called investigation by the inspector general of banks simply consisted of telephone calls to the banks themselves, I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That this House calls on the government to launch a judicial inquiry into three particular questions involving Mr. Roland Thornhill; first, the agreements entered into between Mr. Roland Thornhill and a number of chartered banks for the forgiveness of certain loans; second, the reasons for the curtailment of local investigations by the head office of the RCMP and the attorney general of Nova Scotia; and third, the nature of the so called "investigation" carried out by the inspector general of banks.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE ECONOMY

SUGGESTED INTRODUCTION OF BUDGET—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, I rise under the provisions of Standing Order 43. During the February, 1978, first ministers' conference on the economy, the Prime Minister (Mr. Trudeau) stated, and I quote:

Premier Davis, your government in Ontario has introduced a refundable tax credit system to provide relief from property and sales tax for low and middle income taxpayers. Perhaps this is a model that should be pursued on a broader scale.

Therefore, Madam Speaker, I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That the national government introduce a new budget at the earliest possibility and include in it home owner property tax deductibility up to a reasonable maximum, for income tax calculations, to provide some relief for home owners and at the same time reduce the injustice of people paying taxes on taxes.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

FINANCE

TAX-BASED INCOMES POLICY—GOVERNMENT INTENTIONS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Deputy Prime Minister and Minister of Finance who will know that yesterday his deputy minister testified that the Department of Finance is taking a very hard look at a new tax on Canadian workers, called generally a tax-based incomes policy. The minister will recall that in one of his own rare pronouncements recently on economic policy on May 6, he said:

> A tax-based incomes policy has not yet been devised that is both administratively feasible and fair. In particular, I have yet to see a TIP design that ultimately controls anything more than wage demands—

That was the position of the minister on May 6. First, is the government in fact looking at this new tax on Canadian workers? Second, have the minister's objections to the designs then before him been overcome, and is there a new design? Third, does the new tax his department is studying control anything more than wage demands?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it is true that I mentioned a number of alternatives in that speech, I believe, before the Conference Board, including a TIP as it is called. I said that I had not seen a program which would recommend itself to me, but that the search was still going on. That is the situation as it is today; there has not been any new insight conveyed to me as to a workable and fair program.

As the Right Hon. Leader of the Opposition may recall, I talked about the design of such a program and that a search for a suitable design would be continuing. That is the situation as it is now.

DESIGN OF SYSTEM

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, perhaps the minister can give us a statement on the government's policy as to the kind of tax system which would be acceptable to it. If he does not find a design which does not have any effect other than controlling wage demands, if that is the only kind of design before him, will he reject this TIP approach?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the question is hypothetical, because I cannot foresee what further study or research migh reveal. But I believe the situation is clear, it is a proposal which one ought to look at in the light of inflationary pressure. One has to be sure that it is fair and administratively feasible and has a design which would bring that about. We have not found one yet; we are still looking. I believe that is what my deputy minister conveyed yesterday before the Senate committee.

DECLINE IN REAL WAGES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, let me pursue for a moment this question of fairness. The minister knows that, given the rate of inflation, the real income of Canadian workers has fallen. He knows that the average Canadian worker is now earning, in real terms, more than $500 a year less than he or she was earning in 1977. These people are the principal victims of inflation in Canada. Will the minister indicate how he could justify making these people, who are now the chief victims of inflation, also the chief targets of a new tax? Particularly when the government is prepared to be as helpful as it is to companies like Petro-Canada and to individuals like Maurice Strong, how can the minister justify dumping this special tax upon people?

Mr. Rae: And to companies like Imperial.

Mr. Clark: To companies like Imperial Oil, indeed. How can he justify helping out multinationals when he proposes to add to the cost burden of the average Canadian worker?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, if the day ever comes when I will recommend such a program to the House of Commons, I assure my right hon. friend that I will be in a position to justify it to most sensible people.

DEINDEXING OF TAXATION—GOVERNMENT POSITION

Hon. James A. McGrath (St. John's East): Madam Speaker, my supplementary question is directed to the Minister of Finance. Yesterday when the deputy minister of finance was before the Senate Committee on National Finance he described the effects of high interest rates as a holocaust. I would go further and suggest that it is a holocaust in which wage earners and home owners have been the real victims. He also indicated that they would continue.

In June the minister gave an assurance in the House that the government "would not attempt to solve the economic problems of the country or the fiscal requirements of the government on the backs of the low income people of this country."

• (1420)

In view of the fact the minister's deputy indicated yesterday that deindexing was a real consideration at the present time and, as the Leader of the Opposition has indicated, real incomes in this country are declining, and given the fact that deindexing will tax the average wage earner and let the high income earners of the country go free, is the minister prepared to give an assurance now, in light of the uncertainties which have been created, that there will be no deindexing?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, we went around this

track last year. If the hon. member wants to play that game again he can go ahead, but I am telling him exactly the same thing I told him a year ago—when it comes to preparing for the budget all matters are up for consideration. He ought not to draw any particular conclusions from that with respect to indexation.

I should remind the hon. member and the Leader of the Opposition that when they talk about declines in real incomes in Canada, there has been a decline in productivity in Canada. It is about time hon. members opposite focus on the fact that you cannot have more by producing less. That is precisely what is happening in the country.

CHILD TAX CREDIT PROGRAM

Hon. James A. McGrath (St. John's East): Madam Speaker, I would say to the minister that it is the government and himself who are playing games with the Canadian people, since yesterday his deputy minister raised the spectre of credit controls in this country, amongst other things, which could set off a wave of inflationary buying in anticipation of credit controls.

Given the fact that we are told that high interest rates will continue and that the government has no response to the impact of interest rates on the average wage earners of the country, and in light of the fact that the Minister of National Health and Welfare gave a kind of undertaking in this House the other day that there would be changes in the child tax credit program, I want to ask the minister if the government at this point in time is anticipating changes in the child tax credit program and/or the elimination of the child tax deduction.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member is a bit out of date. He says that high interest rates will continue; obviously he has failed to notice that today at the treasury bill auction the bank rate declined by 38 basis points—a very significant drop. He ought to put that in his head.

Mr. Nielsen: Eighteen point six eight per cent.

Mr. MacEachen: Hon. members never mention a drop in the bank rate, they are interested only in increases.

With respect to the child tax credit, when a policy is decided upon it will be announced in the House in the regular way.

* * *

AIR SAFETY

DUBIN ROYAL COMMISSION REPORT—APPOINTMENT OF TASK FORCE MEMBERS

Mr. Les Benjamin (Regina West): Madam Speaker, in the absence of the Minister of Transport, which I find strange on the day following the publication of the Dubin Royal Commission Report on Aviation Safety, considering it is the first opportunity which members of this House have to ask questions, I will direct my question to the Prime Minister.

I appreciate the position of the Prime Minister in that he does not interfere with the responsibilities of each minister unless he asks them for a resignation, but can the Prime Minister tell the House that he will point out to the Minister of Transport that the appointment of the air administrator to the task force to implement the Dubin commission report is a direct conflict of interest and flies in the face of the report, in view of the fact that Mr. Justice Dubin has specifically mentioned that gentleman four times as one who created situations which interfered with aviation safety?

● (1425)

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Madam Speaker, the important objective for the minister when he has an advisory council is to get a balanced view from experts in the aviation field.

Some hon. Members: Hear, hear!

Mr. Bockstael: The advisory committee is composed of two people attached to the ministry, but there are also four competent outsiders who will give him an unbiased report. The final decisions will be the minister's to take. If public servants are not satisfied with the decision taken by the minister after the advice is given by that committee, a good civil servant knows what he has to do.

Some hon. Members: Hear, hear!

REQUEST FOR REMOVAL OF DEPARTMENTAL OFFICIALS FROM TASK FORCE

Mr. Les Benjamin (Regina West): Madam Speaker, we have a case here where the Prime Minister is letting the department run a minister instead of a minister run a department. Of the six names, two are presently in the ministry, one was a past deputy minister of Transport Canada, one previously served as legal council for the MOT; plus the air administrator, plus the assistant deputy minister. A majority are from the ministry of transport on this task force.

Since the government report named four senior Transport Canada officials who deliberately interfered with accident reports and enforcement of safety and rules in order to avoid, to quote Mr. Justice Dubin, "political embarrassment to the department and to the minister"—

Some hon. Members: Shame, shame!

Some hon. Members: Oh, oh!

Mr. Benjamin: —would the Prime Minister ask the Minister of Transport to remove the officials of the Ministry of Transport from the task force so as to implement this report?

Some hon. Members: Hear, hear!

Presence in Gallery

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): I will reiterate my previous answer.

Some hon. Members: Oh, oh!

Mr. Bockstael: The four outsiders are regarded as having wide qualifications for this job. As a result of the Dubin report there is a recommendation for an independent tribunal for Canadian aviation safety. The minister is in agreement with this kind of a commission or safety board, and it will be dealt with in due course.

Some hon. Members: Right on!

CONDUCT OF OFFICIALS

Mr. Ray Skelly (Comox-Powell River): I have a final supplementary question for the Prime Minister. The Dubin commission clearly raises serious questions about the performance of their duties by the senior officials in the air transport administration, and by the administrator specifically, interference in an air crash investigation in Vancouver Harbour in September of 1978. In September of 1979 at Sechelt an air crash in my own riding followed, and was almost caused by a failure to produce certain items out of that previous crash. In the interests of fairness, fair play, and an unbiased evaluation of these incidents, and the implementation of the recommendations from an excellent report, would the Prime Minister consider relieving the administrator and those named officials until such time as an investigation can be conducted into the propriety of their actions in those investigations? Possibly another anti-dumping tribunal?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Madam Speaker, the Minister of Transport is satisfied with the committee he has established. He will consider the first recommendation of the Dubin report to establish a Canadian aviation safety tribunal, and this will meet the recommendations of that report.

Some hon. Members: Hear, hear!

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF HON. D. T. MATENJE, MINISTER OF EDUCATION, AND HON. L. C. CHAZIYA, MINISTER OF FINANCE, OF MALAWI

Madam Speaker: I would like to draw the attention of the House to the presence in our gallery of two representatives from the Government of Malawi, the Honourable D. T. Matenje, Minister of Education, and the Honourable L. C. Chaziya, Minister of Finance.

Some hon. Members: Hear, hear!

• (1430)

WESTERN DEVELOPMENT FUND

FUTURE OF PROGRAM

Hon. John A. Fraser (Vancouver South): Madam Speaker, I have a question for the Minister of Employment and Immigration regarding the disappearing $4 billion Western Development Fund. Last fall the minister promised that he would consult with the provinces and bring out a spending blueprint by January, 1981. In March the minister said that, instead of a blueprint, propositions would be made public, to be used for discussions in western Canada. Has the minister given up on a blueprint and, if so, when will the spending propositions be made public, or has the minister lost control of this program completely?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I should like to point out to the hon. member that the blueprint and the strategy by which the federal government can provide major support for economic development in the west, are already in place. We signed a major grain agreement with the Soviet Union—

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Axworthy: We have given major assistance to the very important development of the LRT system in the hon. member's home city of Vancouver, which will enable major development of new technology in western Canada so that we can aid in the expansion and diversification of industry in that area. There has been major assistance in a number of economic development initiatives in the city of Winnipeg in the development of the Canertech Corporation. There is already a very clear and very relevant blueprint in place and working for the benefit of people in western Canada.

CONSULTATION WITH WESTERN CANADIAN INTERESTS

Hon. John A. Fraser (Vancouver South): Madam Speaker, I have another question for the same minister. I would ask him whether the blueprint that is already in place is the blueprint which he said would be in place in January, 1981. In view of the fact that the Right Hon. Prime Minister said a few weeks ago that no formal discussion had taken place with the western provinces, and in view of the fact that he is trying to spend $350 million in this fiscal year and $2 billion in the next three years, and that as yet there is no proposition, no blueprint, and no formal discussions have taken place, I should like to ask when formal discussions will take place. When will the propositions be made available? When can we count on the disappearing $4 billion fund being resurrected and presented to us so that we can see what it is?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, in the budget the Minister of Finance very clearly indicated that there would be a commit-

ment to put into place additional programs and projects to aid industrial development, and to look at areas of transportation and native development in western Canada. Those propositions are being worked on and are the subject of a wide variety of discussions between members of government and all kinds of interest groups in western Canada. They are ongoing discussions. When the propositions are prepared and ready, I can assure the hon. member that they will be available for his response as well as the response of the provincial governments.

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RESTRICTIVE TRADE PRACTICES

TABLING OF REPORT ON MARKETING OF URANIUM

Mr. Chris Speyer (Cambridge): Madam Speaker, my question is to the Prime Minister. Will the Prime Minister undertake this afternoon to table in this House the report of the uranium inquiry prior to the House recessing for the summer, so that it might be the subject matter of discussion in this House prior to the summer?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Minister of Justice has informed the House that the report has been referred to him as provided for by the law and that his officials were looking into the question of whether charges should be laid. If they are, the matter will become public; if not, I believe that there are—

Mr. Nielsen: That is not what Ouellet said. Ouellet said it would be tabled.

Mr. Trudeau: Now we have an opinion from the Yukon, Madam Speaker. Maybe you could recognize him on a supplementary.

METHODS OF SUBMITTING BIDS

Mr. Chris Speyer (Cambridge): Madam Speaker, I have another question for the Prime Minister. During the currency of the cartel, did the Prime Minister ever have any information or belief, direct or indirect, as to the sham bid-rigging methods employed by the cartel members in raising the price of uranium?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the question contains an allegation of something being done with sham. I know nothing of that, Madam Speaker.

Mr. Clark: That's good; we have got him on that.

Mr. Trudeau: Joe says they have got us.

Oral Questions

EMPLOYMENT

TASK FORCE REPORT RECOMMENDATIONS

Mr. David Orlikow (Winnipeg North): Madam Speaker, I should like to address a question to the Minister of Employment and Immigration. According to a confidential report of the minister's task force on labour market policies in the 80s, it is recommending to the cabinet that the goal of full employment be re-examined and that as many as 500,000 people from Ontario, Quebec and the Atlantic provinces will be forced to move to the west over the next five years in order to make a living. May I ask the minister why this report recommends a retreat from the full-employment goal and why further financial incentives should be given for people to move from where they now live to new areas, rather than providing the money to make job opportunities available for people in the areas in which they live?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I should like to point out to the hon. member that whatever report he may have, there is not yet a final report; it is still being worked on. It would be remiss of me to try to respond to random or ad hoc comments drawn from a report which has not yet been tabled in the House.

SHARED-COST EDUCATION PROGRAMS

Mr. David Orlikow (Winnipeg North): Madam Speaker, the report also recommends that the federal government reduce its expenditures on post-secondary education. That recommendation is in line with the proposals of the Minister of Finance in his budget. The report recommends that the current federal contributions of $2 to $3 out of every $4 for post-secondary education be reduced to $1 out of $4, and that student fees be increased. Can the minister explain how, according to this report, "such a scheme would have the advantage of encouraging provincial governments to spend in federally desired areas" and that "students would be given more clout by having their fees raised"? How can that be done when the government wants to reduce its costs?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Once again, I should like to point out to the hon. member that it is somewhat irresponsible to take isolated items from a report which is not yet published or final and has not been tabled, and try to make a case. I am sure the hon. member can wait, as other members will, for the completion of those reports and get the full and comprehensive picture. He will see that we are developing major strategies to aid and develop employment programs for this country and to ensure that we can meet the skills shortage which we all know is very critical to our economic health.

Oral Questions

ROYAL CANADIAN MOUNTED POLICE

INVESTIGATION INTO ABDUCTION OF 15-YEAR-OLD ALBERTA GIRL

Mr. Gordon Taylor (Bow River): Madam Speaker, my question is for the Solicitor General. On April 22 of this year in the village of Standard, about 60 miles east of Calgary, a lovely 15-year-old girl, named Kelly Cook, daughter of Mr. and Mrs. W. Cook, was kidnapped by a stranger. Kelly thought she was going to babysit for a neighbour. She has not been heard of since. The RCMP and hundreds of friends and neighbours have carried out an extensive ground search for clues, but without any success.

Will the Solicitor General bend every effort to alert the people and the police across Canada to be on the lookout for Kelly, culminating, we pray, in the safe return of Kelly to her home?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I am glad to inform the House that I have already done so. When I was in Alberta last week I took the opportunity to discuss this case with the commanding officer. Although the investigation is being conducted under the provincial police program, I did express a considerable concern about it.

Mr. Taylor: Madam Speaker, I appreciate the work and the attitude of the Solicitor General, and also the work that the RCMP is doing.

BORDER POST RECORDS

Mr. Gordon Taylor (Bow River): My supplementary question is intended for the Minister of National Revenue, Madam Speaker, but I wonder if his parliamentary secretary could answer in his absence. There is a possibility that Kelly has been taken to the U.S.A. or Mexico. Will the minister alert his personnel at the ports of entry to check their records and be on the look out, with any clues to be sent immediately to the RCMP at Strathmore?

Hon. Bob Kaplan (Solicitor General): Madam Speaker I will pass that along to my colleague, and if that has not already been done, it will be done.

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CANADIAN BROADCASTING CORPORATION

INCREASED CANADIANIZATION OF SERVICE

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is addressed to the Minister of Communications. Yesterday the minister was kind enough to remind the House that in the past I have criticized the CBC for not spending more money on original production. He failed to add that the CRTC agreed with me in rejecting the application for CBC-2 for reasons which were outlined by three of my Conservative colleagues and myself when we appeared before the CRTC last January.

Since the minister was apparently prepared to find the $30 million for CBC-2, what steps is he taking to ensure that there are additional funds available for the increased Canadianization of the basic CBC-1 service?

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, as I indicated a number of times before, the whole question of the CRTC licence is one which was quite properly dealt with by the CRTC itself. On the question of the level of funding for the CBC, this matter received the attention of cabinet during the course of the preparation of estimates. Cabinet decided to give the CBC approximately a 12 per cent increase this year. That is now up. Because of the normal arm's length relationship between the government and the CBC, it is now the job of the board of directors of the CBC to determine how best and most efficiently these funds can be spent.

● (1440)

GOVERNMENT PRIORITIES

Miss Pat Carney (Vancouver Centre): Madam Speaker, my supplementary question is also addressed to the Minister of Communications. As he knows, the CRTC has indicated that it is willing to consider an application for an interim service on CBC-2, consisting mainly of repeats. What are the minister's priorities? Are they for an interim CBC-2 service or to upgrade the basic CBC-1 service by providing more original programming?

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, the position of the government is quite clear. We feel that the main objective, the main challenge which faces all people interested in the broadcasting industry in Canada is the development of a good Canadian program production industry, which will produce quality programs that Canadians will want to watch. That is the challenge. We hope to develop policy to help the private sector and, of course, the public sector to continue along these lines.

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NATIONAL DEFENCE

F-18 FIGHTER AIRCRAFT—UNITED STATES NAVY REPORT

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is for the Minister of National Defence. Southam News in Washington reports that two months ago the U.S. navy's aircraft and evaluation division prepared a secret report on the F-18A. The U.S. Navy's report stated, quite frankly, the following:

> It is difficult to make a case on cost or effectiveness grounds for continuance of the F-18 program. To date, none of the expectations that were the basis for initiation and continuance of the program have been achieved.

Did the U.S. Secretary of Defence discuss this report with the Minister of National Defence during his visit to Ottawa in April?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I should reassure the hon. member for Victoria that in my discussions with Mr. Weinberger, the Secretary of State for Defence, we talked about practically all matters and documents relating to the F-18. Again reassurance was given to me that there was no problem with this program.

I was in Norfolk the day before yesterday with the navy and Admiral Train, who is in charge of the North Atlantic operations for the United States navy. He expects the F-18 to be the best plane the navy will ever have when it takes delivery of it, which will be as soon as possible.

Mr. McKinnon: Madam Speaker, I am pleased that Admiral Train did not refer to it as the best lemon they ever had, as the minister did.

The U.S. navy report suggested alternatives to the F-18A aircraft which are cheaper and more certain of military success. Also, the U.S. navy has asked "at least two manufacturers" for cost proposals on attack plane options. Has the Department of National Defence looked into the options available to Canada if the F-18A program is discontinued?

Mr. Lamontagne: Madam Speaker, we have not looked to any alternatives nor have any alternatives been given to the defence department. We do not see a need because the F-18 program is going on schedule, very successfully, and delivery in October, 1982, of the first F-18 to Canada has been guaranteed by the U.S. navy, by McDonnell Douglas, and by Mr. Weinberger on behalf of the U.S. government.

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INDIAN AFFAIRS

CONSTRUCTION OF URANIUM REFINERY AT BLIND RIVER, ONT.

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, my question is for the Minister of Indian Affairs and Northern Development. The minister knows that Eldorado Nuclear Limited proposes to construct a uranium refinery at Blind River, Ontario. A growing number of local people oppose this refinery because of the negative implications on human health, genetics, the environment, and the economy.

For the past three months organizations representing 9,000 Indian people have been asking the minister to help them in their opposition to this destructive project. Why has the minister done nothing more than acknowledge receipt of their letters? Why has he not helped these people make their case to the Atomic Energy Control Board?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I am aware of the concern of some of the Indian people in that particular area. It is largely a question of available resources which will enable them to present their case better. However, they are still able to present it.

Mr. Manly: Madam Speaker, I am surprised at the complete inadequacy of that answer.

Mr. Nielsen: Why?

Some hon. Members: Oh, oh!

REQUEST FOR INTERVENTION BY MINISTER

Mr. Jim Manly (Cowichan-Malahat-The Islands): In February the minister promised that there would be a minimum amount, beginning with $1 million, to help Indian people across Canada make their case in terms of the environmental impact major resource projects have on them. So far none of that money has been made available to the people who will be affected by this project.

Will the minister provide funding for these people so they can have effective opposition to this project? Will the minister intervene with the Atomic Energy Control Board to prevent permission being given for this project?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, the hon. member who serves on the standing committee is well aware of the increase in resources that we have been able to find to fund native organizations to help them present their cases, but there is a limit to the available money. We cannot satisfy the tremendous demand we have at the present time.

Mr. Manly: Why don't you answer their letters?

Mr. Munro (Hamilton East): The hon. member should be well aware of that. The hon. member's first question acknowledged that I had been answering their letters. Nevertheless I will review the situation.

* * *

FITNESS AND AMATEUR SPORT

WESTERN CANADA GAMES

Hon. Steven E. Paproski (Edmonton North): Madam Speaker, my question is for the minister of fitness and amateur sport, or the Minister of Labour. I do not know what his title is now.

Some hon. Members: Oh, oh!

Mr. Paproski: Would the minister advise this House why he has cut off a continuous contribution to the Western Canada Games? This is an ongoing contribution to help develop Olympic athletes.

Hon. Gerald Regan (Minister of Labour): Madam Speaker, the department responsible for fitness and amateur sport on two previous occasions, in 1975 and 1979, gave some funding to the Western Canada Games even though they are not national but regional in scope. This was done to help them get started and make them successful. Probably the hon. member

opposite may well have been minister at the time of the second contribution. I am not sure.

Mr. Paproski: Yes, I was.

Mr. Regan: I am glad to hear that.

In any event, it is felt that the money which is available for fitness and amateur sport should be used on national programs, as is agreed between the provinces and the national government and for purposes that are traditionally followed, rather than for regional games. Mind you, if the hon. member opposite had not given away the lotteries to the provinces—

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Regan: —I think we would have been able to do a great deal more if he had not done that.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Paproski: Madam Speaker, that is worth a question of privilege, but I will not raise it this time.

Some hon. Members: Oh, oh!

DISTRIBUTION OF FEDERAL FUNDS

Hon. Steven E. Paproski (Edmonton North): Why does the minister not say that the government has never had as much money as it has now? Why does he not say the government is discriminating against western Canada because there are only two members of the Liberal party representing western Canada?

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Hon. Gerald Regan (Minister of Labour): Madam Speaker, I am surprised at the hon. member making any such suggestions at all. I think the hon. member has to agree that these games are regional in scope.

Mr. Clark: It is the wrong region.

Mr. Regan: In relation to the question of discrimination, I am spending more of my time and effort on trying to help other people to bring the winter Olympics to Calgary than I am on anything else. That, I think, is a very important undertaking, and a national one in scope.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): That may be the problem.

DEPARTMENT OF EMPLOYMENT AND IMMIGRATION

PROMOTION OF OFFICERS SERVING AT AIRPORTS

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is for the Minister of Employment and Immigration. Recently the minister promoted, almost arbitrarily, the PM 1 immigration officers to the PM 2 level at four of our international airports. Is the minister aware of the whole range of new discrimination that he has brought into play by promoting people from the PM 1 level to the PM 2 level while overlooking the immigration officers at all the other ports of entry in Canada?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, if the hon. member recalls, we had an exchange on this particular topic in a discussion before Christmas when we looked at my estimates. I indicated to him at that time that we would be discussing these matters with the public service unions involved. Therefore the decisions taken concerning the elevation of certain officers at the busiest airports and reception centres across Canada was based upon that assessment of the actual volume with which they had to cope. Those were the discussions we had with the unions, and they are in agreement with the basic redrafting of the categories we now have implemented in the department. I think we have made sure that the criteria by which the innovation of the additional category was made were achieved in very close co-operation with the workers themselves.

• (1450)

DIFFERENCE IN TREATMENT OF SENIOR OFFICERS

Mr. Benno Friesen (Surrey-White Rock-North Delta): The minister ought to be aware that at the Port of Douglas, for example, another land-based port of entry which is a lot busier than Mirabel, the immigration officers have been excluded from any kind of promotion, even though they are senior officers. Meanwhile newcomers to the civil service are promoted immediately to PM 2. I wonder what the minister's defence is going to be if he has to appear before the Human Rights Commission or the Labour Relations Board?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, as I pointed out in my previous answer, this is a matter that is primarily of administrative discussion between unions representing the categories of the workers involved and the department itself. It is not a matter of human rights discrimination, but merely a matter of working out the relative sort of workloads dealing with different immigration and refugee categories that come into each of the points of reception. That was the judgment that was made based upon the objective criteria that were established.

CRIMINAL CODE

PROVISIONS COVERING MARIJUANA

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, I am glad to see the Minister of Justice back in the House as I should like to ask him a question. It is my understanding that there is to be legislation brought forward soon covering the matter of marijuana. I would ask the minister if he can tell us whether that legislation will distinguish in a statutory form between possession, importation, and trafficking, rather than leaving these matters to regulation, and will he also tell us when he plans to bring this matter before the House? Will it be before the summer?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I replied to the committee yesterday that we are in the process of completing consultation with the attorneys general in Canada. When that process is completed we hope to introduce this legislation. I do not know whether we will have time to introduce it before the summer because, if the consultation is to be meaningful, we must try to include in the legislation the views of provincial attorneys general, but we want to introduce it as quickly as possible in order to clarify some of the matters that preoccupy the public.

MEDICAL REPORTS ON DANGERS OF MARIJUANA

Mr. Donald W. Munro (Esquimalt-Saanich): If it is planned in the legislation to legalize marijuana—

An hon. Member: No way.

Mr. Munro (Esquimalt-Saanich): —I am wondering whether the minister and members behind him realize that this would be tantamount to changing the maple leaf in their emblem to a marijuana leaf.

Some hon. Members: Oh, oh!

Mr. Munro (Esquimalt-Saanich): My question to the minister is whether—

An hon. Member: Go and have a smoke.

Some hon. Members: Oh, oh!

An hon. Member: Are you stoned?

Mr. Munro (Esquimalt-Saanich): In developing the criteria for possession, importation and trafficking, and even the use of marijuana, will the recent medical reports which are now available and being distributed widely, be taken into account? They show that the use of marijuana is producing very serious effects on the children of those who are taking it, including hydrocephalus, damage to the bone marrow, and also very serious effects in the reproductive organs of males?

An hon. Member: And you lose your hair.

Some hon. Members: Oh, oh!

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, we have no intention of making the importation or utilization of marijuana legal. We want to change the form of the penalty and to modernize it. I do not think the hon. member is helping the situation at all by pretending that we will legalize marijuana. We have said so many times in this House, that this is not what we are about to do. We do think that once in a while we have to modernize laws which have been on the books for so long and do not cope with realities as they exist.

* * *

BANK ACT

QUERY RESPECTING POSSIBLE REVISIONS TO CONTROL INTEREST RATES

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, my question is directed to the Minister of Finance. The Minister of Agriculture has been making important finance policy statements around the country regarding interest rates. Will the Minister of Finance please tell this House when we can expect revisions to the Bank Act which are designed to control interest rates, as promised by the Minister of Agriculture in a recent news report from Humboldt, Saskatchewan?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I believe that matter was clarified last week in the House when the Minister of Agriculture acknowledged that he did not have in mind a revision to the Bank Act; nor do I.

* * *

FINANCE

SMALL BUSINESS DEVELOPMENT BOND PROGRAM

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, I should also like to ask the Minister of Finance when he will be announcing the extension of the small business development bond past the termination date of December 31, and how soon can we expect the inclusion of unincorporated farms and small businesses in that program, again as promised by the Minister of Agriculture.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, no decisions have been reached on either of those points.

* * *

THE JUDICIARY

VACANCIES IN SUPREME COURT OF NEW BRUNSWICK

Hon. J. Robert Howie (York-Sunbury): Madam Speaker, my question is for the Minister of Justice. Will he please advise the House whether a decision has yet been taken on

filling the vacancies in the Supreme Court of New Brunswick, and if a decision has not been taken will he give very serious consideration to appointing a woman?

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, we have not yet taken a final decision concerning the appointment of judges to the New Brunswick Court of Appeal and Superior Court, but I will keep in mind the suggestion of the hon. member. Of course, we would be very happy if we could find a woman to fill one of those vacancies.

* * *

[*English*]

NATIONAL SECURITY

REVIEW OF TASCHEREAU-KELLOCK COMMISSION PAPERS

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, when the Solicitor General announced in this House that a review of the Taschereau papers by a retired civil servant was taking place, he indicated that he expected an answer and a report by May 1. He later said the government had received an interim report, but just yesterday the President of the Privy Council informed me that the government had received no report whatsoever. I wonder if the Solicitor General can clear up this contradiction?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I have the interim report in my hand, so it certainly has come to us.

Mr. Lawrence: Will you tell the President of the Privy Council?

Mr. Kaplan: As I indicated publicly, the interim report suggests that the retired public servant doing the studies intends to get legal advice from law officers of the Crown on privacy questions and part IV of the Canadian Human Rights Act. When I mentioned the date of May 1 in the past it was to indicate that the initial term terminating May 1 had been given to the retired public servant because we were not certain how long the job would take. I did not indicate the job would actually be finished by that date. I can tell the House that it will be finished soon, and that the government will take a position on it soon.

SCOPE OF INQUIRY AND LOCATION OF CERTAIN DOCUMENTS

Hon. Allan Lawrence (Durham-Northumberland): Further to this 35-year-old delayed problem as far as access by the public is concerned, will the Solicitor General tell us if the review by Mr. Branscombe is also covering the personal notebooks of Mr. Gouzenko, the documents removed from the Russian Embassy, and also the details of the interdepartmental committee which reviewed the whole matter about 15 years ago as well, and also why are those documents being kept in the archives of the RCMP rather than in the National Archives?

An hon. Member: What did you do about it?

Mr. Lawrence: Tried to get them released.

Hon. Bob Kaplan (Solicitor General): Madam Speaker, Mr. Branscombe is initially looking at, and his terms of reference are limited to, the transcripts of the hearings. The hon. member is referring to some 601 exhibits that were also produced to the Kellock-Taschereau inquiry. It would certainly be a good idea to look at those documents as well, but it is a huge job. We are proceeding to do one thing at a time, first to review these transcripts in which members of the House have expressed the most interest. When that is completed and the government's decision is taken, it would be appropriate to consider looking at the files which are with the security service and in the custody of the RCMP, to review those, because they have not been reviewed in a systematic way, in order to determine what portions of those should be released and which should be retained.

* * *

● (1500)

[*Translation*]

HOUSE OF COMMONS

TABLING OF REPORT RESPECTING BILINGUALISM POLICY

Madam Speaker: I have the honour of tabling my report on the implementation of the special report of the Commissioner of Official Languages on the House of Commons, along with a document on the bilingualism policy which I have adopted for the House of Commons. One of those reports will be published in both languages, but the English translation of the special report of the Commissioner of Official Languages will be tabled later on this afternoon after the translation has been completed.

I should like to point out that if the House wants to refer it to one or other committee of the House of Commons, and perhaps to the Standing Committee on Management and Members' Services where I am authorized to appear, I will make it my duty and it will be a pleasure for me to appear, should that wish be expressed by the committee to which the report might eventually be referred.

Two reasons prevent me at this time from complying with the request of the Special Joint Committee on Official Languages if I want to respect the traditions of the House and follow them faithfully. First, only the annual reports of the Commissioner of Official Languages have been referred to a committee of the House. The special report which was commissioned by my predecessor has never been referred nor was it ever the subject of a full chapter in the annual reports, as was the case for the report of the Comptroller General on the

administration of the House of Commons. Therefore, the difference there is absolutely essential. Second, it was easier for me to appear before the Standing Committee on Public Accounts on which only members of this House sit. The presence of senators prevented me from appearing before the committee.

Therefore, should a reference to that effect be made to a committee of the House, I will be able, as it is my wish, to keep hon. members posted on the progress of bilingualism in the House of Commons and respect the principle of the transparency of administrations, which I consider very important.

* * *

[*English*]

SPORTS

WESTERN CANADA GAMES—STATEMENT BY MR. REGAN ON FUNDING

Hon. Steven E. Paproski (Edmonton North): Madam Speaker, I rise on a point of order which has to do with the statement of the Minister of Labour (Mr. Regan) on the funding of the Western Canada Games. He misled the House when he said that $85 million could have been accumulated from Loto Canada. I would like to say that $30 million in the hand is better than a ghost in a bush.

Madam Speaker: The hon. member knows that that is not a point of order; that is entering into debate.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Nepean-Carleton): Madam Speaker, could I ask the government House leader about his intentions with respect to government business for the balance of this week and into next week?

Perhaps while he is on his feet he might do what he could to designate as many allotted days as possible.

Mr. Pinard: Madam Speaker, as usual, we will be very generous with allotted days, to the tune of two days a week. For next week I will designate Monday and Wednesday as the two allotted days.

[*Translation*]

Tomorrow, we shall try to complete second reading of Bill C-61 on young offenders, or rather to vote on the amendment. We have agreed that if we reached that stage, the vote will be deferred until Tuesday. Afterwards, tomorrow, we shall try also to complete second reading of Bill C-58 to amend the Canada Elections Act.

As for next week, I have already indicated that Monday and Wednesday would be opposition days, and as for Tuesday and Thursday, we shall continue the report stage of Bill C-57 to amend the Excise Act, and I hope that we can also dispose of the third reading of that bill.

[*English*]

Mr. Baker (Nepean-Carleton): Madam Speaker, I want to bring a matter which is of concern to the House to the attention of the government. It has to do with the position in which we find ourselves under the Representation Act. When I was president of the privy council, I placed the appropriate reference on the order paper dealing with the representation in the House and, indeed, the question of the number of members of Parliament there ought to be in this House.

This arises because of an estimate given by the Chief Electoral Officer that, if nothing is done by Parliament and the matter is just allowed to lie, this House will expand in membership from 282 members now to a new high of 312 members after the next census. That would have an impact on cost. As the government House leader must know, the raw cost is about $170,000 per extra member, not counting support staff, buildings, housing, furniture and a host of other things. I wonder what the intention of the government is with respect to this.

If the government does nothing, then as my hon. friend knows the natural course of events will take place. The membership in the House will grow and grow, and the problem of the 1974 Parliament, which was denied then, will be passed on to a further Parliament. I want to ask my hon. friend whether it is his intention to present a discussion paper to the cabinet dealing with the size of the House of Commons. This is a matter of House business because it affects all of us. Could the government House leader answer that question?

Second, is the government House leader prepared, following that, to make the appropriate references of this matter to the Standing Committee on Privileges and Elections so that the House of Commons itself can get into this matter, which is important with respect both to the work of members and, indeed, to the way in which this place operates? I think it would be wrong—indeed morally wrong—if this matter were allowed to lie fallow, if nothing were done and if the normal events took their course.

[*Translation*]

Mr. Pinard: Madam Speaker, the issue raised by my learned colleague is very important, and it is a fact that according to available statistics, if the new electoral boundaries were applied under the present legislation at the next federal election, there could be up to thirty additional members in this House. However, it is far from sure that these new boundaries will be in effect at the next general election because, as my colleague is aware, under the present mechanisms, which are based on Section 51 of the Canadian Constitution and the various provisions of the Electoral

Boundaries Act, we could wait for as long as over three years before these final boundaries are in effect.

Let me simply remind him that the June 3 census will have to be completed within a year and that following the report of the Chief Statistician of Canada, it could take more than a year and a half before the various commissions set up for each province submit their report. In addition, they are entitled to a six-month extension. Ultimately, after the reports of the various commissions have been received my learned colleague is well aware that the new boundaries can be implemented only if Parliament is dissolved more than a year later.

All of this means that, for all practical purposes, we may have to wait between two and a half and three and a half years as of today before facing the possibility of 30 additional members or implementing the new boundaries. As for the next election, nothing is certain. No one cay say definitely that, under the present provisions of the Constitution, there will surely be 30 additional members after the next election. This remains uncertain. However, I am not suggesting that we refuse to deal with this matter. It concerns electoral reform in general. The Speech from the Throne mentioned that a parliamentary committee will have to be set up to consider electoral reform in general. This includes proportional representation, but the general theme will be electoral reform. I feel that since this would lead ultimately to an amendment to Section 51 of the Constitution, it would be sensible and wise to wait for a few weeks before making any change that might involve amendments to the Constitution.

[*English*]

Mr. Baker (Nepean-Carleton): Madam Speaker, the government House leader has lumped this in with electoral reform as he has seen fit. Unfortunately, he has not answered my question. The problem is upon us now and can be dealt with by the government House leader or neglected, whichever the government chooses. Is the government House leader preparing a discussion paper on the question of the size of the House of Commons? I am not talking about electoral reform or proportional representation but the size of the House of Commons. That matter is now upon us because of the peculiarity of events following the fall of my government and the beginning of the government which he leads in this House.

● (1510)

That is the question and I hope the answer is in the affirmative so that Parliament can deal with it. If he is not contemplating it now, would he undertake to the House to do so and advise immediately or within the next day, perhaps next week, as to his intentions? This question affects every one of us. The size of the House of Commons is important to all Canadians and how this institution works and ought not to be decided by neglect.

Mr. Pinard: Madam Speaker, I thought I had established a very clear link between the size of this House and electoral reform and amendments to the Constitution. However, if my hon. colleague wants an answer now, it is not my intention now to prepare that discussion paper.

I will give him an answer to the second question he asked in his intervention, which was: Will I agree to make a reference to the Standing Committee on Privileges and Elections? The answer at this time is no, but I am not saying that in a few weeks the answer will be the same. All I am telling him is that we had better wait and see what happens with the Constitution. When we deal with electoral reform and changes affecting the size of this House, and that is linked to changes in the Constitution, then we will be in a better position to talk about any discussion paper and reference to committee.

Mr. Knowles: Madam Speaker, the hon. member for Nepean-Carleton has raised an important issue to which we shall have to address ourselves in the not too distant future, but I think perhaps at the moment the best thing for us to do is to continue the discussions we have been having about this matter at House leaders' meetings. I am hopeful we can have discussions in addition to those we have already had and come to some understanding as to what might be done.

I join with the government House leader in suggesting that since this does involve an amendment to the Constitution it might make sense to wait a while to see whether it is to be done under section 91(1) of the British North America Act, as we did last time, or whether we do it some other way.

This being the time when we ask about future House business, Madam Speaker, may I remind the government House leader that his colleague, the Acting Minister of Veterans Affairs, just left his place in the House to go over to the West Block where we will be having a meeting this afternoon of the Standing Committee on Veterans Affairs. I may say to the government House leader that the Acting Minister of Veterans Affairs would have a much easier afternoon if we could be told now that within in a week or so a bill would be introduced amending last summer's Bill C-40, particularly with respect to widows who were left out of that legislation by virtue of an unfair phasing-in provision. I wonder if he can give us an answer to that question.

While I am on my feet, may I make a suggestion, not a world-shaking one but one which would save the printing of two pages every day in the House of Commons Order Paper. When you multiply that by the number of copies issued and the number of days we might yet sit, we might save a fair number of dollars. I refer to the fact that government order No. 41 is still on the Order Paper. It has no value because its provisions have been superseded by the House order passed unanimously on April 8 having to do with the debate on the Constitution. I realize that because this order was put under the provisions of Standing Order 21(2), it cannot be withdrawn by the Chair or the Table but only by unanimous consent of the House. We could in that way have that two page order withdrawn from the Order Paper and I suggest that the government House leader ask for consent that it be done.

Mr. Pinard: On the first question, Madam Speaker, I do not know what kind of afternoon the Acting Minister of Veterans

Affairs will have but I am certain that he is not in a position today to confirm that the bill referred to by the hon. member will be introduced within the week. All I can say to the hon. member is that there is good reason to be optimistic, but I cannot say that this bill will be introduced within a week or two.

Mr. Knowles: Some time in June?

Mr. Pinard: Let us hope so. In so far as the second question is concerned, he suggests to me that I ask for unanimous consent to withdraw motion 41 from the Order Paper. I am very willing to do that at this time if such consent exists. I thought we had settled that matter in a House leaders' meeting at the time we made our agreement and it was by inadvertence that it was left on the Order Paper. We on this side have no objection to motion 41 being withdrawn from the Order Paper.

Mr. Knowles: Since there does seem to be agreement among the House leaders that order No. 41 be withdrawn from the Order Paper, can we not have the question as to whether there is such consent?

Mr. Baker (Nepean-Carleton): Madam Speaker, that is the famous Pinard motion. I would be delighted to consent and I hope we never see its like again.

Mr. Pinard: Well, in view of the remark made by my hon. colleague, I think I said very clearly that we agreed at the time to withdraw it because it led to a very famous settlement. So taking that into consideration we certainly agree.

Madam Speaker: Is it agreed to withdraw motion No. 41?

Some hon. Members: Agreed.

Madam Speaker: Agreed and so ordered.

* * *

PRIVILEGE

MR. HUDECKI—REMARKS OF MR. NICKERSON RESPECTING HAMILTON CONSTITUENCIES

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, on May 26 in this House the hon. member for Western Arctic (Mr. Nickerson) made some remarks concerning alleged partisan behaviour on the part of the Minister of Indian Affairs and Northern Development (Mr. Munro). In making these remarks the hon. member made a number of alarming statements to which I find it necessary to refer at this time. He said:

> I do not want to see Hamilton-style politics pollute the north.

Then he went on to say:

> We do not want the extension of Hamilton-style politics in the north.

And then he said:

> We in the Northwest Territories or the Yukon do not want association with the alleged, rather unsavoury elements of society that I am led to believe is the case in Hamilton.

I submit there are a number of areas of privilege involved here. The hon. member, in making these unwarranted remarks, has impaired my ability and that of Hamilton area MPs to do their job as members of Parliament. Due to his uncalled for and irresponsible statements, members representing the various Hamilton constituencies must now answer to their electorate to set the record straight and—

Madam Speaker: Order, please. The hon. member will have to find other opportunities to set the record straight. The hon. member for Hamilton West (Mr. Hudecki) will remember that I disallowed the question of privilege raised by the hon. member for Western Arctic (Mr. Nickerson), and therefore that means that the hon. member cannot comment on that question. It has been disallowed as a question of privilege and therefore any divergence of views as to what was said in the course of that question of privilege cannot be discussed further on a question of privilege. So I have to tell him that he does not have a question of privilege.

ROUTINE PROCEEDINGS

[*Translation*]

REGIONAL DEVELOPMENT

PRESENTATION OF THIRD AND FOURTH REPORTS OF STANDING COMMITTEE

Mr. Iréné Pelletier (Sherbrooke): Madam Speaker, I have the honour of tabling the third and fourth reports of the Standing Committee on Regional Development. If it please the House, I now move that the third report be concurred in.

[*Editor's Note: For text of above reports, see today's Votes and Proceedings.*]

* * *

● (1520)

STATE IMMUNITY ACT

IMMUNITY OF FOREIGN STATES IN CANADIAN COURTS

Hon. Yvon Pinard (for the Minister of Justice and Minister of State for Social Development): moved that Bill S-19, An Act to provide for State Immunity in Canadian Courts, be read the first time.

Motion agreed to and bill read the first time.

Order Paper Questions

[*English*]

REGIONAL DEVELOPMENT

CONCURRENCE IN THIRD REPORT OF STANDING COMMITTEE

Mr. Irénée Pelletier (Sherbrooke): Madam Speaker, if the House gives its consent, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling), that the third report of the Standing Committee on Regional Development presented earlier this day be concurred in, without debate.

Motion agreed to.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 158, 1,710, 1,938, 2,020, 2,384 and 2,531.

[*Text*]

CANADA COUNCIL GRANTS—FISCAL YEAR 1979-80

Question No. 158—**Mr. Cossitt:**

What is a list of all Canada Council grants awarded during the fiscal year 1979-80 and, in each case, what (a) is the name and address of the (i) applicant (ii) recipient (b) was the amount of the grant (c) is the exact purpose in which the moneys will be used including any specific names or description given to each project?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications):

I am informed by the Canada Council as follows: "On the date this question was asked, a complete list of all Canada Council grants awarded during the fiscal year 1979-80 had not been compiled, printed, or laid before Parliament. This information has now been printed, however, in the 85-page Supplement to the Council's 23rd Annual Report, 1979-80, tabled in the House of Commons on February 5, 1981".

CMHC—ADDITIONAL SUBSIDIZED HOUSING, B.C.

Question No. 1,710—**Mr. Wenman:**

1. Did the Minister responsible for Canada Mortgage and Housing Corporation announce on June 17, 1980, that 5,000 additional units would be made available to the non-profit and co-operative housing sector and, if so (a) how many will be allocated to British Columbia and where will they be located (b) what percentage of the total cost will be spent in British Columbia?

2. What are the government's plans for future increases in housing made available to the non-profit and co-operative housing sector?

Hon. Paul J. Cosgrove (Minister of Public Works): I am advised by Canada Mortgage and Housing Corporation as follows:

1. On June 17, 1980, federal housing Minister Paul Cosgrove announced that he had authorized CMHC to commit an additional 5,000 dwelling units under the National Housing Act social housing programs. All of the units were to be made available under the non-profit and co-operative housing programs for new construction in areas where the vacancy rates were very low.

(a) 1,569 additional units were allocated to British Columbia as follows:

Vancouver	892
Victoria	57
Cranbrook	102
Kamloops	20
Kelowna	101
Prince George	152
Other tight markets	245
	1,569

(b) This represents approximately 31 per cent of the additional allocation of units available across Canada.

It should be noted that in December, 1980, the Vancouver area received an additional 800 social housing units. These units were shifted from other areas not requiring their entire allocation.

2. CMHC's forecast for the social housing programs, which include public housing, rent supplement, co-operative and non-profit housing, and housing aimed specifically at rural and native people, calls for the subsidization of 25,000 units per year. The approval of 5,000 additional units in 1980 was a special action taken in recognition of particularly tight market conditions in certain areas.

CORRECTIONAL SERVICE OF CANADA—GYMNASTIC EQUIPMENT

Question No. 1,938—**Mr. Lewis:**

1. Is there a Correctional Services Canada program in which inmates produce gymnastic equipment and, if so, what types of equipment are produced?

2. What organizations and groups have purchased such equipment in (a) 1976 (b) 1977 (c) 1978 (d) 1979 (e) 1980?

3. What was the dollar value of such equipment sold to (a) departments and agencies (b) public organizations and groups in (i) 1976 (ii) 1977 (iii) 1978 (iv) 1979 (v) 1980?

4. What was the dollar value of gymnastic equipment purchased by Correctional Services Canada in (a) 1976 (b) 1977 (c) 1978 (d) 1979 (e) 1980?

5. What is the policy of Correctional Services Canada in establishing prices for the gym equipment produced by the inmates?

6. Are there current plans to further expand the program in any way?

Hon. Bob Kaplan (Solicitor General):

1. Yes, the Correctional Service of Canada's CORCAN Industries trains federal inmates in job skills comparable in nature and pace to those found in industry, thus increasing inmates' changes of successfully relocating themselves when they are released. The types of gymnastic equipment produced are balance beams, seating and balancing benches, agility boxes, vaulting boxes, Canadian foldaway climbers and agility stands.

2. (a), (b), (c), (d) and (e) School boards and universities.

3. (a), (b), (i), (ii), (iii), (iv) and (v) Figures on gymnastic equipment sales alone are not available as they are recorded under recreational equipment.

4. (a), (b), (c), (d) and (e) This information is not available as it is recorded under recreational supplies which includes: gymnastic equipment, playground equipment and miscellaneous equipment such as ping pong and baseball.

5. CORCAN prices are set in order to be equivalent to the private sector market prices for similar products sold at similar volumes.

6. No.

PUBLIC SERVICE—PARTICIPATION OF INDIGENOUS PEOPLE

Question No. 2,020—**Mr. Manly:**

1. Did representatives of the indigenous people participate in all phases of the staffing process in 1979 and in 1980, as outlined in memo number 79—7, from the Public Service Commission, dated June 21, 1979, stating the goal of the Commission was to increase participation of Indian, Métis, non-status Indian, and Inuit people in the Public Service of Canada, on the national level and in each of the different regions and, if so, on how many occasions?

2. How many indigenous people applied, were interviewed, and were hired by the Public Service as a result of the policy announced on June 21, 1979, on the national level and in the different regions?

3. What was the number of indigenous people employed in the Public Service in (a) 1975 (b) 1976 (c) 1977 (d) 1978 (e) 1979 (f) 1980, on the national level and in the different regions?

4. What is the total number of positions in the Public Service that qualify for the staffing procedures outlined in the June 21, 1979, memo, on the national level and in the different regions?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): I am informed by the Public Service Commission as follows:

1. Staffing bulletin 79-7, which outlines the Public Service Commission policy on the representation of indigenous associations in selection processes, states that representatives of indigenous people shall be invited to participate in staffing processes to fill vacancies, where the jobs to be filled possess "native content". The intent of this policy is considered to have been respected if the invitation to participate is extended, whether accepted or declined. Departments which have established client/department relationships invite representatives directly, without consulting the Public Service Commission and the Public Service Commission does not maintain specific data on the application of the policy. However, as with all direction by bulletin, the Public Service Commission monitors the policy's application, through the audit of staffing action samples, on a regular basis.

Some difficulty has been encountered in relations to departmental identification of native impact or content positions, required under Public Service Commission bulletin 79-7 and Treasury Board Secretariat Personnel Management Manual Chapter 115-21 (Personnel Management Policy Process). While some progress has been made implementation has not proceeded as quickly as the Public Service Commission and Treasury Board Secretariat would have anticipated, resulting in difficulties in assessing the effectiveness of the policy.

2. There exists no reliable data base to determine accurately the number of native people who have applied for jobs during the period in question. As recorded in the 1979 Public Service Commission Annual Report, 262 native people were appointed from Public Service Commission inventories. Public Service Commission regional offices are presently in the process of reporting statistics on personal data gathered on a voluntary basis for the period ending December 31, 1980, which will result in more accurate data being available in the future.

3. For the years 1975 to 1978, there is no statistically valid record of figures on indigenous people employed in the Public Service. The records indicate that 2,674 indigenous people were employed in 1979; 1980 figures are not, as yet available. A regional breakdown is not available.

4. The total number of positions in the Public Service that qualify for the staffing procedures outlined in the June 21, 1979, bulletin is not available as the task of identifying these positions is still in progress.

EMPLOYEES—CONTRIBUTIONS

Question No. 2,384—**Mr. Knowles:**

1. What was the estimated amount of (a) employee and employer contributions that were made to employer pension plans (b) contributions that were made to Registered Retirement Savings Plans in Canada in each of the past five years for which data is available?

2. For the same years, what was the estimated amount of (a) federal tax expenditures (b) provincial tax expenditures that occurred because of the tax laws which exempt contributions to employer pension plans and Registered Retirement Savings Plans and the earnings of the plans from personal and corporation income taxes?

Hon. Pierre Bussières (Minister of State (Finance)):

1. Contributions to Registered Pension Plans ($ millions)

Year	1974	1975	1976	1977	1978
Employees	1270.0	1549.6	1918.0	2141.0	2358.0
Employers	2375.0	3008.8	3664.0	4074.2	4480.0

Source: Statistics Canada, 74-401, *Pension Plans in Canada, 1978*. The amounts for the years 1974, 1976, and 1978 are estimates.

Contributions to Registered Retirement Savings Plans ($ millions)

Year	1974	1975	1976	1977	1978
Employees	1243.7	1524.3	2115.5	2368.9	2675.4

Source: Revenue Canada Taxation, *Taxation Statistics* for various years.

2. Tax Expenditures for Contributions to Registered Pension Plans and Registered Retirement Savings Plans ($ millions)

Year	1974	1975	1976	1977	1978
Federal	1100	1230	1400	1400	1725
Provincial	330	360	400	580	740

Source: Department of Finance estimates.

Order Paper Questions

(1) The amounts indicated differ in some cases from those published in the *Tax Expenditure Account* due to new data.

(2) The tax expenditure amounts for 1977 and 1978 are based on the revised federal-provincial fiscal arrangements.

(3) The provincial tax expenditures exclude those in respect of the Quebec income tax.

GAME "EXPLORATIONS"

Question No. 2,531—**Mr. McKinnon:**

Does the office of the Commissioner of Official Languages distribute the kit and game "Explorations" and, if so, what is the (a) cost of mailing from the point of origin to Victoria, British Columbia (b) unit cost of production (c) purpose of the distribution to some Canadians?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): The Commissioner of Official Languages reports directly to Parliament and not through a minister. Questions can be put directly to him.

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 1,682 could be made an order for return, this return would be tabled immediately?

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Is it the pleasure of the House that question No. 1,682 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

GOVERNMENT GRANTS TO CANADIAN UNIVERSITIES

Question No. 1,682—**Mr. Herbert:**

With reference to the answer to question No. 3,693 of the First Session of the 30th Parliament, what government grants have been made to Canadian universities since the preparation of the answer?

Return tabled.

[*Translation*]

Mr. Collenette: Madam Speaker, I ask that the remaining questions be allowed to stand?

Madam Speaker: Shall the other questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

EXCISE TAX ACT AND EXCISE ACT

MEASURE TO AMEND

The House resumed, from Tuesday, May 26, consideration of Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs, and motions Nos. 1 and 3 (Mr. Blenkarn).

Madam Speaker: Before recognizing the hon. member for Pembina (Mr. Elzinga), I would like to read a suggestion from the Chair about the grouping of certain amendments to Bill C-57.

I indicated to hon. members last Tuesday the groupings to be followed in relation to the first 44 motions standing on the notice paper to be proposed at the report stage of Bill C-57. I have since had an opportunity to study the remaining motions, including the three new motions standing in the name of the ministers and I find that the motions affect certain of the previous groupings. For these reasons, and for the benefit of hon. members, I would like to indicate to the House which motions are affected. These motions are numbered 6, 7, 8, 13, 58, 11 and 12 as previously grouped.

The new grouping for these motions is as follows. Motions Nos. 6, 7, 8, 11, 12, 13, 56, 57, 58 and 59, all of which are in relation to the indexing provisions of the bill, could be grouped for debate and, if necessary, voted on in the following manner:

(a) Question will be put on motion No. 6 and, if in the affirmative, this will dispose of motions Nos. 7 and 8. If in the negative, the question will be put on motion No. 7. An affirmative vote on motion No. 7 disposes of motion No. 8 and, a negative vote on the motion, that is No. 7, requires the question to be put on motion No. 8.

(b) Question will be put on motion No. 11 and, an affirmative vote on this motion disposes of motions Nos. 12 and 13. A negative vote on motion No. 11 disposes of motion No. 12, with the question having to be put on motion No. 13.

(c) Question will be put on motion No. 56 and, if in the affirmative, this will dispose of motions Nos. 57, 58 and 59. A negative vote on motion No. 56 disposes of motions Nos. 57 and 59, with the question having to be put on motion No. 58.

It is at this point I would like to bring to the attention of hon. members that my statement of last Tuesday is valid in relation to motions Nos. 1 and 3 now before the House, motion No. 2, motions Nos. 4 and 5, motions Nos. 9 and 34, motion No. 10, motions Nos. 14 to 26, motions Nos. 27 and 28, motions Nos. 29, 30, 31, 32, 33 and 35, motions Nos. 36, 37, 38, 39, 40, 41, 42, and 43 and motion No. 44.

The grouping of the motions not yet dealt with by the Chair is as follows: Motions Nos. 45 to 54 could be grouped for debate and voted on as follows:

(a) Question will be put on motions Nos. 45, 46, 48, 49 and 54 separately.

(b) Question will be put on motion No. 47 and, if in the affirmative, will necessitate the question being put on motion No. 53. However, a negative vote on the motion obviates the question having to be put on motion No. 53.

(c) Question will be put on motion No. 50 and, if in the affirmative, disposes of motions Nos. 51 and 52. If in the negative, it obviates question having to be put on motion No. 51 but the question will have to be put on motion No. 52.

Motion No. 55 will be debated separately and voted on separately. Motions No. 60 to 135 inclusive have the same effect, that is, to strike part IV from the bill. It is my intention to group all of these motions for debate, with one vote disposing of the motions. Possibly, when these motions are reached, the Chair could propose for consideration by the House one question in the name of the hon. member for Etobicoke Centre (Mr. Wilson), seconded by the hon. member for Vancouver-Kingsway (Mr. Waddell), that part IV of the bill, being clauses 78 to 117 inclusive, be deleted. I make this suggestion in order that hon. members may consider it during the interval between now and the time when we reach for consideration motions Nos. 60 to 135.

Hon. members, I am sure, are aware that this is a rather complex bill, that the Chair has spent a considerable amount of time considering the record 135 report stage motions, and I can only hope that I have been fair in my analyses and grouping of such motions. I would like to reiterate what I stated to the House last Tuesday, that the Chair would welcome any suggestions hon. members may have in order to facilitate consideration of the bill. In the meantime, I have placed with the officers at the table a concise outline of the groupings and the voting procedures, should hon. members wish to avail themselves of these papers.

Mr. Peter Elzinga (Pembina): Madam Speaker, in dealing with Bill C-57, the tax legislation presently before us, we find that the bill has in excess of 100 pages. As well, we notice in looking at the Order Paper that there are approximately 135 amendments proposed to the actual legislation. It is an extremely complicated piece of legislation.

Last Tuesday we heard from our chief spokesman on this legislation, the hon. member for Edmonton West (Mr. Lambert). In reality, there is really nothing more to be said because he did an excellent job in covering all the issues which pertain to the legislation itself. I pay tribute to the hon. member for Edmonton West. I have had the privilege of serving with him in the House for some seven years. In fact, he has served in the chamber for close to 25 years. When I first came to the chamber, I used to go to this hon. member for counselling when I had questions concerning parliamentary procedure. In addition, the contribution of this man in his almost 25 years of service is outstanding.

Some hon. Members: Hear, hear!

Mr. Elzinga: It is excelled only by his dedication to his constituents. We deeply appreciate his expertise in matters pertaining to the bill presently before us. I would like publicly to extend my thanks to this fine gentleman for the association which we have.

• (1530)

Some hon. Members: Hear, hear!

Mr. Elzinga: In dealing with Bill C-57, which is a result of the finance minister's budget, we find that a number of energy matters pertain directly to the National Energy Program and a number of tax items which are included in this legislation. The tax items in the legislation affect the farming population with respect to the sales tax exemption for equipment. Included in the legislation is a tax exemption for equipment used by school boards and universities. There are restrictions on sales tax exemptions on equipment used by fishermen. There are also tax measures pertaining to advertising flyers, a subject about which I wish to speak.

As I am sure a good many hon. members are aware, the publisher of the *Edmonton Journal* appeared before the Standing Committee on Finance, Trade and Economic Affairs when this bill was before it to express his reservations on matters pertaining to this issue. There will be a number of newspapers adversely affected by this measure. I am sure the negative impact will be much greater on small weekly papers than it will be on large dailies. Mr. O'Callaghan, the publisher of the *Edmonton Journal,* expressed his views and concerns with respect to this issue when he appeared before the committee. I am hopeful that the ministers who are responsible for this legislation, and hon. members opposite, will pay heed to Mr. O'Callaghan's contribution. In my opinion he is one of Canada's finest publishers. He has spoken loudly and fought for justice and liberty for a free press and for equality for all. Regrettably, members opposite have far too often attempted to muzzle our free and democratic press.

I would like briefly to touch upon some of the energy issues which are in this legislation. Our party's critic, the hon. member for Etobicoke Centre (Mr. Wilson), touched upon some of the issues when he spoke on Tuesday. I would like to reiterate some of the concerns expressed by him at that time since there are measures in this legislation which have proved to be the most damaging elements of the National Energy Program. The tax measures contained in this legislation will have an extremely detrimental effect on the oil and gas industry, one of the few growth industries in Canada at the present time.

I would like to cite some figures to you, Mr. Speaker. Drilling activity in Canada this year as compared with last is down by over 50 per cent. The sales potential of petroleum properties is down 70 per cent this year as compared with last. The number of drilling rigs which have left our country number some 139. These figures prove with great clarity that the National Energy Program is having a detrimental effect on self-sufficiency as far as oil is concerned. We have a number of

proposed amendments on the Order Paper which would effectively eliminate this unfair taxation.

It is interesting to note, too, what Alberta Gas Co-ops Ltd. had to say when representatives of their organization appeared before the committee. I would like to quote a portion of their presentation since it illustrates not only the detrimental effect this legislation will have on our national resource sector but the detrimental effect it will have on our entire economy. The brief states in part:

> On behalf of our members, and for the benefit of all Canadians who are, or will, use natural gas or natural gas byproducts as a source of energy, we protest the imposition of the recently announced natural gas excise tax.
>
> This excise tax will have particularly harsh effects on those with low or fixed incomes, unskilled wage earners, elderly pensioners, and farmers who have only limited opportunity to recover this additional cost.

So, as illustrated by Alberta Gas Co-ops Ltd., we see that these measures will have a detrimental effect on low wage earners, yet we find the government imposing greater taxation in this area while not offering any kind of assistance to those individuals in lower income brackets. In our budget we offered the energy tax credit to those individuals earning under $22,000. This tax is a punitive tax in regard to the natural resources of our country. As a matter of fact, in so far as the Alberta Court of Appeal is concerned, with respect to revenues on natural gas it has ruled that this tax contravenes the British North America Act. I do not wish to usurp the role of the courts but I do concur in its view and indicate my agreement with the position it has taken.

With the imposition of taxation measures such as the ones I am dealing with, I am surprised that the government has not seen fit to implement taxation measures on other resources, such as gold, uranium or hydro power which are found in the other provinces of Canada.

Just as Alberta Gas Co-ops Ltd. indicated the detrimental effects of the excise tax on natural gas, the Alberta chamber of commerce also illustrated the loss of jobs which will occur all across Canada because of the National Energy Program.

Yesterday in the debate on the National Energy Program the hon. member for Assiniboia (Mr. Gustafson) did an excellent job in describing the loss of jobs which is presently taking place in Canada because of the slowdown and stagnation of the development of our resources resulting from the National Energy Program. On many occasions we have received presentations from house builders associations and from individuals indirectly associated with the development of our resources which have illustrated how jobs are being lost in their small companies. I find that rather ironic when one looks at the record. During the last election campaign members opposite criticized us for advocating an 18-cent excise tax. They indicated gasoline prices would not reach those levels.

Let us take a look at the record, as illustrated in an editorial printed in the *Edmonton Journal* on March 5, 1981. The article outlines the series of price increases on a gallon of gasoline which total some 41.5 cents as compared to our 18 cents.

Some hon. Members: Shame!

Mr. Elzinga: Members opposite indicated that their gasoline prices would be lower than ours. I would like to show you, Mr. Speaker, where these price increases actually took place. On November 1, 1980 there was a refinery tax imposed of some 2.5 cents. On January 1, 1981 there was another refinery tax imposed of some 8 cents. On March 1, 1981 the first wellhead price increase added some 3 cents to the price of a gallon of gasoline. On March 3, because of the extra cost of imports, 2 cents was added on to the price. And thanks to Ottawa's National Energy Program an additional 18 cents was added to the price, which was equal to the 18-cent excise tax we advocated. There is more. The Canadian ownership levy added another 8 cents to the cost of gasoline. These figures are only up to March 5, 1981. Since then the price has risen in excess of the 41.5 cents per gallon increase.

When you look at the over-all record of this government as it pertains to taxation, you find that it is very discouraging to private individuals in Canada especially when you take account specifically of the indexation proposals with respect to alcohol and tobacco.

• (1540)

The reason Mr. Stanfield, as the leader of our party, advocated the indexation of personal income tax was so we could help the taxpayer and alleviate the enormous increases in his own taxation rates as a result of inflation. This government is reversing that role. It is making inflation work to the benefit of itself now, because every time the price of alcohol and liquor goes up, increased revenues are going to go to the Department of National Revenue. I find that very disturbing because what it does is effectively remove parliamentary control over taxation policy.

If we view the shifts as far as they pertain to alcoholic beverages, we find that the government's taxation policies have encouraged more consumption of hard alcoholic beverages or hard liquor as compared to beer and wine. The taxation level is heavier on our beer. As my colleagues the hon. member for Bow River (Mr. Taylor) and the hon. member for Surrey-White Rock-North Delta (Mr. Friesen) have indicated, beer is the working man's drink. This, effectively, is another taxation policy, and it is being perpetrated upon the working-class Canadian by our friends opposite.

An hon. Member: No friends of ours!

An hon. Member: The Tories are out for beer.

Mr. Elzinga: It does not affect me any more because I am an abstainer. I feel the working-class individual in Canada deserves a break because he contributes so much to the welfare of our country.

When dealing with a measure which affects taxation, I think it is appropriate for one to examine the results of the policies of the Liberal party opposite. Let us look at the government's record for a moment and examine spending. We are all aware in this chamber that government spending has reached

astronomical levels. There is no control whatsoever on government spending.

If we look at the budgetary deficits which have been brought forward by hon. members opposite, they have increased on a yearly basis enormously. We have record-high unemployment levels in this nation. We have record-high taxation. We have record-high inflation. We have record-high interest rates, and our dollar is again at one of the lowest levels we have experienced in Canadian history.

This is surely not a record to be proud of, and I hope that hon. members opposite truly attempt to do something. On a daily basis in the House, they indicate to us that inflation is their number one priority. Well, the Canadian people do not take them seriously. President Reagan has indicated the same thing in the United States; but the United States' population realizes that he is serious in his intention to bring down the inflation rate. However, the Canadian population knows that the inflation policies of our friends opposite are a farce. The sad part of the inflationary trend is that it hurts and destroys those on fixed incomes.

I am hopeful that this government will take some measures to alleviate some of the difficulties that our pensioners, our single families, our small business sector and our farming population face. That is why we have made a number of specific proposals to the minister, such as the extension of the small business development bond to the small farming operation which conducts an unincorporated business. One would think they would be ready to act, because if we look at the record we find that there is scarcely a political problem which we are facing as a nation, which does not have the fingerprints of the Prime Minister (Mr. Trudeau) all over it. I hope they see the folly of their ways as far as government spending, taxation and high interest rates are concerned, and take measures and implement programs to alleviate some of the difficulties which the Canadian population is facing.

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, I am pleased to be able to take part in the debate on this very important bill, especially the provisions relating to petroleum. I call them the petroleum elements of the bill, and I would like to say a few words about them.

There are two petroleum elements. The first one is the 8 per cent PGRT, which is the petroleum and gas revenue tax, and it is a very important and controversial provision of this bill. It is so important that to a limited extent the negotiations with Alberta, Saskatchewan and British Columbia on the new oil pricing agreement, which this country badly needs, are being held up just because of this particular tax. Canadians are probably a bit mystified why that would happen and what is involved. I hope to say a little bit about that in my speech.

Just to set the matter in some sort of context, we are talking about a pile of money which is being sliced up between the federal government and the provinces. We are talking about $100 billion. That is what is involved, not only the 8 per cent wellhead tax but the whole split in revenue between the provinces and the federal government. That is why there is such a crucial dispute in this country. That is the first element I want to speak to on the bill, the 8 per cent wellhead tax. We call it the wellhead tax, the tax at the wellhead. The federal government hopes to raise some revenue by this provision in the bill. The provinces are up in arms about this and I will tell the House why in a moment.

The second petroleum element of this bill is the excise tax on natural gas, and I want to say something about that. It is very important that I do so because very little has been said in the House about that particular tax. It is very important that a member of Parliament from British Columbia, as I am, say something about that tax because it has a tremendous effect on the people of the province of British Columbia. We British Columbians know that if it has an effect on us, then it has an effect on Canadians generally. I want to come back and speak about that tax, to tell Your Honour how it has an effect and what should happen to these taxes.

Let me start with the 8 per cent wellhead tax. As I have said, it is simply a means for the federal government to get more revenue and more dollars. I do not think that we on this side of the House in the New Democratic Party dispute the fact that the Government of Canada needs money to carry on. It does not spend it very well. It throws it away by spending $2 billion a year for jet planes that do not work and money for ships that do not go, and so on; but by and large, it does need money for social and economic programs and for all sorts of things which affect the average Canadian and indeed all of us.

It is typical, however, that instead of looking to the Income Tax Act, which is the normal method that the federal government uses in raising money—and I mean the main method of raising money—the federal government introduces a wellhead tax. Everyone knows we all pay income taxes, except maybe Shell or similar companies. However, most of the ordinary people in this country have to pay income taxes every year. Most of the companies in this country pay income taxes. Instead of looking to the Income Tax Act, where there is a present effective rate of 11 per cent for the oil companies, for getting more revenue by taxing these companies, the federal government has introduced a new tax, the 8 per cent wellhead tax. In my view, it is designed to hurt the very people that the federal government said it intended to help.

Let me explain why I say that. If the government had tightened up the Income Tax Act, it could have taxed the profits of the companies. The profits of oil companies and banks have been incredible in the last few years, especially those of oil companies. We have pointed that out time and time again in the House of Commons. We have pointed out that some companies have not been paying tax. In 1979 Shell paid no tax. So what has the federal government done? Instead of taking broad tax measures under the Income Tax Act, it brings in this 8 per cent tax which taxes the upstream profits of the companies.

Now, I must explain the difference between upstream and downstream. I know all fishermen would understand that, but I will try to explain it in the context of oil. "Upstream" means the place where the oil and the gas is found. I have had to

learn this, Mr. Speaker. Having been a criminal lawyer and then coming into the oil and gas field, I have had to learn these concepts. They are not difficult and I shall try to explain them simply. The upstream is where the oil and gas is found, where the drilling is done and the gas is brought out of the ground. As I understand it, and I may be corrected, a lot of small Canadian companies are involved in drilling, exploration, servicing rigs, bringing in the water and bringing in the gas—doing all sorts of things. Profits are made in those areas when oil and gas is sold downstream.

● (1550)

"Downstream" is the pipelining, the refining and the marketing. The downstream is controlled by the large multinational oil companies—Imperial, Shell, Gulf and Texaco.

This particular tax, however, really hits the people upstream and not the people downstream. The government produced a petroleum monitoring report which showed that small Canadian companies reinvested the money they made when they found oil and gas and sold it. Some of the multinational oil companies like to take a profit and send it to their American shareholders or put it into solar energy or coal or some other investments.

Because of the tax on the upstream operation, small business people from Alberta, Saskatchewan and British Columbia come to see us and say: "We are losing our business. Why are you taxing us? It is really hurting". Imperial Oil or any of the large companies have not come to us to say that they are hurting. As a matter of fact, their shares went up in value after some recent announcements by the government. The government has put the tax on in the wrong place, Mr. Speaker.

Yesterday the minister said: "There is more and more exploration; look at the figures". Then he gave out-of-date figures from last year. Mr. Speaker, we saw people in the flesh—live witnesses who visited us—complain that the tax is hurting them and that they may go bankrupt. These are the little guys, not the big guys, and we on this side of the House are prepared to listen to them, even if the government is not. We are prepared to ask the government to get rid of the 8 per cent wellhead tax and change the corporate income tax to get money that way.

There is another problem, Mr. Speaker. The west is alienated. The government has a lot of difficulty dealing with the west because its power base is in the east. I was struck by the tirade delivered by the Minister of Energy, Mines and Resources (Mr. Lalonde) in the House yesterday when he said that the west is not suffering. The party across the way puts itself forward as the party of national unity; but it cannot be a party of national unity if it does not listen to the west. It is easy to win elections—just take Quebec and Ontario, with low-priced oil in Ontario, and pretend that its interests are being looked after—although in the long run they are not—keep the solid base because of the many members from Quebec, and the result is permanent government in Canada.

There is a real problem in western Canada, Mr. Speaker. In its own way, it is having the same kind of revolution as that which happened in Quebec in the sixties. I suspect many members opposite, including the Minister of Energy, Mines and Resources, came to this House as the result of Pearsonian Liberalism or as a result of feeling that there was a role for the federal government to play in co-operative federalism with the provinces.

This tax hurts co-operative federalism, Mr. Speaker, and I urge the government to consider it again. I do not make the argument that the provinces cannot afford it; I make the argument for the little guy. I am in favour of provincial revenues, but I believe there should be a better way of dealing with the provinces in respect of this 8 per cent tax.

It does not make sense to hurt the little guy upstream and forget about the big guys downstream, Mr. Speaker. That is where the tax should be applied. The same amount of money could be raised, the western provinces would be satisfied and the small businessmen in Alberta, B.C. and Saskatchewan would be satisfied, as would the principles of co-operative federalism.

I now want to deal with the subject of gas, Mr. Speaker. There is a problem with federalism when it comes to gas. This party is not opposed to the principle of a tax on gas but this is not a good time for it. My constituents want to know why there is a tax on natural gas which is produced by the western provinces—mainly British Columbia—when there is no tax on Quebec electricity or on Ontario gold and nickel or hydro. I find it difficult to answer them. I could say it is a source of revenue, but, Mr. Speaker, this is a bad time to levy that tax. At the time the Petroleum Administration Act was imposed unilaterally by the federal government, we as a party urged the minister to consider that tax again.

There is another reason why the tax should not be imposed, Mr. Speaker. There is a glut of gas in the United States at the moment. In 1979, the Clark government raised the gas export price and, as a result, the United States has not been buying British Columbia gas. Now, at the same time as the price of gas increases as a result of this tax, exports are decreasing.

The government has not allowed any change in the price of export gas. The result, as the economists would say, is that they have "used up the space". A tax has been imposed but we cannot get any more money for our exports, so who is to pay the tax? It is the people of British Columbia who will bear the burden.

It comes at an awkward time for British Columbia because the provincial government has been subsidizing the price of natural gas to the tune of $100 million per year. As a result, last year 40 per cent less gas was sold than the year before. Instead of the subsidy coming out of the sale of gas exports, it really comes out of British Columbia's general revenue. I am just trying to put the facts before the government because it does not have any members from British Columbia in its ranks and may not know this!

British Columbia had planned to raise the price of gas to consumers this year. At the moment, 1,000 cubic feet of gas costs $1.20. As a result of this bill we are debating today, a

41-cent tax will be imposed by July 1 and the province will likely impose another tax of about 60 cents. The price of gas for British Columbia consumers will be doubled.

It does not make much sense, Mr. Speaker, for the government to have a policy of switching off expensive imported oil for cheap Canadian natural gas, when the price of the Canadian natural gas is doubled. The actual impact in British Columbia will not be for people to switch from oil to gas, as the National Energy Program proposes; in fact, it will scare British Columbia away from switching to gas. They see a discriminatory tax. They see the price doubling. British Columbians will not convert to gas.

● (1600)

I am informed that this morning the Saskatchewan government filed a suit in its court of appeal against the federal government, challenging the federal government's ability to tax provincial Crown corporations. This lawsuit is of particular interest to the people of British Columbia. We market our gas through a Crown corporation called the BCPC, which is the British Columbia Petroleum Corporation. We used to have a socialist government in British Columbia, so we do not let the downstreamers take all the profit. We take the profit and distribute it among the people. BCPC buys gas from the producers and either sells it to the people or it is exported. BC Hydro is involved.

This lawsuit filed this morning by the Saskatchewan government will be watched very carefully by British Columbians. It will deal with the principle of whether a provincial Crown corporation can be taxed. It is not the lawsuit that I am pointing out but the fact that the government could have avoided the danger of lawsuits and disputes between itself and the provinces. We do not need that. These things should be settled in a different way, not through the courts. They should be settled through negotiation. That is what co-operative federalism is all about.

This tax is a divisive tax. By devious methods, the minister of energy is trying to raise money to deal with a particular problem. What he should do is negotiate up front with the provinces instead of levying these new taxes.

In summary, the taxes are against the principles of co-operative federalism. They are discriminatory against one region of the country. They hurt the little guy. They do very little to take additional revenues from the big companies. Instead, Canadians will end up with higher prices and higher costs at times when we really cannot afford to pay them. These costs will fall on the consumer, not on the big producers and markets.

While we on this side of the House are in favour of the principle of taxation and while we are in favour of the federal government being active and having a major role to play in this country, we must tell our friends across the way on the government side that this is not the way to do it and to delete these clauses from the bill.

Excise Tax

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I am pleased to have the opportunity to participate in the debate on Bill C-57 now before the House. I want to associate myself with many of the concerns that have been raised by members on this side and I want to express my views on certain aspects of the bill.

I, too, take extreme exception to this government's attempt to establish annual indexing based on consumer price index increases. I am well aware that the government has to raise money by taxes, but through many of the things the government is doing it gouges the wrong people.

I share the suspicion raised by many of my colleagues that this proposed move based on consumer price index increases is simply an effort by this government to circumvent Parliament. In other words, the higher the cost of a product or a service, the more the government makes out of it. In turn, the more the consumer pays, the more the consumer goes in the hole.

Mr. Paproski: Mr. MacEachen doesn't care.

Mr. Darling: The Minister of Finance (Mr. MacEachen) does not seem to worry, as the hon. member for Edmonton North (Mr. Paproski) points out.

Such a method of indexing would perpetuate future increases, and members of this House would have no say in the matter. Parliament would not even have an opportunity to debate future increases because they would be already built in.

The indexing of taxes on such consumer goods as tobacco and alcohol, to mention only two, would surely anger and frustrate Canadians to a point where some might resort to alternate and illegal supply and purchase methods. I might say that they do not get too much money out of me through taxes on either of those products. I suppose if I were to be very mercenary, I would say tax both tobacco and liquor as much as possible because I do not happen to use them. In all fairness, however, I presume I have a great many friends and relatives who do use tobacco and alcohol, so I may pay in a roundabout way.

Mr. Elzinga: These taxation policies are driving people to drink.

Mr. Darling: The hon. member for Pembina (Mr. Elzinga) says that the government's policies are driving people to drink. I guess they want to try to forget their troubles. I have not had to resort to that yet.

I have no doubt that if this objectionable method of taxing is allowed to pass, wholesale smuggling might result. It has happened in the past and there is no reason to assume that it might not happen again. We might have the reverse of the infamous prohibition period in the United States when Americans in droves came into Canada for their liquor. This government will make the prices of these items so high that Canadians will be prohibited from purchasing them in Canada and would have to go elsewhere for them.

My own province of Ontario made a mistake when it recently introduced its budget by indexing taxes on consumer

goods. I certainly do not agree with that. The provincial treasurer, who is a personal friend of mine and a representative of part of my federal riding, brought in an indexed tax on gasoline. At the present time I believe this tax is about 4 cents a gallon. Of course, when the price of gasoline increases, as it most certainly will, that tax will go up automatically.

Members on this side of the House remember back in December, 1979, when that same distinguished provincial treasurer was crying blue murder to the Conservative party because of the prohibitive proposed increase of 18 cents a gallon in the price of gasoline. Now we can see what we are paying with this great federal government in power which promised on a stack of Bibles that the increase would be limited to 14 cents a gallon. On Sunday on my trip back here I filled up my gas tank. I paid $1.67 a gallon for unleaded gas. I can assure hon. members that is about 60 cents or more per gallon than I paid when the Clark government was defeated.

Mr. Paproski: Shame on you Liberals.

Mr. Darling: Again, a slap on the wrist should be given to the provincial treasurer of Ontario. I guess he learned the dirty trick from the Minister of Finance.

I find it difficult to accept that, because this government is not able to control inflation, it will use inflation to index taxes. In other words, the higher inflation goes, the more money that will roll into the government's coffers. I do not think anyone would disagree with me about that. Even members on the government side of the House should be shaking their heads and agreeing with me.

This measure will allow the government to benefit from the inflation it has created. I hear the Minister of State for Finance (Mr. Bussières) interjecting. The government is benefiting because of inflation, yet we hear the government telling us that it will do its very best to control inflation. To do that very thing, the government is keeping interest rates high. But at the same time this government is driving a good many businessmen to the brink of bankruptcy. Some will declare bankruptcy. I know a great many small businesses in my riding that are feeling the pinch. I am quite sure the Minister of State for Finance knows that as well. Possibly there are some small businesses going bankrupt in his own area because of high interest rates. This is an absolute disgrace. Reasonably successful businessmen who have been established for a long while are going to the bank to borrow money to meet operating costs or to purchase inventory during their busy seasons and are having to pay 21 per cent interest.

● (1610)

I also wish to express my concern and the concern of many others at what appears to be evident departures from the normal calculation of excise taxes. As the hon. member for Edmonton West (Mr. Lambert) pointed out, excise tax has been commonly known as the manufacturers' sales tax. This tax was imposed upon the price at which a manufacturer would sell his or her products. The bill before this House seems to be shifting the excise tax away from the manufacturer to the wholesaler and distributor. This will ultimately lead to a greater financial burden on the consumer and will generate extra funds for the government.

I am quite sure that many other members of Parliament as well as I have received letters criticizing the government for this change in policy. I certainly hope the government will rethink this. This government does not need to print extra money; it simply digs a little deeper into the pockets of tax-paying Canadians. By this bill it looks as though the government wants to dig a little deeper into the pockets of certain segments of the nation which can ill afford to support this government greed.

I want to discuss the impact of the clause of this bill dealing with excise taxes on advertising and advertising supplements in small community newspapers. There are many small weekly papers in my riding, as in many ridings across the country, which offer the community a valuable service by providing news, information and entertainment. These newspapers, which do not have the financial resources of large corporations or the revenue resources of those in larger centres, are very dependent upon the advertising they obtain. The imposition of the excise tax as outlined in this bill would place the operations of these important papers in jeopardy. I hope the government will reconsider this matter, recognize the value and contribution of community newspapers and exempt those serving certain sized populations from this change in the taxing method.

I want also to express my opposition to that part of the bill which deals with the production of gasohol. As the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) mentioned when speaking on this issue, gasohol is legal and its use encouraged in over 30 of the world's nations. Why Canada, or at least the present Canadian government, should take a different stand is certainly beyond me.

Other governments have realized the potential of gasohol in certain circumstances and have supported its use. This government, however, seems to be determined to ignore it or, at the very least, will penalize Canadians who want to use gasohol as a fuel alternative. The bill before us reflects the government's attitude. It does not use the word "gasohol"; it refers to the product as "denatured spirits." This just means alcohol that is rendered unfit to drink.

The government seems less worried about the advantages of Canadians using gasohol for fuel as it is about the possibility that some Canadians will erect stills to produce alcohol for human consumption. Under this bill the government will grant a special temporary licence for the manufacture of denatured spirits which are to be used solely in experimentation and development of a fuel. Surely the government realizes that such experimentation and development has been going on for centuries now, probably for a few thousand years, and the process is fairly straightforward. There are experimental processes taking place in respect of alternative approaches to manufacture, both in the conversion and separation stages, but the simple distillation process is relatively unchanged.

Why in the world would the government want to limit licences for experimentation only when many Canadians have

gone beyond that stage and are into production, illegally now, I must point out? In my own riding we had an individual who had gone beyond the experimental stage and was in fact using gasohol to power his own vehicle. He was not only successful in producing the product, he was producing it cheaply. By making alcohol from crops grown on submarginal land on his farm, he was able to produce fuel for his vehicle which he stated cost him about 30 cents a gallon. I might question the 30-cent a gallon figure because I doubt if he charged for his own time, or perhaps put a charge on the land, and so on, for this, but nevertheless he did this and certainly created quite a furore and got a lot of publicity for himself across the country which certainly did him no harm.

Did the government applaud his ingenuity? It certainly did not. It sent the RCMP in there to lay charges against him. After all, it could be very embarrassing for the government to have an individual showing it that a final product works when the government is insisting experimentation is still required.

What must be equally embarrassing to the government is the fact that this man is a Liberal party member and in fact carried the standard of the Liberal party in the recent provincial election in the district of Parry Sound. He lives about 15 miles from my home town of Burks Falls. This same distinguished gentleman, Richard Thomas, is well known from appearing on television commercials for Canada Packers as "Ben", selling their bacon, so that is a plug for them. That did not hurt him during the election either. When I pointed out to Richard that he was a great Liberal expounding Liberal theories, yet they formed the government which was persecuting him, and also asked him to admit that the budget of the hon. member for St. John's West (Mr. Crosbie) would have protected him, he admitted it himself. Do not shake your head now, Mr. Minister of State for Finance. The Crosbie budget allowed the production of 2,500 gallons of alcohol, or whatever you want to call it; it most certainly did.

Mr. Paproski: That's right and I'll vouch for that.

Mr. Darling: I see the minister of state making a note of that. If he checks that he will find it to be correct.

This man Richard Thomas showed equal determination when he was faced with the charges laid against him. He hoped, he said, to argue in court that, although he had broken the letter of the law, he had not violated the intent of the law, which was to prohibit privately distilled alcohol for internal consumption. Incidentally, the charges against Mr. Thomas were eventually withdrawn, presumably because new legislation under this bill was pending.

Will this present bill help Mr. Thomas and others across this land like him who wish to manufacture gasohol for cheap transportation? I suggest it will not, because firstly there is a requirement that anyone applying for a licence must post a surety bond of between $4,000 and $10,000. I understand that amendments to reduce this amount are before the House. As an insurance agent for a great number of years, I should say that there will probably be additional business for general insurance agents across the country. The government is going to force people to buy, even when it is for their own use. The premiums on surety bonds and fidelity bonds are quite high now. In many cases it is quite difficult to have insurance placed. Granted, there is the possibility, if an experimenter does not know what he is doing, that he will blow himself or his neighbour up. This is why there will be a hesitancy with respect to issuing these bonds. Or the government could say: "If you are doing it for your own use, God bless you, go to it; but just do not get into the business in a big way".

• (1620)

The reason for the bond, Mr. Thomas was told by an official in the Department of Finance, was to guarantee the respectability of the applicant. The Department of Finance has devised the ultimate measure of respectability. If a Canadian has between $4,000 and $10,000 for bonding purposes, then that Canadian is "respectable". I suppose there will be a sign on the door of the licensing office stating "Only respectable Canadians need apply". I suggest to the government that if respectability is the sole criterion for the requirement of the bond, the provision should be dropped immediately. Why not have just a simple licensing fee to cover the cost of the licence and the office paperwork involved?

Then there is the fact that the licence is valid for only a year or less, and when the licence expires there is no renewal clause. How utterly stupid! Ingenious Canadians will buy equipment and so forth, and then they will know that once they get their projects operating successfully, the government will tell them they have to discontinue them after the end of the year. That is ridiculous. Why any Canadian in his right mind would go to all the trouble and effort—not to mention the cost—to build something when it is to be destroyed a year later, I do not understand. Equipment and accessories are not put together for a few dollars; it takes a few hundred dollars and in some cases thousands. Canadians are willing to invest that kind of money only on ongoing processes and only when they know their yields will be financially beneficial. I suggest that the government make the licence renewable or extend the time involved to a more practical term.

There is also a requirement for a complete description of the distilling process, including diagrams, at the time of licence application. The government is contradicting itself. If the licence is issued only for experimentation, how can the experimenter be expected to know in what final form his equipment and process will be? No one asked Alexander Graham Bell to provide a description of a conference call when he invented the telephone. This entire section of the bill needs to be reviewed and altered to reflect reality and common sense.

In its report the special committee of this House on alternative energy and oil substitution stated that it welcomed government actions to amend the excise tax to make it easier for interested people to begin distilling alcohol, but the government is not making it easier. This bill will have just the opposite effect. I agree with other members of this House that the production of gasohol should not be allowed to lay waste

good farmland, but that is not the intent of those Canadians who are looking for cheap fuel alternatives.

I am hoping the government will amend its thinking on this and allow ingenious Canadians—mostly farmers and rural people—to take advantage of this new idea of gasohol, to produce it for their own use and perhaps to sell a bit extra.

Mr. Vince Dantzer (Okanagan North): Mr. Speaker, normally when I rise to speak in this House I do so with considerable pleasure and enthusiasm. However, with respect to Bill C-57 I must confess it is extremely difficult to be very enthusiastic. This is a tax bill, and no one likes a bill which purports to take money from Canadian businessmen or from individual Canadian taxpayers, even though I think we all realize that from time to time such bills are necessary.

However, this bill is particularly distasteful. As tax bills go—and they go a long way—I might say that this bill is an absolute horror. More than that, it is a disgrace because it does nothing more than reflect this governement's complete mismanagement of the economy, and it underlines this government's desperation for money.

I intend to speak generally about this bill in the short time I have available to me. However, in my remarks I will highlight two areas of the bill which I believe are particularly wrong and ill-advised at this time.

The first area to which I will refer is the government's attempt to index taxation to inflation, as it purports to do with its treatment of the tax on alcoholic beverages. The second area of my concern is the 8 per cent tax on petroleum and gas products. Ever since about 1973 when this government started deficit financing, it has continually spent more than it has received. Since 1973 deficit financing has become a way of life, as the Liberals have acted out their basic philosophy of government, which is that any problem in this country can be solved if they, the Liberals, can only throw enough money and enough bureaucrats at it. My oh my, the Liberals have certainly thrown enough money and hired enough bureaucrats over the past number of years, and they have done so to the point that today we have a yearly deficit of some $14 billion and a total deficit of $107 billion. I do not understand the magnitude of those figures. I cannot even imagine it.

With respect to the civil service, we must certainly be the overgoverned country of the western world. It is not surprising that, as a result of all this activity by the Liberal party, the country is bankrupt. The government is short of money and desperate for cash. There is a dire necessity for government restraint, but herein lies the difficulty. This government, and its bureaucrats who created the mess, are simply not capable of solving the problem. They simply cannot find the strength of will or the determination to cut back on government expenditures or to show any kind of restraint. It is like asking a firebug to put out the fire: he is emotionally incapable of doing so. When we ask this government to cut funding, it cannot do so.

What is the Liberal solution to this problem? The Liberal solution is to beg, borrow, wring, squeeze and, yes, even steal money from the Canadian public. This government and its bureaucrats have discovered three ways to get money. I think the scheme is mostly that of the bureaucrats because I do not believe the occupants of the Liberal front bench are bright enough to conceive of the Machiavellian measures which are now being set in place. The occupants of the Liberal front bench are tired. They are the ones who started the mess. This is the worst front bench any Canadian government has displayed or Canadians have had to contend with as an excuse for government in a long time.

The only claim to fame of the occupants of the back bench is their knee-jerk response and their haste to say "Yes, Sir" to each and every crazy scheme proposed by the Prime Minister (Mr. Trudeau). One must wonder what they do in caucus other than discuss the length of the forthcoming recess, the terms of their pensions or even the size of their salaries. So the measures before us must come from the bureaucrats. In order to save their jobs and keep their ridiculously high salaries, it is they who come up with the grand design, and the Liberal government is carrying out the plan to squeeze more cash out of the Canadian public.

The grand design is threefold. The first method is inflation. This is an old standby used by many governments in many countries. There is always eventually the same result of runaway inflation and eventual collapse. It is a fairly useful gimmick. It fools the public for a short time and allows the government to finance its huge deficits. If you have an annual deficit of $14 billion and a total deficit of $107 billion, how do you pay this money back? The answer, of course, is to devalue the currency and soon we find it is easier to pay back good dollars with a cheap 75-cent dollar, a cheap 50-cent dollar, or an even cheaper 25-cent dollar, wherever and how far the public will let it go. This is the Liberal plan.

● (1630)

What are the mechanics of this plan? There are several. First of all, print money. The Liberal government over the years has constantly increased the money supply. Secondly, the government must make certain that money policy includes high interest rates, and they have done this. Who can deny that high interest rates are inflationary, particularly when they are not accompanied by fiscal policies and government restraint? It takes no genius to see, and only a Liberal would fail to see, that an increase in the bank rate increases the cost of production of all goods and services. The small and indeed even the large businessman paying 20 per cent to finance his inventory has to charge a good deal more than if he is only financing at 10 per cent.

If this government is serious about controlling inflation, where is the tight money policy that should be established? We do not have one; you can borrow all the money you want at high interest rates. If you are prepared to pay the 20 to 21 per cent mentioned by previous speakers, the money supply and the debt continues to grow.

Now, how else does this government encourage inflation? One method it is using is to cause the Canadian dollar to drop

in value vis-à-vis other currencies, particularly the U.S. dollar. Consequently all the things we buy from outside Canada—fresh fruit, vegetables, capital goods, vacations—indeed everything, costs more and thus further fuels inflation. I suggest that the Liberal government achieved this fall in value of the dollar by keeping Canadian productivity at an unreasonable and uncompetitive level, by allowing investment in research and development to fall to disgraceful levels, and by failing to provide an industrial strategy for Canada in the 1970s and the 1980s, particularly for Ontario and Quebec. It is just another part of the horror story of the Liberal regime and it is extremely difficult to believe it was all accidental or the result of stupidity.

How else does the government cause inflation? Well, this government has some new and different kicks. Firstly, it spent over $1.3 billion to purchase a non-productive retail oil company which will not result in one extra barrel of oil in Canada or one extra job for Canadians. It then proceeds to charge this huge expense directly to the poor auto driver by gouging him at the gas pumps. And that, I suggest, is deliberately inflationary.

What else does this Liberal government do? It pays to foreign countries over $3.2 billion annually to buy high-priced oil because of a stupid political position, and that money is taken directly out of the pockets of Canadians to enhance the wealth of other countries. And that, Mr. Speaker, I suggest is inflationary.

Finally, as proof positive that this government wants to encourage inflation and that it is part of its package of fiscal tools to pay for the huge deficit, we have this bill before us which proposes to index tax increases to inflation. By this act, the government proposes to introduce automatic tax increases on alcoholic beverages so that in the future taxes are increased automatically whether or not the government needs the money. By this insidious device taxes will increase without reference to Parliament, without discussion or explanation whatsoever to the Canadian public as to the need for the increase.

In the peculiar way this government has imposed this tax on the industry, the result has been to discourage the consumption of beverages of low alcoholic content, beer and wine, and encourage the consumption of hard liquor. Surely a strange thing for a government to do and reason enough to change this legislation.

The terrible aspect of this tax is the fact that it is tied to inflation and that the government automatically receives more taxes without reference to Parliament. It will be taxing people on inflation; thus it has a vested interest in seeing that inflation continues. By indexing this tax, the government is formally giving notice that it endorses and encourages inflation as a part of its fiscal policy. No wonder Canadians across this country have lost confidence; no wonder that, in spite of the higher interest rates, Canadians are going on a buying binge and consequently rendering ineffective the high interest rate policy.

What is step number two in the grand design to obtain cash to pay its debts? Well, we all know by now it is the huge power and money grab on provincial resources. Not all provinces, however. The Liberals may be stupid economically but they are politically rather wise and identify their power with a majority in Quebec and strong support in Ontario, so these provinces generally will escape the resource grab. However, God or the Supreme Court will have to intervene to stop the resource grab in the rest of the country. The Liberals are taking the offshore resources of the Atlantic provinces. They are stealing the aboriginal rights of the Indian, Inuit and Metis and the lands of other people of northern Canada. Finally, and most aggressively of all, they are determined to rob the resource wealth of western Canada. The resource wealth of the west is the key to the Liberal program to obtain more cash and feed the insatiable bureaucrats' appetite for more and more spending.

A keystone in the government program to achieve this is the introduction in this bill of a petroleum and gas revenue tax. The act proposes to tax these products at the rate of 8 per cent of all revenues from production of oil and gas. It is not surprising that this tax has met strong opposition from the provinces since they charge, and rightfully so, that it makes nonsense of their constitutional right to own and exploit their natural resources.

In its method of application the tax is more in the nature of a royalty and in fact has been held as unconstitutional by the Alberta appeal court. Aside from that, the practical effect on the economy and well-being of the petroleum industry has been and is disastrous. Other speakers have described the results: 139 rigs have left the country; drilling activity has been reduced; sales of petroleum properties have declined.

The slowdown in the oil industry affects everyone. Out of every dollar the oil industry spends, 42 cents is spent in Ontario, 13 cents in Quebec, 29 cents in Alberta and 16 cents in other provinces. For every job created in Alberta in the oil industry, two are created in the rest of Canada. The loss of jobs and economic activity in Canada is almost beyond calculation.

And so goes the horror story. One can only stand back in amazement at a government which in a grand manner proclaims a national energy policy, one calling for oil self-sufficiency by 1990, and then proceeds to impose punitive taxation and ridiculous regulation sufficient to wreck the industry and ruin the economy in less than a year.

● (1640)

What are we told now? We are now told that the advisers of the Prime Minister are telling cabinet that the big shock in the eighties will be that there will be no jobs in central Canada for young people; there will be no jobs in Quebec or in Ontario. In fact, there will be no jobs for any of these people in the early eighties. What will they do? The advisers of the Prime Minister are telling us that some 500,000 young people—perhaps even a million—from Quebec and Ontario will have to move west to find jobs, work, security and employment.

The Trudeau government has failed these young people by failing to provide an industrial strategy or design for the

industrial provinces of central Canada. The Trudeau government has failed to maintain an adequate or competitive industrial climate by not providing or encouraging sufficient research and development. The young people of Quebec and Ontario are now reaping the rewards of this Liberal government's stupid and ineffective economic policies. But the wonder of wonders is: Do these young people know that when they head west to the promised land, Trudeau and Lalonde will have been there before them?

Mr. Collenette: Order. You should refer to the Right Hon. Prime Minister and Minister of Energy, Mines and Resources.

Mr. Dantzer: Are they aware that the jobs and security they expect to find do not exist because the Liberal government and its national energy policy has effectively ruined the industry and the economy in western Canada? These young people will find, if the government pursues its policies as exemplified in this bill, that there will be no jobs or security whatsoever in western Canada.

When I started this speech, I mentioned that the government, in order to meet its desperate requirements for cash, devised a three-pronged attack on the pocketbooks of Canadians. I have mentioned two of them: first, the resort to inflation and, second, the attack on provincial resources. The third arrow in the government's quiver has not yet been revealed, but it is in the making. Of course, that will be the attack on the pension funds collected from each working Canadian and each employer. At the moment only the provinces have attacked these funds and used them to meet provincial deficits and other requirements. In doing so, they are paying considerably less than the going rates of interest. I suggest we will shortly hear of the government's plan to increase greatly the Canada Pension Plan contribution; perhaps it will be doubled from 3.6 per cent to 7.8 per cent. Of course, this will have the effect of greatly increasing available cash. I suggest the federal government will ensure that it obtains at least 50 per cent of these available funds; but I believe that is a story for another time in the near future.

Some hon. Members: Hear, hear!

Mr. Elzinga: Mr. Speaker, I rise on a point of order. As tempted as I am to do it, I will not. But I put the hon. minister on notice that, in the event we do not have a quorum in the House shortly, I shall call for a quorum vote, if he wishes consideration of this legislation to proceed.

Some hon. Members: Where are the Tories?

Mr. Elzinga: There were only four Liberals present when I rose on my point of order.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I thank the hon. member for Pembina (Mr. Elzinga) for getting me an audience. I want to make a few comments in this debate this afternoon. I will not speak long, but I want to sound a warning to my colleagues from other parts of Canada about the effects the National Energy Program is having in western Canada and about the perceptions of western Canadians of our country, perceptions of deep concern to me.

Specifically I want to speak about the 8 per cent tax on gas and oil production in the bill before us today. This tax points out the policy of the government across the way. It is a policy more of confrontive federalism than co-operative federalism. It is a policy which is arousing the ire and concern of more and more reasonable people in the west. In fact, this morning the government of Saskatchewan took a challenge to the Court of Appeal of Saskatchewan on the 8 per cent tax on the production of gas and oil. I predict this challenge will end up in the Supreme Court of Canada, either appealed by the Saskatchewan government or by the federal government, depending upon whether or not Saskatchewan wins its case in its own court. The main reason they are challenging the legislation is that, for the first time in our history, the federal government is taxing provincial Crown corporations. I suggest that move is wrong.

In fact, I believe the entire 8 per cent tax is wrong. It is wrong for the following six reasons. It is wrong because it is a regressive tax. The 8 per cent tax hits the large companies like Imperial Oil as hard as it hits the small companies in Saskatchewan and Alberta. It does not differentiate between the rich and the poor oil companies in the country. For those reasons I believe it is wrong.

Also it is wrong because, as I said, it taxes Crown corporations. Who would have dreamt a few years ago that the Government of Canada would impose in a budget a tax on provincial Crown corporations? What kind of dangerous precedent or what kind of constitutional war could the country become involved in if the Government of Canada gets its way in imposing unilaterally, without notice or negotiation, a tax on the Crown corporations of the country which are owned by the people through their provincial governments? There is a danger that the provincial governments will retaliate and impose a tax on federal Crown corporations such as Petro-Canada, Air Canada and CNR. What kind of a war will there be between the federal government and the provinces if this type of nonsense goes on?

Third, it has been previously documented in the House by my party that a number of people are losing their jobs because of the national energy policy and the 8 per cent tax. I am thinking of southern Saskatchewan, western Saskatchewan and the area of my colleague, the hon. member for The Battlefords-Meadow Lake (Mr. Anguish), where people are losing their jobs because of the fact that the national energy policy is imposing a tax which is driving rigs out of the country.

Fourth, I believe that when the government imposes the 8 per cent tax, not only the companies pay. Eventually it will pass the tax on to the consumer, and the consumer will be paying at least 8 per cent more for petroleum products, for gas to heat their homes, for gasoline to drive their cars, for farm fuel and the like.

Fifth, it is also wrong because it represents what I believe is an illegitimate revenue grab by the federal government in a

field of provincial concern. This aggravates or increases some of the grievances of the provinces about confederation.

Finally, I believe the 8 per cent tax is wrong because it discriminates against western provinces. It is a tax on gas and oil. Therefore, it is a tax on Alberta and Saskatchewan primarily, but also, to a lesser degree, on the province of British Columbia. If we are to have a special tax on the production of gas and oil in those two provinces, what about a special tax on the production of mineral resources such as nickel, copper, lead and zinc which come from other parts of Canada? What about some equity in the federal system?

I make an appeal today especially to Liberal party members sitting across from me to try to make them understand that the feeling of grievance and discontent in western Canada is strong and growing.

I do not stand here today to try to sound an alarm, but I do want to try to warn hon. members across the way that there are problems in the west and that policies such as these are responsible for making more and more western Canadians alienated from the very country in which they live. It is not just this confrontive federalism, this federalism of confrontation, this fight between governments—between Alberta and Ottawa, Saskatchewan and Ottawa or British Columbia and Ottawa; it is now a fight between the people of the country.

The ordinary people in my part of Canada are becoming more and more concerned about the role they are playing in confederation. I refer to *The Globe and Mail* of a week ago today, May 21. On the front page there is an article which I think all members should study. The headline reads "Alienation in West on rise, poll shows." It is an article concerning a public opinion poll commissioned by the Canada West Foundation, a very well known and highly respected group in western Canada which is partially funded by the four provincial governments. A poll was taken by this organization to find out how western Canadians felt about our country and to determine what kind of perceptions we have about Canada and its future. It followed a poll which was taken by this same group last October, right after the announcement of the constitutional resolution and the National Energy Program. The poll showed in almost all instances that alienation in the west is increasing.

● (1650)

The following statement was put to western Canadians:

Western Canadians get so few benefits from being part of Canada that they might as well go it on their own.

Some 36 per cent of westerners agreed with that statement; 36 per cent of our people said: "We get so few benefits we might as well consider going it on our own." Last October, 28 per cent agreed with that statement and now 36 per cent do so.

That kind of statistic terrifies me. I think it should also terrify the government and should motivate it in the name of Canada and in the name of unity to have all of us stick together in one state, to find out why western Canadians feel that they are discriminated against. I think the government knows we want to stay in Canada; that is what the west wants. All over the west there are many people who are loyal to our country, who fought in two great wars under the flag of this country and who want to have this country stay together.

In the same poll people were asked bluntly whether or not they wanted to separate. Some 88 per cent of those polled said: "No, we want to stay in Canada." Last October 90 per cent of those polled replied in that way. On the other hand, there is a small minority of people who want to set up a separate state. Some 7 per cent of those polled said: "Let us have a separate country". Some 3 per cent said; "Let us join the United States." And 53 per cent of the people polled said that they have more in common in their hearts with the United States than they have with the people of central and eastern Canada.

So it is my purpose today to sound a warning to this House that, if we do not start to take some of the grievances in the west seriously, there may be a movement in western Canada which will be very hard to stop, which may start to snowball.

In many ways the atmosphere found in the west today is similar to that found in Quebec 20 years ago when we saw the increasing alienation of the Québécois to the rest of the country. Some people pooh-poohed this and said: "They are just a bunch of fanatics; they will never succeed. If we do not take them seriously and if we continue on with the status quo, or perhaps tinker here and there and make just a few reforms, then separatism in Quebec will be absolutely dead."

In the province of Quebec last year there was a referendum in which 40 per cent of the people voted yes to a question which, in essence, would have constituted a signal leading Quebecers toward an independent state. There is a great difference between the motivation for independence in Quebec and the motivation in Quebec for a different arrangement in this country than there is in western Canada. But there are also many similarities. There are similarities in the way that people feel about the country, both in the west and in Quebec. People feel that we are not equal partners or equal participants with the other parts of the country. If we do not address these problems and if impositions are made on western Canada without consultation or representation from the west, then there might be an independence movement which, once it got going, would be like a snowball or a prairie fire—very difficult to stop.

Members opposite should take my plea seriously and eliminate the 8 per cent tax, or at least change it so that it is not a discriminatory tax against the people of western Canada. I feel that very strongly, Mr. Speaker. I feel very strongly that this 8 per cent tax is not something in isolation but is part of an over-all plan by the federal government to reduce its deficit by reorganizing many of the institutions and programs which we have in our country today. It is a move away from co-operative federalism. In that kind of federalism you sit down and come up with a compromise and consensus between the provinces and the centre. What we see is a move toward confrontative federalism where impositions are placed on the regions.

We have seen that the constitutional resolution takes powers away from the provinces and gives them to the courts. This was done against the wishes of the four provinces in the west

and against eight provinces in Canada. We saw the National Energy Program being opposed not only by the political right in western Canada but also by the political left, the alliance of Premier Blakeney in Saskatchewan, the leader of a socialist government and the leader—

Mr. Smith: He is phony.

Mr. Collenette: He is a closet Tory.

Mr. Nystrom: The hon. member may call Mr. Blakeney phony. I think part of the problem in western Canada is caused by calling western premiers phony. In every survey and in every conversation in the west you find people like Mr. Blakeney, Mr. Lougheed or Gordon Gibson, a member of the hon. member's own party in British Columbia, are united in their stand. They say a number of things must change, such as the National Energy Program and the way this government handles federal-provincial relations. If the government does not make these changes there will be a growth of the alienation in the west. I am very unhappy when I receive responses such as we have just heard from members opposite. I am very disappointed. If you look at the statistics reported in the polls which are taken in the west, you find 36 per cent of the people saying that if things do not change then perhaps they should consider independence.

Some hon Members: Oh, oh!

Mr. Anguish: They sit back and laugh.

Mr. Nystrom: As my hon. friend says, the Liberals sit back and laugh. It is no damned wonder that they have only two members from western Canada; it is because of this kind of know-it-all arrogance which is being displayed today toward the west. It is a patronizing mentality. I say to members opposite that if they come out to our ridings and talk to people, they will understand what we are talking about when we say that westerners are very concerned.

An hon. Member: Where were you in the referendum?

Mr. Nystrom: The member from Quebec across the way is interjecting. A few months ago he said Liberalism was so popular in Quebec that Claude Ryan would sweep the province. As a result of the election in Quebec the only sweeping Mr. Ryan will be doing is the sweeping of his own office as he leaves the party leadership in the province of Quebec.

An hon. Member: Where were you in the referendum?

Mr. Nystrom: It seems to me that I have touched some very sensitive nerves over there. They do not give a damn about what is happening in western Canada. They have established a western Canada development fund of some $4 billion, but there is no consultation with western Canada, with the four governments or the municipalities in the west. No committee of this House has been established to obtain some input as to how that money should be spent. There is no committee travelling across the country to find out what westerners want to do with those funds. Again, it is a fund which will be administered here, from the centre, imposed on the west, regardless of what western Canadians feel. It is attitudes like that which inflame division in our country.

The former prime minister, Lester Pearson, stood for co-operative federalism. He stood for people working together, for people sharing ideas and planning together. I ask members opposite, what has happened to the Canadian tradition of consensus and compromise? What has happened to the tradition of listening to people? Surely to God that is democracy. Democracy is not a few bureaucrats who have no understanding of what happens in the west devising policies for our part of the country.

I see that you are signalling to me that my time is almost up, Mr. Speaker. I would like to hear some of the members from central Canada stand and put on the record those words they are heckling me with. Then perhaps the people of western Canada would have a better understanding of what the Liberal party really stands for. The two members there now from western Canada will not be there in 1983 or 1984.

Some hon. Members: Hear, hear!

• (1700)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Esquimalt-Saanich (Mr. Munro)—National Security—Investigation of further spy rings identified by Taschereau royal commission; the hon. member for York North (Mr. Gamble)—The Constitution—Procedure for convening federal-provincial conferences; the hon. member for Saskatoon East (Mr. Ogle)—North-South Relations—(*a*) Preparations and recommendations for summit meeting; (*b*) Implementation of parliamentary committee recommendations; (*c*) Query respecting Canadian support for United States policies.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely, notices of motions (papers), private bills, public bills.

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*English*]

Items Nos. 22, 5 and 4 allowed to stand by unanimous consent.

BRITISH COLUMBIA HYDRO—JOINT FUNDING AND PROPOSED DAMS

Mr. Jim Fulton (Skeena) moved:

That an humble address be presented to His Excellency praying that he will cause to be laid before this House before January 31, 1981, copies of all correspondence, telegrams or other documents exchanged between the Department of Fisheries and Oceans and British Columbia Hydro relating to joint funding and proposed dams in British Columbia including the names of the 20 salmon streams slated for damming.

He said: Mr. Speaker, I am pleased to speak today on my motion for the production of papers. Hon. members of the House will recall that on November 20, 1980 I asked the Minister of Fisheries and Oceans (Mr. LeBlanc) a question related to a document I had received from his department. That document was entitled the "Western Vision Blueprint", and talked about the possibility of the federal government and B.C. Hydro damming a number of rivers in British Columbia. Members will remember the indignant response the minister made, when trying to answer the question. The minister said that his officials had briefed me on the document when, in fact, they had called to plead with me not to release it.

The minister then went on to say that the issue would panic people in British Columbia. He said that outside the House, of course, because he was not able to respond adequately to me during the House of Commons question period.

I asked the minister questions about this so-called "blueprint" because of the concern I have over the possibility of this minister allowing rivers in British Columbia to be dammed without due concern for the fisheries resource. Despite the fact that the report says, and I quote:

That B.C. Hydro is looking for ways in which to meet peak power demands—many of these projects could have very attractive benefit cost ratios—there is an opportunity through joint development for both parties to meet their goals. We know B.C. Hydro is interested; we also know there are perhaps 20 or more salmon streams that would lend themselves to this approach.

That is taken from the document I received. It was prepared by Department of Fisheries and Oceans personnel, and I think it is important for hon. members of this House to have the names of those rivers and to know just exactly what this joint approach to hydro development in British Columbia involves.

The minister has refused to say which 20 rivers are going to be dammed and also by his silence has indicated he is not willing to tell the House what discussions have gone on between his department and B.C. Hydro.

It is therefore clear to me that when the government issues a report that says there are 20 rivers to be dammed, that identifies a five-year funding program and a financial flow, and all of this is set out in a very clear, technical way in the report, someone in the department of the Minister of Fisheries and Oceans has been looking at this very seriously. How does the government know that B.C. Hydro is interested? What kinds of correspondence and discussions have been held between the two? Or are we to assume that the minister and Bob Bonner have been quietly communicating telepathically?

In light of the minister's refusal to provide the House with any additional information whatsoever, I placed my motion on the Order Paper to have copies of correspondence, telegrams, or other documents tabled in the House by January 31, 1981. On December 17, 1980, the Parliamentary Secretary to the President of the Privy Council (Mr. Collenette) asked me to withdraw the motion. I asked to have the motion transferred for debate. We are going to have the debate today and at a future date.

After some research, I am glad to be able to speak in a more technical manner on this issue today. Perhaps I should not say "glad" because some of the information I have come across leads me to seriously question the Parliamentary Secretary to the President of the Privy Council's statement that no documents exist regarding the issue. Even more importantly is the information that indicates that this government is willing to sell out the fisheries resource in British Columbia, just as they have done on the Kemano issue, Amax, the Fraser River and others.

I am sure Your Honour will recall that on several dozen occasions I raised the question of Amax, a mining company which is being allowed to dump 12,000 tons of toxic effluent a day into Alice Arm. The statements I made in this House were refuted by the Minister of Finance (Mr. MacEachen), the Prime Minister (Mr. Trudeau), the Minister of Fisheries and Oceans, the Minister of Indian Affairs and Northern Development (Mr. Munro), the Minister of the Environment (Mr. Roberts), and need I go on? My statements have now been proven to be correct. Amax was, in fact, closed this morning because the tailings were resurfacing.

It comes right down to the crunch. If a document is prepared by fisheries and oceans, has a flow chart, gives a specific number of rivers, and names the actual figures which are under discussion for these joint developments, I think that when an hon. member gives notice of motion for the production of papers that he knows exist, or at least has some reason to suppose they exist, there is a responsibility on the government side to provide them as sheer information. We do not have a freedom of information act. It is important to hon. members, particularly those from British Columbia, regarding this issue that we at least be provided with background information, so that we can provide our communities and, in fact, our own members of the legislative assembly in British Columbia with that information and know what is going on and have some sort of a rational planning of hydroelectric development in a province which has had a tragic history of inappropriate dam development.

The truth of the matter, Mr. Speaker, is that at least one document does exist about this government's plan to dam rivers in British Columbia. In July, 1978 Crippen Consultants of Vancouver, B.C., submitted an unsolicited proposal to the

Department of Supply and Services to do a study of possible hydro projects in B.C. In February, 1979, the Department of Supply and Services issued a contract to the same company. The project was to "estimate the potential for micro hydro development in remote communities in British Columbia". After much work I have been able to obtain only volume one of the two-volume report.

Let me make it clear at this point that micro hydro technology and small hydroelectric technology I am certainly very much in support of. Various European countries have come up with very innovative ways of producing hydroelectricity by small, torpedo-shaped hydraulic generation where they anchor it in the bottom of the river. The river continues to flow. The fish can go up and down and canoeists can use the river. Aesthetically it is not unpleasing. The natural flow of that fresh water into the marine environment allows the biological environment in the estuary to continue unimpeded and to maintain natural fish populations.

The report by Crippen Consultants identifies, in what they call the north coast region, 24 possible locations for micro hydro potential. In the other regions mentioned there are some 80 possible sites. A little bit of a quick calculation allows us to realize that not all streams and rivers in British Columbia have salmon. However, the Minister of Fisheries and Oceans, in his own document, has identified possible dams on 20 salmon rivers in British Columbia which, I think, is the real key and requirement for the production of these documents.

A quick review of the report does not indicate any concerns whatsoever over the fisheries resource. It does not discuss public hearings before any of these projects would get under way. In fact, the report has a nine-page section that lists "undeveloped hydroelectric sites" in British Columbia. This section of the report talks about creeks, and even mentions such rivers in my riding as the Nass and Skeena Rivers which have been unimpeded since time immemorial.

Is the Minister of Fisheries and Oceans aware of this study, I wonder? Is the Parliamentary Secretary to the President of the Privy Council aware of it? Are they aware of their responsibilities in relation to the production of these documents?

In their desire to put their blinders on when looking at my motion for the production of papers, the Department of Fisheries and Oceans closed their collective eyes to some of what the other government departments were doing. The members of this House know that I am interested in developing energy resources in this country. I am also completely aware of the possibilities of developing what are referred to in the Crippen report as low head power dams, something that I think many rural areas will look into in the near future. However, I and other members of this House, including, I hope, the Minister of Fisheries and Oceans, know how vitally important it is to protect the fisheries habitat. The report I have uncovered and the lack of concern the minister demonstrates tell me that we have to explain this issue to him time and time again.

• (1710)

There is more about reports, Mr. Speaker. The Stikine River in northern British Columbia is a beautiful river that flows from the northern reaches of my riding through some of the most incredible scenery in the province of British Columbia. The Grand Canyon of the Stikine is a sight to behold. As a matter of fact, I was up there last year with the previous Premier of British Columbia, Dave Barrett. We flew through to look not only at the fisheries in and below the canyon but at one of the last large goat populations in northern British Columbia.

The Department of Fisheries and Oceans chairs an interdepartmental task force that is studying the effects a proposed dam on the Stikine might have. In a letter dated November 18, 1980 to the Sierra Club in Vancouver, the Minister of the Environment wrote that the task force "has been established to provide advice to B.C. Hydro and Power Authority on study requirements and to review study progress and completed impact assessment reports".

I am aware that correspondence has been communicated from Fisheries and Oceans personnel in relation to the Stikine dam. It is an issue of international significance. I had the opportunity a few days ago to discuss the matter with Senator Ted Stevens from Alaska, who also has expressed alarm at the lack of public and international participation in relation to the fisheries resource on this particular hydroelectric proposal. The studies are being done under the auspices of British Columbia Hydro. The Department of Fisheries and Oceans is involved. It is a salmon river and in my view it is one of the 20 dams referred to in the Western Visions Blueprint as one of the rivers considered for joint development by B.C. Hydro and the Department of Fisheries and Oceans.

It is crucially important in a riding such as mine, in communities like Telegraph Creek where the Talt and native people make their home, that a member of Parliament be able to provide information on proposals for the damming of a river that has enormous and important salmon runs which provide the ongoing and traditional diet of the people and is part of their culture. For the Department of Fisheries and Oceans not to provide the documents relating to the Stikine requested through a notice of motion for the tabling of documents is, in my view, a very rash act that hits at the core of democracy.

Is the Stikine one of the proposed 20 rivers that the Western Vision Blueprint talks about? Why was some of that advice that the Minister of the Environment talks about not tabled in response to my motion? On April 9, 1981 in response to a letter I wrote to the minister about British Columbia Hydro plans for damming rivers in B.C., the minister replied:

> I am not prepared to provide you with correspondence between Environment Canada and other federal departments regarding British Columbia Hydro plans for river developments in British Columbia—

The minister has told me in a letter which is just more than a month old, that correspondence does exist between his department and other departments but that he is not prepared to release it. In this House we have notices of motion and there are procedures fundamental to the parliamentary system, but

because we do not have a freedom of information act, members of the opposition are not privy to a great deal of ministerial documents prepared by civil servants. In my view, if those studies are to have an impact in some area of the country, they should be provided to the opposition. If they are particularly sensitive or refer to national security, members of the opposition could be told that such is the case, but at least they could become informed about what is going on between various levels of government and various departments.

What is so secret about these plans that the minister will not release them? Perhaps the Minister of the Environment should tell the House if any of his officials had anything to do with writing the Western Visions Blueprint.

In a letter written to me by the Minister of Fisheries and Oceans on February 3, 1981, he says:

> Any proposals by B.C. Hydro have always been and will continue to be presented to my department for technical review in accordance with the habitat protection provisions of the Fisheries Act.

This is precisely my point, Mr. Speaker. The minister of fisheries is speaking about precisely the documents I was attempting to obtain which were referred to in a document prepared by his department. He wrote to me after the Parliamentary Secretary to the President of the Privy Council asked me to withdraw my motion, saying that there were no documents. We now have confirmation from the Minister of Fisheries and Oceans and from correspondence with the Minister of the Environment that the documents do exist, but apparently the government does not intend to comply with an order of this House. This method has traditionally provided not only members of the opposition but in some cases members of the government with valuable and vital information which enables them to represent their constituents effectively.

I should like to refer again to the Western Visions Blueprint document. In the second part, on page 2 under the heading "Department of Fisheries and Oceans—Western Visions Blueprint—Financial Flow", item 4, "Hydro planning and pilot projects", shows $1 million for year one; $3.5 million for year two; $10.5 million for year three; $11 million for year four and $11 million for year five. In the remarks column there appears, "Assumes joint funding with B.C. Hydro . . .". This chart shows the expenditure of tens of millions of dollars jointly between the Department of Fisheries and Oceans and B.C. Hydro. There are dams in my riding as I think there are in the ridings of many members from British Columbia, and I think we should have access to the information referred to in the document.

Item 7 of the document shows "Reservoir planning and pilot projects". In the first year it shows $1 million; in the second year $3 million; third year $3 million; fourth year $4 million and fifth year $4 million. The remark is, "Joint ventures with other agencies."

As if that were not enough, Mr. Speaker, under the heading "The Road to 1995" there appears the following in the text:

> —the federal government could, by 1995, transform the B.C. coast, for example, or recast the script for the as yet unwritten history of those people dependent of fresh water fisheries.

The people of British Columbia are not interested in the federal government alone transforming the B.C. coast, the lifestyles and traditional industries of the people who are dependent upon the fresh water fishery, without having direct involvement in and access to the information being developed. The text of the document goes on as follows:

> The federal government frequently gets a negative image because . . . it so frequently comes into conflict with agriculture, forestry, mining, hydro . . . Fisheries, and by extension the federal government, is too often seen by provincial administrations as a negative influence on other economic development. It is time for new approaches. Multiple resource management with a twist.

I am not sure who wrote the script for "The Road to 1995" but it may encourage members in their collective desire to get access to these documents.

It is interesting to note that the minister is not in the House today. I recognize that he has duties in other areas of Canada, but surely British Columbians have a right to access to planning documents that affect the rivers there.

In conclusion, Mr. Speaker, I want to say how important this debate is. Early next month there will be a meeting in Juneau, Alaska, where officials of the federal government, the provincial government, B.C. Hydro and Alaska state officials will meet to discuss the implications of the proposed damming of the Stikine River. I might point out that other rivers are also under consideration. Perhaps the documents that the Minister of the Environment and the Minister of Fisheries and Oceans have referred to in writing to me after the Parliamentary Secretary to the President of the Privy Council said there were none will now be released.

I believe the intent of my motion is abundantly clear: the government was to turn over documents related to the so-called Western Visions Blueprint. They say they do not exist. I believe the information I have provided to the House today shows that there are related documents, and that by its secrecy the government has shown that there probably are others.

Through you, Mr. Speaker, I respectfully urge the minister and the Parliamentary Secretary to the President of the Privy Council to go back to their offices today and ask the officials who were preparing the blueprint for their documents and to table the information in the House. To do so will respect the rules of this Parliament and will give the people of British Columbia the truth about what the government is planning to do about dams in British Columbia which may well impact on the salmon resource and other resources.

● (1720)

Mr. George Henderson (Parliamentary Secretary to Minister of Fisheries and Oceans): Mr. Speaker, it seems obvious that the hon. member for Skeena (Mr. Fulton) has some kind of a bee in his bonnet over hydro dams in British Columbia and that his fertile imagination has dreamed up all kinds of sinister and clandestine deals between the Department of Fisheries and Oceans and B.C. Hydro.

The hon. member has received written and verbal replies to his questions on this subject, but apparently he still needs to be

convinced that the federal government is not selling out B.C.'s salmon resources to B.C. Hydro.

Let us look at the facts without all the wild speculation and allegations. The first point to be made is that the Department of Fisheries and Oceans adheres to a long-standing policy to work positively at the watershed level with other water users when it can be demonstrated that fisheries goals can be accommodated. The department's main responsibility is, of course, to protect and, wherever possible, enhance the fish stocks. Where this can be achieved in concert with some industrial development, whether a hydro dam or whatever, then departmental officials will work toward this end.

Some time ago departmental officials put forward an idea, and I stress an idea, in a discussion paper in which they visualized the possibility in certain circumstances of fish enhancement facilities amalgamated with low-head hydro dams, with the suggestion that such developments might be financed on a shared-cost basis. It was an idea put forward purely for discussion purposes so that the practicalities and the pros and cons could be considered in the broader context of salmon enhancement. There is nothing sinister about that. This kind of procedure happens all the time in government.

However, I should make it quite clear, particularly for the benefit of the hon. member for Skeena, that at this time potential projects combining fish enhancement and power generation have not been identified anywhere in B.C. I cannot say that the concept is dead. It remains in the development stage within the department and might well receive further consideration at some future date.

I believe that, in situations where there is no harm to salmon enhancement and where the benefits of salmon enhancement can be increased by the installation of a low-head dam, a serious look should be taken at that possibility by everyone, including all department officials.

Let me also remind hon. members that the Department of Fisheries and Oceans has itself entered into the dam building business in areas where river or stream flow control is known to be a critical factor for fish. Such dams have proven highly successful in regulating water discharge for optimum fish production. To cite an example, this technique has been used in the Fulton River—maybe it was named after the hon. member—where a dam built by the department permits regulated water supplies to salmon spawning channels, and also in the Big Qualicum area to supply a spawning channel and hatchery complex.

These projects are both very successful fish producers which could not have been accomplished without dams providing controlled flow in the system. The point to be made here is that dams per se are not necessarily bad medicine as far as fish production is concerned. They can, and have been, used positively as a fish enhancement tool with good results.

At the same time I must also make it clear that the department remains committed to the natural production of fish, whenever and wherever possible, and to proper habitat protection measures.

High-head hydro dams can destroy salmon runs, in that they may present an impassable barrier to fish migrating upstream or downstream, as well as creating unnatural flow conditions which fundamentally change the aquatic environment in the area of the dam. It is the considered opinion of departmental experts that the various methods that have been tried to transport fish around such dams are not sufficiently successful to compensate for the numbers of fish that are frustrated in their migration patterns by the barrier. For this reason the department recognizes that fish, and large high-head hydro projects are essentially incompatible.

If I might enlarge a little on this subject, the Iskut-Stikine power project is a case in which B.C. Hydro is proposing a number of high dams capable of generating 2,765 megawatts of electricity, which could make it one of the largest power generators in the province. Considering that the Iskut-Stikine River system produces tens of thousands of salmon, the Department of Fisheries and Oceans is naturally concerned about the environmental impact of such a project. Although the dams could be constructed above what is thought to be the natural upstream limit of migrating salmon, B.C. Hydro, with departmental input, has spent in the order of $1.25 million to $1.5 million over the past few years in biological studies alone to determine the downstream impact of the construction of the dams. Here again let me make the point very clear and unequivocal that the Department of Fisheries and Oceans has no intention of approving a project which is likely to result in an unacceptable loss to the fisheries resource.

Turning to the wider question of the federal government's action and initiatives with regard to the west coast fisheries, I can confidently claim that the government's record is not one that we need be ashamed of. Rather, quite the contrary. I can point to a number of examples in support of this claim. The most obvious, perhaps, is the salmonid enhancement program, a federal-provincial project under which the federal government has undertaken to invest some $150 million over seven years with the objective of doubling the production of salmon and sea-run trout in British Columbia by the end of the next decade.

Back in 1975 when the Minister of Fisheries and Oceans first announced the salmonid enhancement program, he described it as "a bold and imaginative approach to the long-cherished dream of expanding our salmon resources". That was a very apt description because it has taken a considerable amount of boldness and more than a little imagination to plan and implement this major program, which involves the use of various enhancement techniques, including artificial spawning channels, hatcheries, fishways, lake fertilization and so forth.

● (1730)

It is now in its fifth year. The salmonid enhancement program is showing increasingly positive results in the number of salmon being produced through its various facilities throughout British Columbia. Last fall some 563 million eggs were obtained from the five species of salmon at SEP facilities.

Of this total, 69 million were incubated in artificial containers while the remainder, all of which are chum or sockeye, were developed in regulated stream or spawning environments. The projected production of salmon and steelhead trout to the fisheries, plus escapement, from the 1980 brood is in excess of 3,200,000 pieces. In a year when winter floods may have devasted large areas of natural spawn, it is reassuring that such large quantities of stocks are protected in hatcheries and other facilities. Looking ahead to 1984, the concluding year of phase one of the salmonid enhancement program, it is predicted that department-staffed facilities will have the capacity to provide additional adult returns of about 383,000 chum, 307,000 chinook, 243,000 coho, 1,010,000 pink, 4,000 sockeye, 5,000 cutthroat trout and 7,000 steelhead trout, or 1,959,000 pieces in all.

One of the very satisfying aspects of the program operation is the amount of solid support it has been given by the public at large in British Columbia. The federal and provincial governments' rallying cry to protect and enhance the salmon stocks has been taken up with great enthusiasm by young and old throughout the province, and at the present time there is a force of more than 6,000 volunteers working on various salmonid enhancement projects.

An economic analysis has predicted a cost-benefit ratio of about 1.3/1.0 for phase 1 of the salmonid enhancement program, with net national income benefits of around $120 million, in terms of 1980 dollars. In addition to these monetary advantages, one must also include other benefits in terms of employment, particularly benefiting native people, regional development and resource and environmental preservation, for which it is almost impossible to assess a value in dollar terms.

Some people may ask: why are you expending so much money and effort on salmon enhancement projects in B.C. when industrial concerns continue to pollute salmon rivers, such as the Fraser, or in one way or another destroy the habitat on which fish depend to breed and grow? That is a good question, and I hope people will not stop asking it.

The answer, however, is not a simple one. It involves complex and sensitive issues concerning levels of jurisdiction and the priorities one should accord to competing users of the water resource. As far as the Minister of Fisheries and Oceans (Mr. LeBlanc) is concerned, his mandate is quite clear: his responsibility, which, I might add, was decided by the Fathers of Confederation when Canada's statutes were first put together more than a century ago, is to protect and manage the fishery resource. And to further explain how he and his department views these obligations, I feel I could do no better than quote from a speech which the minister presented at the official opening a week or so ago of a $3.6 million hatchery at Puntledge on Vancouver Island, one of the salmonid enhancement program facilities to which I was referring a little earlier.

The minister made these remarks:

> What we are discussing here is a renewable resource—one might say an eternal resource—belonging to the people of B.C. and Canada, and I feel it is a time to get tough. There must be a tougher approach on the part of the federal government to protect fish habitat and restore the salmon stocks to their previous levels of abundance. How tough should we get? My answer is tough enough to ensure proper planning to avoid disaster, to repair damaged areas, and the acceptance by all concerned of the real cost of development—to mitigate negative impact and restore to the fish and other wildlife a decent environment.

The Minister went on to say:

> I am aware that in some quarters the department's resolve to fulfil its habitat protection obligations is viewed with some skepticism. Certainly we have not done all that we could or perhaps should have done, but for the record I should point out that over the past three years the department has laid some 74 charges in B.C. under the habitat sections of the Fisheries Act. These charges covered such abuses as the deposit of toxic contaminants, sedimentation, landfilling, gravel removal, oil spills and destructive logging practices.
>
> Apart from instituting legal action, we have also taken firm positions on various environmental issues where fish are involved. One is the Quinsam coal development proposal. My officials are advising the company of our concerns regarding the possible impact of the mining operation on the Quinsam River and will identify three serious potential problem areas. Unless I can be fully assured that the fishery resources of the Quinsam will be adequately protected, I am not prepared to grant approval under the Fisheries Act for this development.
>
> Another controversial issue on Vancouver Island concerns the discharge of toxic mine effluent into Buttle Lake, headwaters of the Campbell River. In this instance we have laid three charges against Western Mines and are insisting that the company clean up its mine disposal methods to safeguard the salmon resources of the Campbell River.

At this point it might be useful if I reiterated the department's objectives on fish habitat matters. They can be stated quite simply. First, there must be no net loss of productive fish habitat in locations where the federal government manages the fisheries. Second, where feasible, we will restore and develop areas to provide a net gain in the total amount of fish habitat. Third, we intend to be firm in the use of the federal statutory powers to protect fish habitat when and where necessary, temperd by co-operative, fair and reasonable dealings with those who seek to use the water resources for other purposes.

Certainly the department prefers to use the consultative, co-operation route to achieve results rather than wielding the big stick with the inevitable confrontations and court proceedings. However this is not an area where we can afford to procrastinate. Once a fish habitat is destroyed or a salmon stock wiped out, they cannot be magically replaced overnight just because we have been successful in a court prosecution, however heavy the fine. Even with everything working in our favour, it could take years to offset the damage caused by a careless river diversion, the building of a dam, the thoughtless dumping of fill in a marsh or spawning bed or the discharge of pollutants into fish-bearing waters. Often the damage is irreversible and valuable spawning or breeding areas may be lost forever.

It is ironic that it is in the mighty Fraser River, which has the greatest potential as a salmon producer of any river system in British Columbia and possibly in the world, that we are experiencing the most serious fish habitat losses. I suppose it is easy to say that those agencies which should have been looking out for the fish, whether they fall in the federal or provincial domain, have been lax in not living up to their responsibilities. Be that as it may, fish habitat continues to be lost and the Department of Fisheries and Oceans is determined, one way or the other to reverse that trend. We cannot afford to wait.

It is not difficult to predict where the pressures on the fisheries resource will originate in British Columbia in the near

future. As readily available B.C. timber resources dwindle and harvesting moves to difficult terrain farther up river valleys, land slides or erosion problems are likely to occur to the detriment of entire streams.

On another front, with a projected hydro power deficit predicted in B.C. as early as 1985, one can anticipate renewed overtures seeking shared or primary use of major rivers to generate power. With current economic conditions encouraging an expansion of B.C. agricultural production, irrigation needs for new farm lands will become an even greater competitor with fish in the use of water. The mining industry—hardrock, placer and, most recently, coal—is also expanding dramatically and making its own unique demands on water resources. Finally, the prospect of greatly increased shipment of oil by tankers and the spectre of possible major oil spills poses another damage threat.

● (1740)

I know that departmental officials are working on these and other initiatives to improve and strengthen the department's management role on the west coast and elsewhere and, granted a reasonable degree of co-operation, I am sure their efforts will meet with success.

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, given the optimistic outlook presented by the Parliamentary Secretary to the Minister of Fisheries and Oceans (Mr. Henderson) as to the commitment of the Minister of Fisheries and Oceans (Mr. LeBlanc) to husbanding the environment of British Columbia, at least in so far as our salmon resource is concerned, one would have to wonder why the minister is hesitant about disclosing the documents which have been called for by the hon. member for Skeena (Mr. Fulton) in motion No. 28, which is a call for the production of correspondence, telegrams and other documents exchanged between the Department of Fisheries and Oceans and British Columbia Hydro, because if all the things the Parliamentary Secretary to the Minister of Fisheries and Oceans has outlined are true, there ought to be nothing to hide.

I want to start by complimenting the hon. member for Skeena for bringing this very important matter before the House. It is in this type of forum that we can prevent in the future the kinds of disasters which have occurred far too often in British Columbia and in other parts of Canada in the past. However, in the comments of the hon. member for Skeena I found a hint that he feels there is something sinister in the fact that officials of the Department of Fisheries and Oceans would be meeting and corresponding with officials of British Columbia Hydro about the possibility of developing additional hydroelectric power on the streams of British Columbia.

I think the hon. member for Skeena typifies that overreaction to any environmental problem, which acts as a valuable conscience for our society but which sometimes makes it difficult for people to extract the facts and the truth from a lot of rhetoric and exaggeration. I am saying that this is an effective role for the hon. member for Skeena to play in serving as an environmental conscience, but as a former professional person; a mechanical engineer, I believe man and nature can live in harmony. In fact, evidence shows that man can improve upon nature, and has in many ways, which makes our modern twentieth century civilization as comfortable as it is. Granted, there are problems and some disasters about which I want to say something, but I certainly agree with the hon. member for Skeena when he says that these documents should be available for public perusal. There ought to be nothing to hide, as I said a few moments ago.

I am glad the hon. member for Skeena said he was not opposed to the rational development of power on the waterways of British Columbia and in other parts of Canada because if we are to provide comfortable housing and meaningful employment for our young people who are to follow and if we are to feed the Third World nations and help them to develop their economies, we will have to develop our national resources in some manner in harmony with nature. However, we cannot avoid developing those resources and producing power as an important adjunct of that process.

The hon. member for Skeena seems to have constructed a very good case that there are certain documents in existence and that for some reason they are not being made available. When I was an alderman in a community in British Columbia, I had to deal with a very difficult problem. There was always a hue and cry as to whether documents should be made available or kept secret, and whether we should discuss things in camera or whether everything should be discussed before the public. I suggest that when planners are trying to lay out a framework for some concept of development, they ought to be free to do that, just as Members of Parliament sometimes, within the confines of caucus, like to talk and think out loud about concepts without having the pressure of public opinion on their backs. However, I submit that once documents relating to major developments of the scale we are talking about here are completed, printed, signed and exchanged between governments or departments, those documents should be made freely available. I do not know the reason for which the department and the Minister of Fisheries and Oceans could argue to the contrary.

I recall in municipal politics that if one disclosed what he was thinking about too early, then outspoken and sometimes reactionary environmental groups would ascribe all kinds of motives and exaggerate excessively, to the point that a very good project might be stopped in its tracks even before the studies had been done to the extent rquired to make the case and to make it on sound technical and quantitative bases. On the other hand, if documents are withheld, then there is always the suspicion that somebody has something to hide or that there is a great conspiracy. There is always the danger, as we have seen in the Amax case in particular, that when the facts are known, it will be too late to reverse initiatives which have been taken because of the implications for employment or in the case of the Amax project at Alice Arm because of the implications for investment. There is always the danger that perhaps we will not find out until after our light bulbs are lit by a new hydroelectric dam, and then we will be so comfort-

able and dependent upon that new form energy that it will be absolutely impossible to reverse that situation.

I think the secret is to allow officials to carry out these interdepartmental or intergovernmental discussions, but at the point when documents are available, printed and signed, they must then be made available for debate in a parliamentary or democratic forum. Decisions on these proposals should never be made within the confines of the cabinet room or enacted by order in council. In cases of major studies which have an impact on the environment, the environmental assessment and review process should be mandatory in all cases. There should be a full process of public debate and discussion where the technical experts and environmentalists come together and the relative merits or lack of merits in these projects are debated.

In British Columbia there are some examples of environmental disaster. Many years ago British Columbia Hydro began to dam many of the valleys up above Vancouver without cutting down the trees. One notable example is the Stave Lake area where we constructed a reservoir, but it was just dotted with dead timber. That timber had a recoverable value, but at that time no one could be bothered to clear-cut the land first. The Bennett Dam in the Mackenzie area of northeastern British Columbia came about in the same way only about 12 years ago.

Vast areas of northeastern British Columbia were flooded without the trees being cut down first. There is a continuing debate about the elevation of the High Ross Dam in Washington State, which would flood a valley in southwestern British Columbia, the Skagit Valley, and there is great danger of eliminating a very valuable recreational area there. Everyone is very suspicious of the arrangements and the deals which were made with Seattle City Light and Power many years ago, which again was not done in the context of a parliamentary forum where everyone could witness the debate and hear all the pros and cons of the proposals.

Of course, the most remarkable example of lack of care about a major and important salmon spawning resource is the deterioration of the Fraser River system itself. In the lower reaches of the Fraser where I live in the Richmond-Delta area the coliform counts are so high that our children cannot swim there any longer. The good people of Vancouver who do not want to see any more development in our area, want to continue to expand their discharge of sewage into the Strait of Georgia and Fraser River. At some point it may well be too late to regenerate the Fraser River for the purpose of maintaining the salmon runs which are so essential to our economy and the way of life of the people of British Columbia.

● (1750)

However, I would like for a moment or two to speak on the positive side because, as the parliamentary secretary has pointed out, the benefits of the salmon enhancement program have been clearly demonstrated and, assuming the government maintains its commitment, we will see before five years have passed over $150 million invested directly in salmon enhancement projects. The Capilano hatchery, for anyone who has visited Vancouver, is a remarkable example of what man can do to improve upon nature and produce hundreds of thousands of salmon each year of the coho, chum and chinook varieties which will then return in two or four years. Almost without fishing boats those salmon can be trapped back at the hatchery as they return to spawn and produce another cycle. That is essentially a man-made contrivance which has improved on nature many, many times over to our advantage.

The spawning channels at the hatcheries at Qualicum and Little Qualicum, have proven to be a tremendous improvement on nature where eggs laid by female salmon are nurtured and regenerate many, many times more efficiently than in the natural environment. The Puntledge River hatchery on Vancouver Island is an example of a hatchery being built immediately below a hydroelectric dam. In fact, it is an attempt to co-ordinate hydroelectric development with salmon enhancement in a positive way. It has its shortcomings, but many of the improvements technology is providing, such as vertical slot fishways and the ability to fertilize the lakes and reservoirs upstream of the dam as is done at Great Central lake on Vancouver Island, and the fish ladder and hatchery operations at Hell's Gate in the Fraser Canyon, provide the opportunity for salmon to multiply and coexist with man so that we might enjoy an increasing benefit in terms of the food resource that that represents to us all.

So I am saying that these sorts of projects should not be ruled out without detailed study which has to start somewhere, and I would be astounded if the hon. member for Skeena wanted B.C. Hydro to do such studies in isolation. I would suggest it is probably a tremendous advantage that they are meeting with DFO and provincial government officials, and consulting section 33 of the Fisheries Act. Without this kind of consultation, Mr. Speaker, the kind of disasters that have occurred in the past might well reoccur in the future. So although the hon. member for Skeena is serving as a valuable whistle blower, and I agree with him wholeheartedly that these documents should be released at this point, there is also, I think, a responsible position for the minister to take, provided, of course, the government will comply with this motion and release these documents because I do not see that it has anything to hide.

The Amax controversy and the cessation of the discharge from that mine site today should probably teach us all some lessons. It will teach the investors, the entrepreneurs and the industrialists something about the increased public consciousness and concern for environmental questions. But again, to add some balance I would suggest that the mere existence of a plume, which was discovered yesterday in Alice Arm, does not prove that there is a hazard to fish life or man. I do not know whether the hon. member for Skeena drags on those plumes with which we have to contend in committee rooms but many people do and plumes, whether they be from cigarettes or tall smoke stacks at places like Sudbury, are a fact of life. Man will continue to produce effluents and discharges so long as the natural biological processes continue. The mere existence of a plume should not be cause in itself for people to go parading

around with placards and overreacting. The question is: does the plume in Alice Arm really carry on outside Alice Arm, which would be contrary to the special permit that was issued, and are the concentrations of particulates in excess of the limits set out under the legislation? In that case there is definitely a hazard, and I think the fact that Amax has agreed to cease the discharge means they are now concerned that there may indeed be a problem, that their hydraulic studies were not done thoroughly enough and their modelling of the situation did not simulate the real circumstances in Alice Arm.

So I believe that development is essential, and I think the hon. member for Skeena agrees with that. Much as people in his riding may not enjoy all the amenities those in Vancouver, Toronto or Ottawa enjoy, I would not want him to suggest that the people in the Skeena area, Prince Rupert, Terrace and elsewhere should not be able to aspire to the same types of comforts that our modern industrial society is providing. Perhaps in the long run, if we in this party agree to the favourite notion of the NDP, that we should have an industrial development strategy for Canada in order to have more finished product from our resources, we will have to contend with some of the large-scale projects such as the one at Hat Creek and chemical plants and factories, steel mills, and who knows what else. All I am saying, Mr. Speaker, is that I believe, and history will show, that if the engineering is done properly, if foresight is applied and there is an open process of studying these concepts and proposals, we can improve upon the natural circumstances. So let us keep a sense of balance on these questions.

I am not convinced that the hon. member for Skeena's notion of lowhead type turbines will sove the problem because there are economies of scale associated with transmission systems and networks that may mitigate against these lowhead type turbines unless they are going to serve merely a small neighbourhood area. In fact, I think we can build large scale projects in harmony with nature and in the process improve on the environment as far as our biological resources are concerned. I realize that other hon. members would like to have a chance to speak. I understand this debate will go on for another 20 or 30 minutes, so I will resume my seat at present and conclude by saying that I hope the government will accede to the request of the hon. member for Skeena.

Mr. Dave Dingwall (Cape Breton-East Richmond): Mr. Speaker, before I come to the substance of my remarks I want to congratulate the Parliamentary Secretary to the Minister of Fisheries and Oceans (Mr. Henderson), who, I believe, in his exposé of the facts of this issue, has set out very logically that the issue is one which is being given serious consideration by the department as it has been in the past and will continue.

The hon. member for Skeena (Mr. Fulton) has raised a number of issues in his remarks. He says, and I do not believe he intends to say it in a disputatious way, that the minister, as I understood him, is not very concerned about this issue. The hon. member also made reference to the fact that the Minister of Fisheries and Oceans (Mr. LeBlanc) and the Minister of the Environment (Mr. Roberts) are not here today, and somehow that adds up to their not being concerned with the issue. Well, if that is the implication he tried to leave in this House, I totally disagree; I think the opposite is the case.

I would also like to indicate to the hon. member for Skeena that I hope to have the opportunity in the foreseeable future—

The Acting Speaker (Mr. Blaker): I am sorry to interrupt the hon. member but the hour for private members' business has now expired and accordingly I do now leave the chair until eight o'clock this evening.

At 6.01 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

EXCISE TAX ACT AND EXCISE TAX

MEASURE TO AMEND

The House resumed consideration of Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs, and motions Nos. 1 and 3 (Mr. Blenkarn).

Mr. Bill Yurko (Edmonton East): Mr. Speaker, as always I feel privileged to speak in this assembly; this evening particularly so because we are debating a most important bill, Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas.

This bill is intended to increase substantively the revenues of the federal government by new taxation of those sectors of the Canadian economy which are growing, primarily the publishing, cosmetics, tobacco, alcohol and energy industries. This is being done at a time when the economy should receive a boost through tax reduction and decreased government spending policies such as those being followed in the United States, rather than tax increases.

Before speaking more specifically on various aspects of the bill, and in particular on part IV cited as the petroleum and gas revenue tax act, I want to address myself more generally to the present nature of the Canadian economy and the government's response to it.

• (2010)

Recently, the government has stated repeatedly that it is following a policy of economic gradualism. I ask: gradualism in what? Gradualism in the rate of rise in inflation which has

reached 12.6 per cent? Gradualism in the rate of rise of bankruptcies in the Canadian economy? In the first quarter of this year business bankruptcies are already up by 30 per cent over the comparable quarter last year. Is it gradualism in the rate of rise of government spending over the last few years which has now reached astronomical annual deficits of some $14 billion or $15 billion? Gradualism in the rate of change of the money supply? Gradualism in the rate of rise in interest rates? The wild gyrations in interest rates both up and down in the last year are hardly extremes of economic gradualism. Is it gradualism in taxation of selected growth industries such as are implicit in Bill C-57? The federal government is now seeking revenues from areas which have traditionally belonged to the provinces—taxation of resources at the source, a form of royalty. Mr. Speaker, I ask you, gradualism in what? Just what economic levers available to it has the government shifted gradually? Indeed, just what economic levers does the national government control today?

The government can increase the levels of taxation, as it is doing with this bill, Bill C-57. We have today in the Canadian economy the gradualism of confusion and economic acquiescence to forces beyond the control or fiscal management of this government brought about by a decade of economic neglect and misdirection. This national government has lost the ability to manage the national economy, lost it partially to the provinces. By *de facto* royalty taxation of resources, it is trying to regain some of that lost control. The government has lost it to the dictates of international economic forces beyond its control. It has lost it to the built up inertia and momentum of its own spending habits and policies during the last decade, policies directed toward wealth, redistribution with little or no attention to wealth formation and the competitive productivity of Canada's work force. In productivity we have dropped from second place to twelfth place in the last decade among the nations of the world. This bill, more than any other government measure, highlights the mess in which the Canadian economy finds itself today.

Canadian interest rates are totally at the mercy of the levels established in the United States of America. Why have the U.S. rates reached such levels and are apparently being maintained there, rates which have caused alarm to world leaders such as Helmut Schmidt? Why are U.S. rates so high, in excess of 20 per cent, when, indeed, the most recent monthly inflation rates were of the order of 5 per cent? There is a 15 per cent spread, Mr. Speaker. Has Canada made representations or asked to be apprised of the need for such high U.S. rates? Is the United States following economic gradualism? The U.S. dollar is fundamentally the basis or standard of all other free-world currencies. Why then are U.S. rates so high when its inflationary rate is reasonable? The United States is pursuing a course of reasserting its leadership role in the world. What better way to proceed than to strengthen its currency, promote an influx of investment capital, permit capital accumulation such that it can be directed for hard commercial and needed industrial reinvestment rather than frivolous consumer indulgence? This is not a policy of gradualism in the United States, it is economic shock treatment. In all its ferocity it is being imposed on Canada and Canadians; and this government recognizes, literally admits, that the economic mess it has created over a decade is so severe that about all it can do is pray that the U.S. will relent and reduce the severity of the shock treatment and lower interest rates. The government must have prayed pretty hard because today there came some small relief and interest rates dropped slightly.

Our very own spending habits; causing us to live well beyond our means—and effectively off the backs of future generations, have rendered us impotent. So we bring forth Bill C-57 and set back a vibrant oil and gas industry for at least a decade so that the government can generate a little more revenue to keep the deficit from rising a little higher. What can we do? We can face up squarely and realistically to the mess we are in and begin to plan, seriously plan, for the mid-term and the longer term while holding the economy together as best we can in the short term.

This nation needs an energy agreement, not only with one province but with all it needs it now. This nation needs an industrial strategy, and it needs one soon. Not an industrial strategy based on a dollar which must be constantly propped up by frantic fiscal transactions by the national government and the Bank of Canada, but a strategy based upon a dollar which has been allowed to assume its true international value. This nation needs a new rationale, a new direction, difficult as it may be, toward government spending and regulation at all levels of government. Government must manage the national economy more and be involved in it less.

In 1978, after a series of federal-provincial sectoral meetings, followed by a first ministers' conference on the Canadian economy, major decisions on the economy were agreed upon. What were those decisions and how do they differ from the government's fiscal and economic measures of today, which are more taxation and more spending, as is evident by the bill before us?

I want to refer to the Prime Minister's (Mr. Trudeau), analysis of the economy in 1978, just three years ago. This is what he told the first ministers:

> Allow me to set out for a few moments what I believe are necessary conditions in this new partnership. Amongst many, I believe four are of primary importance:
>
> First, it is governments' task (in consultation with Canadians) to establish the economic goals the country can achieve—

What are these goals today? More taxation? To continue:

> Second, we must understand that private citizens and private markets have the major task in ensuring economic performance in Canada.

Not the government, the private sector. The Prime Minister went on to say:

> Our job in government is to provide an economic framework—we cannot and should not manage all the details of economic activity.

What is this economic framework today? He said:

> Third, we must recognize the country is diverse in its regions and that the economies of each region are continuously changing. It is because Canada is diverse and dynamic, that the relations between governments at all levels must be flexible and adaptable. That we must also demonstrate.

● (2020)

Demonstrate how? By punishing the west through damaging resource taxation.

The fourth point the Prime Minister made at that first ministers' conference was:

—good economic performance is not an end in itself. But without it, the kind of country we all want, humane, tolerant and compassionate, is not possible. Therefore, we must provide the effective leadership which good economic performance demands. At the same time, as political leaders, we must aim to serve Canadians in a variety of ways, not just to help manage the balance sheet.

Where is that leadership today, Mr. Speaker? The Prime Minister went on to say:

From 1965 to 1975, government expenditures, at all levels, grew from 26 per cent to 36 per cent of our gross national product.

There are many who argue that our governments have grown too fast and too large. They say that in our attempts to provide government services for people, we sacrificed economic efficiency and competitiveness. I have some sympathy with this point of view.

That was his view in 1968. He said:

I recognize, as we all must, that if we are not efficient and competitive, if we do not create wealth in the country, we cannot sustain our efforts to help those who need it and build a more humane and equitable society.

But what have we done and what are we now doing?

The Prime Minister also said:

Our aim must be to constrain the growth of our governments. We must reduce our share of gross national product. But, even more important, we must reduce the intrusion of bureaucracy in the daily lives of Canadians.

That is what the Prime Minister said in 1978 at a first ministers' conference. What does this bill do? Is is an imposition, an intrusion in the taxation areas of other levels of government, particularly in the resource areas. The discussion culminated at that conference, and it is time we had another economic ministers' conference. There is need today for a first ministers' conference on the economy, and it should have been held several months ago. That conference concluded along these notes:

The first ministers of Canada's eleven governments have arrived at far-reaching agreement in a large number of economic matters.

Following three days of intensive meetings in Ottawa and two months of preparatory sectoral talks, they announced steps today that will:

—facilitate the setting of economic objectives—

What are those today?

—improve demand management policies,—

I will want to refer to these in a minute.

—foster responsible price and incomes behaviour,

—strengthen the business investment climate,—

This should be achieved not through more taxation, but through less taxation.

—and further shape trade, industry, energy, manpower and regional development initiatives.

First ministers see an expanding private sector as the major impetus for growth in the Canadian economy.

My, how this differs from the massive throttling of the Canadian economy through the National Energy Program and its fall-out legislation such as Bill C-57 and Bill C-48! What were those demand management policies? There are three of them:

(i) The general instruments of monetary and fiscal policy should be used to encourage the growth of demand which would bring the desired growth of output and employment at declining rates of inflation.

(ii) The monetary policy being pursued by the Bank of Canada is consistent with this objective.

It was consistent at that time.

Is it consistent today?

First ministers agreed that the Governor of the Bank of Canada should review the objectives of monetary policy with the conference of finance ministers on an annual basis.

When was the last time the Governor of the Bank of Canada met with the finance ministers of the various governments in this country? Third:

(iii) The trend of government expenditure growth should be held, on average, to less than the trend growth in the value of the GNP or provincial gross product.

Is that what we have done in the last year?

In this context, however, it was agreed that capital expenditures of a revenue producing nature were important to economic growth and development.

My, how these policies differ and how they are at variance with the policies of the government and the Governor of the Bank of Canada just three years later! What has happened during this period? I will tell Your Honour what has happened. We have not contained our spending as governments in this land. In particular, the federal government has continued to spend, and spend some more, and increase the national debt until we now know that that debt is over $14 billion per year and that much of it must be refinanced at much higher interest rates. So, we bring in a bill, Bill C-57, to tax primarily the growing industries in this land, particularly energy.

I find the 8 per cent tax, which is called the resource royalty tax, to be particularly interesting because, to my mind, that tax has several objectives; not only to raise revenue for a faltering government which is broke, and is in debt up to its ears, but to take revenue from the energy companies in western Canada and lower their cash flow to such a level of insignificance that they will start to put terrific pressure on the provincial governments to lower their royalties. That tax of 8 per cent is the federal government's way of imposing resource control, even though it does not have constitutional power to do so, or imposing a resource royalty on the provincial resource when there is no room for that taxation. So, the federal government simply said: "We will take from the companies their cash flow and tell them to go to the provinces and have them lower their royalties so the companies' cash flow can be increased".

That was essentially the reply of the Minister of Energy, Mines and Resources (Mr. Lalonde) to an hon. member on this side of the House who asked about the solution to the problem of wells which were being shut down in Saskatchewan. The minister said to go and ask the province to lower their royalties. So this is doing something indirectly through the Constitution which cannot be done directly.

Some hon. Members: Hear, hear!

Mr. Ron Stewart (Simcoe South): Mr. Speaker, I feel a sense of déja vu, in rising to speak on this bill today. Over 200 years ago the Americans staged a tea party in Boston to protest against representation without taxation. That is precisely what we are again now talking about right here.

Mr. Knowles: It was the other way around!

Mr. Stewart: The government is asking Parliament to give carte blanche approval to a bill which would automatically increase excise taxes indexed to the consumer price index. How convenient it would be for the government not to have to face Parliament when future taxes are increased! How convenient it would be for the government not to have to deal again with unpopular measures in the future! But that is not the Canadian way because it was not the American way. It is the Liberal way. I have been present religiously in this House since Parliament was convened over a year ago and I have not seen one positive measure put forward by this government—not one piece of legislation which adds to the productivity of this country. That is what the free enterprise system is all about.

● (2030)

This bill is oppressive, regressive, rotten, and imposes risk-stifling taxation. It is putting an 8 per cent tax on our gas industry. Hon. members opposite stand up so proudly and say this is Canadianization. They call it a national oil policy, but I call it a disgrace and a nationalization oil policy. Not one piece of progressive legislation which deals with building Canada or measures to get this moribund economy moving again and put Canadians back to work, not out of work, has been offered.

This legislation is regressive, oppressive, unfair, discriminatory and will only add to the cost of living and inflationary woes of one of the greatest nations in the world. It is crippling the citizens of Canada.

We do not need negative legislation. We need positive measures which will provide social justice and groceries at a reasonable cost. We need jobs. That is what my constituents are interested in. We need less unemployment, not more. We need lower interest rates, and it can be done, so that more Canadians can carry on their small businesses and afford mortgages so they can own their own homes. It is the Canadian dream, if you will.

We need positive action and some sign from the Minister of Finance (Mr. MacEachen), who smirks and smiles and shrugs, that he is aware that inflation is enemy number one in this country. We need positive measures to encourage the manufacturing sector and to stimulate R and D.

Most of all we need an awareness on the part of the government that the economy is sluggish and that its policies are mainly to blame and should be changed. They can be changed.

I am fortunate to have a wonderful corporate citizen in my constituency in Molson's Brewery, one of the largest breweries in the world. The new rate of excise tax on beer goes far beyond the Crosbie budget in terms of the application of the levy. The Prime Minister (Mr. Trudeau) and the Deputy Prime Minister—the alleged—and I say alleged—Minister of Finance, have launched a new beer on the market. I wonder how many members opposite have heard about it. It is called "Overdraft". It is not a popular seller. It does not go down well with the average Canadian, like Molson's. Like the government, Overdraft is full of froth and suds and foam. I resent the government's end run in indexing this beer excise tax to the alcoholic beverages subgroup of the consumer price index.

I resent periodic increases in this tax without reference to this Parliament. We have not had the Boston tea party yet. Like some of my colleagues who spoke earlier, I am saying we have not had it—yet.

I resent the ham-handed efforts of the government to avoid facing Parliament on this issue in the future. I resent its arrogance—read any newspaper and you will see it—in attempting for all time to stave off the politically risky business of dealing with increases in the price of beer in future budgets.

The opposition was told that this tax is being imposed to protect government revenues derived from this tax from erosion and that it was based on the same formula which applied to the indexation of personal income tax. What a joke. Indexation of personal income tax is designed to protect the taxpayer from inflation and to discipline government to better manage our fiscal affairs. It was not intended that the government should ever profit from inflation by automatically receiving higher revenues from people because they obtained cost of living increases to ward off the ravages of the record high inflation which has been brought on by this government. That evidence is based on statistics, it is not just my opinion.

By indexing taxes on beer the government is doing or attempting to do exactly and precisely the opposite of what indexation of personal income tax, as originally suggested by the Hon. Robert Stanfield, is doing—it is taking advantage of a formula which is meant to buffer the consumer against inflation and fiscal management.

If we allow this measure to pass, the government will be allowed to tax people on inflation and to do it without ever again referring the matter to Parliament. Shades of the Constitution—shades of metric!

I am sure all hon. members are familiar with the brief which was sent to all Members of Parliament by the Brewers Association of Canada.

I would like to quote from a letter I received from a driver-supervisor for Brewer's Retail in my home city of Barrie. This is a concerned Canadian, not some executive officer. He points out that with this insidious and ad valorem tax on beer, by 1991 a case of 24 beer will cost $23.64 and a bottle of gin will cost $16.64. He writes:

> I find this hard to understand since the alcohol content of distilled spirits is higher by volume by 35 per cent than it is in beer, I am also concerned that the proposal of automatic increases on alcoholic beverages would not require the approval of Parliament.

Mr. Rae: What does he think of Frank Miller's budget?

Mr. Stewart: The hon. member is known to suffer from constipation of thought and diarrhea of the mouth. The letter continues:

> Bill C-57 seems to me to be a contradiction of this age old belief, by encouraging people to drink more distilled spirits, while discouraging the consumption of beer, which has traditionally been known as the beverage of moderation.

Perhaps the Finance Minister is discriminating in favour of his own personal like for single malt scotch imported from the Isle of Skye or the Hebrides of his ancestral acres in Scotland.

My correspondent from Barrie continues.

Mr. Evans: A point of order, Mr. Speaker. I think you would have to agree that the last remark of the hon. member was derogatory and uncalled for. I would ask that you ask him to recall the statement.

The Acting Speaker (Mr. Blaker): I am sorry, I think the reference to the place of ancestory of the Minister of Finance is geographically inaccurate but I cannot hold that the comments made are unparliamentary.

Mr. Evans: A point of order, Mr. Speaker. The reference was to the alleged drinking habits of the minister and that is derogatory. I would ask that the hon. member be asked to withdraw that comment.

The Acting Speaker (Mr. Blaker): I think I explained that it is not unparliamentary.

Mr. Stewart: I am glad I got through to the hon. member for Ottawa Centre (Mr. Evans) because every time I rise to speak he seems to bring up points of order. I think he must be paying a little bit of attention.

Mr. Smith: As little as possible.

Mr. Stewart: My constituent writes:

> My chief concern is that this discrimination will result in a loss of revenue for the brewing industry, which will result in the curtailment of future expansion and, therefore, the loss of many jobs, not only for employees of the brewing industry but also the suppliers of numerous products to the brewing industry.

Much the same as the oil industry, Mr. Speaker. The letter goes on:

> As a concerned citizen, I would also like to know: Is the Liberal government prepared to lay an even heavier burden on the taxpayers of Canada in unemployment benefits, welfare benefits, etc. Would it not be better for the government to realize this revenue through income tax from people already in the work force. A great deal of the taxpayers' money has already been spent to create jobs. Bill C-57 would seem to me to defeat this purpose.

Amen. He concludes:

> Thank you for taking the time to read my letter. I would like you to know that this is the first time I have felt sufficiently concerned to write my MP. I would appreciate a reply to my letter.

He got one, of course. I would like to don my other hat now, which is one of a wholesale tobacco distributor. Although not active for the past two years, I still maintain my firm which is under a management team. I speak today as a past president of the National Association of Tobacco and Confectionery Distributors of Canada. I note that the Minister of Finance and the Prime Minister received and acknowledged a letter from John L. Cunningham, executive manager of NATCD. I have read the reply signed by the Minister of Finance—I will not talk about Scotch now—and I can only assume he is completely ignorant of the complexities of wholesaling and distributing, among other things. My own wholesale tobacco and confectionery sales are very small—only $15 million annually. The minister says he does not perceive an ad valorem tax to be an administrative burden. Can you imagine, Mr. Speaker? Has he ever had an inspector walk into his warehouse, as I did last Tuesday when the Ontario tobacco tax went ad valorem, and demand a cheque for $33,000 in excise taxes for a product that had not yet been sold?

• (2040)

Some hon. Members: Oh, oh!

An hon. Member: Where did they get that from?

Mr. Stewart: They borrowed it from this government. The minister has never held a job in the cruel world of business. It is a jungle out there.

Mr. Rae: Blame it on Bill Davis.

Mr. Stewart: That product stacked in my warehouse represents risk on my part. The whole tax is an insidious vehicle which discriminates against the wholesaler, the small businessman and the oil producer. One hundred and twenty-five of them made representations here in Ottawa last week.

Only recently one of my chief competitors, a firm which grossed $25 million a year and which had been in operation since shortly after confederation, went into receivership, and with it 75 to 80 jobs went down the drain. These things are not being acknowledged on the other side of the House, but mention was made by my colleague, the hon. member for Edmonton East (Mr. Yurko) just a few moments ago. The government does not want to talk about those 30 per cent extra bankruptcies. They are real to me because they happen next door.

The minister talks about the number of jobs being created. What a joke that is. How many jobs were created because they were needed as a result of the small rate of growth in the economy and normal attrition? Jobs were created all right, but how many less than were really needed? That is the point, what about the number of bankruptcies we have, and our high interest rates? Does the minister know how many jobs have been lost in Canada because of his government's economic and energy policies in the field of taxation? No way. Does the minister know how many small firms he is forcing into bankruptcy and receivership? He does not care. As I said, one of my chief competitors, who was recently forced into receivership, operated six branches in Ontario, two cash and carry outfits and one vending machine company. They were wiped out. That is the legacy of the MacEachen school of economics.

An hon. Member: What about competition?

Mr. Stewart: I am not afraid of competition but I do not need the government for my competition.

Ad valorem taxes on tobacco, cosmetics and beer are essentially indexed tax increases. They are essentially taxes without representation, and hon. members over there know it.

Not only are tobacco taxes already a burden on some seven million Canadians who enjoy cigarettes, cigars or pipes, but the finance minister's new approach will encourage further inflation and lead to an economic burden on Canadian smokers, especially those in the lower income groups or those on fixed incomes who comprise the majority of Canadian smokers. Whether hon. members over there like it or not, there are seven million smokers out there.

When provincial and federal budgets are brought down, it is always "a penny on the pint" or a nickel on a package of cigarettes. It is nickel and diming the poor guy who wants to have a little fun out of life. Too bad that our finance minister would not be indiscreet enough to tell a reporter "a penny on the pint" on his way into the chamber on budget night, and then we would be rid of him.

Mr. Taylor: They are learning fast from Moscow.

Mr. Stewart: I ask hon. members, how far can this government go?

Mr. Rae: All the way to Queen's Park.

Mr. Stewart: How much more can the tobacco industry and the average Canadian bear? I wonder if the hon. member opposite, who is flashing his cigarette package, realizes that a carton of 200 cigarettes costs me as a distributor $8.82.

Mr. Rae: Shame on Frank Miller.

Mr. Stewart: That is including a 2.5 per cent nine-day discount. That is the bare-faced invoice cost. Do hon. members know that is taxed $6.54?

An hon. Member: How much is federal tax?

Mr. Stewart: I will tell you how much it is. The $2.92 tax goes to the Ontario government and $3.62 goes in tax to the blue-suited feds over there.

The tobacco industry is an important industry in Canada, and hon. members should not forget that. Last year the total retail sales value, including taxes of all tobacco products, was $3.135 billion. Nine hundred and thirty four million dollars was paid in federal excise duty and sales taxes. That is almost the entire budget for our foreign aid program, which you people over there want to inflate to .75 per cent of the GNP. Then that program will be up in the billions again. Can we afford it?

Where else could this spendthrift, greedy guts government get that kind of money to do the things it is doing by waste? Provincial jurisdiction realized $765 million from the tobacco industry. Corporation income taxes in the manufacturing sector were $56 million. Tobacco creates jobs in the fields and in the plants. In 1980, wages in the industry totalled $166 million, and another $23.7 million was spent by the industry in transportation costs. But go ahead, tax it, tax it out of existence, just like you are doing with everything else. You have not had a fresh idea in 13 years.

The tobacco industry believes that the federal and provincial governments, which never miss an opportunity to identify inflation as one of Canada's major problems, should set an example of restraint instead of adopting new inflationary fiscal methods. This industry is being taxed out of existence. There were some 66 independent distributors in Toronto a few years ago. There are now approximately 12.

Getting off the tobacco subject and into another area, I would now like to read a telex that I received from Bruce Roland, publisher of the Barrie *Examiner* which is the daily newspaper in my city. The telex reads:

> Re proposed legislation altering newspaper taxation. Extremely concerned this ill-advised legislation if passed will cripple entire Canadian newspaper industry. Legislation would be tax upon newspaper's raw materials as well as revenue and profit. Proposal shows almost total lack of understanding about newspapers and their operating methods.

That is to be understood. The telex concludes:

> Strongly suggest taxation proposal using equitable and urge maintenance of past practice. Yours truly, Bruce Roland.

I wrote to the Minister of Finance (Mr. MacEachen) upon receipt of Mr. Roland's telex. I received a three-page reply which left me neither any wiser nor better informed than when he stands up in this House. I concluded that the minister has no intention of changing this part of his legislation or anything else because he feels that the taxing on all advertising inserts will place all producers of these products on an equal basis. Equalization and linguistic equality, that is all we care about. No doubt we will soon see a new echelon of bureaucracy in the public service armed with rulers measuring the inches or centimetres of lineage devoted to advertising. Big brother will watch over everything, including the ads we will read in our daily and weekly newspapers. We will call it Pravda the third.

There is another little sleeper, that is the packaging tax. The sleeper tax has aroused the ire of Canada's marginal manufacturers who say that a Department of Finance decision requiring them to pay federal sales tax on repackaged goods will mean higher prices to the consumer and a loss of jobs.

A fellow friend of mine who is in the paper business in Barrie, Mr. Ron Lynch, mentions potato bags. If you are a grower and pack in bags, you pay no tax. But if you pack goods as a manufacturer, you do pay tax. A marginal manufacturer assembles, cuts to size, bottles, packages, repackages or otherwise prepares goods for sale. Some Canadian manufacturers are considering manufacturing outside Canada to minimize the lousy tax. This will mean a loss of Canadian jobs.

I would like to talk about furniture but I realize my time is quite short, but I could go on and on about many things. In a letter dated March 13, signed by John Cunningham of the NATCD, he listed all these unfair, undemocratic taxations. I could talk about Ron Findlay, Vice-President of Rothmans, who told me today that there are 600 products in every

warehouse and most retail stores that will require paper changes. We have created a paper monster, and a bureaucratic nightmare which is fuelling the fires of inflation.

Walter Hitch, President of Kolmar in my town, states that the cosmetic industry will not be taxed in the same manner as other manufacturers of consumer goods. I have heard also from John Rogers, President of Molson's Brewery. My list goes on and on.

Mr. Lumsden, head of the independent wholesalers wrote about the 600 retailers he serves and what it will mean to them. He says he is a fairly organized businessman and he finds it incomprehensible. Next we come to the pharmaceutical industry. I can go through the whole gamut of what this measure will do to the independent businessman of Canada. This is on top of the imposition of the nightmare of metric and the taxation on oil.

Taxation indexing is not what is required, but, as Reuben C. Bellan stated in the Trudeau star "but increased productivity is what we need." May I repeat to the hon. minister of Finance what Cromwell once said to the British autocrat: "If you cannot handle the finance portfolio, in the name of God, go!"

• (2050)

Mr. Taylor: I rise on a point of order, Mr. Speaker, because during the first half of the address by the hon. member for Simcoe South (Mr. Stewart) the hon. parliamentary secretary, the member for Ottawa Centre (Mr. Evans), stood outside the curtains holding his drink, I guess of coffee, and did his interrupting. If he is going to interrupt, the least he could do is follow the rules and be present in the chamber.

The Acting Speaker (Mr. Blaker): I regret to inform the hon. member for Bow River (Mr. Taylor) that it is not necessarily part of the tradition of heckling that hon. members be inside the curtains.

Mr. Taylor: On the point of order, Mr. Speaker, could the hon. member get up in the gallery and heckle? If he cannot do so, why can he do so from behind the curtains? Come out in the open, don't be afraid.

Mr. Evans: I am not afraid of you, Gordon, not at all.

Mr. John Gamble (York North): Mr. Speaker, in rising to participate in this debate on Bill C-57 it is significant to note that from the earliest of times, in terms of the parliamentary system, the public, represented by their elected representatives, has been very jealous of the control by government of the taxation of the citizen. It is accordingly with some regret that we note that the system implanted permanently within the tax framework, as established by Bill C-57, has the effect of removing that direct participation by members of Parliament in determining what the tax laws of the day shall be.

Before my colleagues to the left scream that this is the very thing that has happened recently in the province of Ontario in the recent provincial budget, let me say I agree, and the comments I have in respect of this government will apply equally to any government which endeavours to impose tax without presenting to the elected representatives of the Parliament or legislature to which they belong an opportunity to discuss and vote for or against a particular piece of legislation. I do not think it matters whether the government is provincial, federal, Conservative or Liberal, or in an unusual circumstance, NDP, and I say "unusual circumstance" because fortunately the country has had so few of them.

An hon. Member: Go west.

Mr. Gamble: The hon. member suggests I go west. I have been west. The great people of western Canada had an opportunity to get rid of a canker that had infested them in British Columbia, and hopefully that kind of circumstance will not recur.

In any event I think it is appropriate that members of this House have regard for the change that is occurring. That change is not one we should accept without very substantial and recognized complaint. We have seen changes in this place in respect of our ability to stand and speak for or against a particular issue; changes in such innocuous pieces of legislation as the Canada-Germany Tax Convention which contains a provision by which there is no legislative enactment, in respect of changes, without the imposition of closure, which is built into the very piece of legislation presented to the House and subsequently passed. This is the same kind of creeping undemocratic authoritarianism about which all members should be concerned.

The provisions of Bill C-57 go far beyond that and that alone. They permit the growth of an element in our economy, sought allegedly to be retarded by the government. The Prime Minister (Mr. Trudeau) just the other day, in a very learned dissertation on what the psychology of inflation entailed, indicated that some people believe that because prices are going to increase, it is appropriate that those people increase the price of their product or their services. In the process, they increase those prices in excess of what is really required. Of course, those people of whom he spoke include the members of his own cabinet who have brought before the House this piece of legislation.

It is the personification of the inflation psychology which drives prices up, and this is allegedly opposed by the government. Yet, because of the way in which it fixed its ever-increasing tax bite in respect of excise taxes, it is clear that by fixing them, in relation to certain products covered by the Act, to an element of the consumer price index, the government has given a clear signal to the entire population of Canada that it expects the consumer price index, as it relates to those elements, to increase. The government has made an announcement to Canadians generally that tomorrow the prices of those goods will be higher than today. How has the government made that announcement? It did so by suggesting that its revenues be tied to the prices as they increase.

An ad valorem tax would similarly go down in the event that the price of the commodity, as an element of the consumer price index, was reduced. Of course, the government knows

that the price is not coming down because the government is the greatest cause of inflation in the nation. What it has done now, having caused inflation, is to tie its tax grab to the inflationary spiral it has created. Beyond that, it has then gone to the public and announced that prices tomorrow will be higher than prices today.

We know the effect of that kind of inflation psychology. It drives the prices of products out of the reach of the ordinary Canadian. It has the effect, naturally, of influencing the ultimate cost of money. Interest rates have skyrocketed. Despite the fact that today they may have taken a brief dip—and I hope it is not the kind of dip that occurred last year which was followed by insurmountable increases, and presumably we will not be bereaved of those high rates for some time—the fact of the matter is that as a result of increasing inflationary pressure, interest rates will and must rise. It is illogical to ever assume that the investor, whoever that investor may be, the bank or the individual, is prepared to lend his or her money, in the case of the bank its money, at a rate of return which is less than the rate at which the money is being eroded by inflation. With an inflation rate of 13 per cent, it is unrealistic to expect interest rates at 10 per cent.

As a matter of fact, if you really analyse what is occurring, in the event that a lender is in the 50 per cent bracket, a rate of interest at 18 per cent will result in a net return of 9 per cent, and inflation is eating away at the equity of a loan at the rate of 13 per cent, so the loan in fact will result in an annual loss of 4 per cent in terms of the real value of the capital amount of the loan.

Interest rates have to be tied to something more basic than what the government has suggested, that is a direct connection with the U.S. rates, having regard to the fact that every Thursday we have been artificially manipulating interest rates in Canada through the purchase of treasury bills.

● (2100)

Those prices have, in large measure, been influenced by a determination not to permit the Canadian dollar to decline at a rate which would startle the public into realizing what a horrendous mess the government has made of the economy of our country. The real value of the dollar should not be sustained as a consequence of interest rates but, rather, through the value of the product itself and, like any other commodity, if it is in demand, as it should be, instead of being something which is sold off to acquire another product in a foreign currency which may produce a higher interest rate—if it is, accordingly, in demand for some other purpose than for the generation of interest alone—then that commodity, that dollar, will be sought after and have an intrinsic value. How can that intrinsic value be established in the massive amounts which are required for the purposes of today's economy? It is very clear that the most effective and direct way by which this can be done is through the development in western Canada of our gigantic resources which will contribute to our energy requirements.

Why am I dealing with that issue now? Very clearly, because this delightful piece of legislation has the very opposite effect. It has a provision with respect to a special royalty imposed against the generation of energy revenues, a special tax not based upon profit but, rather, upon recovery of an amount. It is a gross tax, a royalty tax, new and special and designed, I say, to retard development which is essential not just for that part of the country but for the whole nation.

Accordingly, I submit that the only way we can avoid the economic calamities which are caused in our country as a direct result of high interest rates is to attract Canadian investment into an area which is absolutely vital. Those dollars, once tied up in plant and machinery, not only in that part of the country which will ultimately use it but also in that part of the country expanding its economy in order to produce the goods which are needed, will not be available to flee the country in search of a higher interest rate in the United States or elsewhere but will be used for the purpose of generating, as genuine equity, the kind of energy production that is required and vital to Canadian needs.

I was interested in the fact that this ad valorem concept which is built into Bill C-57 has not gone unnoticed among the general public. I had occasion to meet with a constituent who is astounded and offended by the fact that this government would introduce a piece of legislation designed to preclude Parliament from examining on a regular basis the tax structure of the country. I had thought that that kind of consideration was one which might arouse the ire of people in this House and might generally concern some theoretician who likes to examine parliamentary history, but it appears that that is not the case. People are genuinely concerned about the protection of their rights, and they look to this House to protect those rights. They look to the members of this House to undertake that task and lead the way so that other governments, be they provincial or otherwise, come to recognize that the public is not asleep. The public is not prepared to have its rights trampled upon. I refer to those rights which historically have been the foundation of our very being here and the very foundation of the system which we currently enjoy. Accordingly, it is appropriate that we direct as much attention to this issue as we can, hoping—and I am concerned having regard to the way in which the government has responded in the past—to make them realize that something fundamental and wrong is being perpetrated upon not only the system but also the people who live by it and suffer from it.

If I may just return for a moment to the issue of the detrimental effect of the resource royalty tax of 8 per cent upon the general economy of the nation, I might add that I find it extremely strange to learn that the Minister of Energy, Mines and Resources (Mr. Lalonde) is about to prepare the public for another increase in the price of petroleum products at the pump. He is telling us now that we shall shortly be paying an additional two and a quarter cents a gallon to be added to the two and a quarter cents a gallon we have already paid for a total of four and a half cents a gallon. The reason is that Alberta is reducing its oil production by another 60,000

barrels a day and by September, presumably, will reduce it by another 60,000 barrels a day, with the result that at that time, if the federal government follows the policy it has already announced and implemented, a total of 6.75 cents a gallon will be imposed by way of special taxes for the purpose of paying for imported foreign oil to make up for the deficit in production capacity which Canada, chiefly through Alberta, has been able to make available to the general public.

It is curious that this government can extract potentially 6.75 cents a gallon from the public by way of a special tax and pay that money directly to foreign producers of petroleum products, but it could not take that same 6.75 cents and pay it to another Canadian. There has never been a suggestion by the government that the method it has adopted for the purpose of paying for this increased price of petroleum should not be applied in settling its disputes with the government of Alberta. Yet the mechanism is there, and I am convinced, as surely as I stand here, that when that dispute is resolved, the government will have fixed permanently as a tax, never to be removed, the 4.5 cents or the 6.75 cents, whatever it may be, because once imposed, tax is used for whatever purpose the government may set about to use it.

I attended a meeting of the Public Accounts Committee this morning. We had before us the deputy minister of national revenue, and we were discussing those Canadian taxpayers who have never filed tax returns. It was suggested that some of them might well have been in the over-65 age group. I explained at the time that the reason for that particular group's declining to pay tax is probably that they remember that in 1918 when the act was introduced, the government of the day promised that it was simply going to be temporary in nature and, accordingly, they are holding the government to its word.

It is absolutely vital that we come to recognize that this piece of legislation is damaging in its present form, and it is damaging for the reasons I have discussed with respect to the effect it has upon the democratic system, our right to be consulted and our right to speak on and vote for or against a tax increase. It is inappropriate that this House should be asked to grant permanently to the government the right to extract taxes on an ever-escalating basis.

● (2110)

It is wrong because it has no regard to the fact that the greatest way to build the country is by removing, not imposing, additional taxes on the great energy resources available which, if developed, will remedy the economic ills with which we are concerned.

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, Bill C-57 and Bill C-48 are the main component parts of the October 28, 1980 budget or, as the government now prefers to call it, their National Energy Program. Provisions of both bills and their implications that are now so apparent are a major irritant and a source of extreme frustration leading to serious alienation throughout all of western Canada but especially in Alberta. This extremely serious situation must surely have been obvious to every member of Parliament about two weeks ago when the 126 oil and gas well servicing industry representatives spent two days in Ottawa. Their very effective lobby cannot be dismissed if only because they were all Canadian managers and owner-operators of the entire petroleum service industry in Alberta. They were effective because they were all speaking from personal experience about severe cutbacks, lay-offs, current massive budget reductions, idle drilling rigs and supporting services. They were all having to face the reality of a vastly reduced level of operation or perhaps complete shutdown which would lead to selling out or moving to the United States. Those were the grim realities that faced a good many of them, and surely the grim message they brought cannot be ignored, especially by the Minister of Energy, Mines and Resources (Mr. Lalonde) and the Minister of Finance (Mr. MacEachen).

Of the two energy bills this one, Bill C-57, is the more important for the oil and gas well servicing sector, and for me personally because of my special interest and concerns in natural gas in southern Alberta. The discovery and use of natural gas took place about 100 years ago near my home city of Medicine Hat. As a natural resource, natural gas has made a major contribution to that city, and the industrial development of gas-related industries contributed significantly to our painfully slow recovery from the lost generation of the drought and depression wracked 1930s. That was followed by another ten years of recovery and readjustment. Natural gas has rightfully been part of our heritage for almost 100 years. Both of these taxes, the production tax, also known as the natural gas and gas liquids tax, and the 8 per cent wellhead tax known as the PGRT, are viewed with extreme shock and bitter disappointment by all of us in southern Alberta. All Albertans are completely convinced that they are a deliberate and massive federal revenue grab directed right at Alberta.

It was my privilege to participate as a member of the Standing Committee on Finance, Trade and Economic Affairs whenever discussions and witnesses relating to natural gas issues were before that committee. I wish to express my thanks and appreciation to the Minister of Finance and the hon. member for Sarnia (Mr. Cullen) for their analysis of the separate representations of the various witnesses before the committee and those received by letter. The first submission to the committee was from my home city of Medicine Hat which was presented by mayor Ted Grimm and alderman Dr. Ken Sauer, who stressed their quite unique situation wherein the city has developed and owned its own natural gas and electric utilities for almost 100 years during which time these utilities have been exempt from corporate, income, production and sales taxes.

The application of these taxes has been described in their brief quite aptly as confiscatory, abnormal and constitutionally without precedent. They pointed out:

—we do not export the resource—

That is, natural gas:

—nor the profits from its exploitation. We upgrade the resource in Canada, thereby creating jobs for Canadians.

Later on in this logical and common sense comment they had this to say:

A court of law may interpret the legal technicalities and find that the tax is unconstitutional, but only Parliament can interpret the fairness or equity of taxation.

The new taxes will boost Medicine Hat's residential gas rates by 197.6 per cent, surely an increase much higher than at any other point in Canada. The minister's appraisal was that:

The gas tax is a uniform absolute amount for all gas users and thus customers in all parts of Canada will face the same increases in absolute costs.

I must say that comment is small comfort indeed to retired people in Medicine Hat when they pay next winter's gas heating bills.

Now another witness before that committee was the Federation of Alberta Gas Co-ops Ltd., and they made two visits to Ottawa to tell their story of the impact of this tax on rural Alberta. They ably represent 85 user member-owned rural utilities who supply 40,000 natural gas services for 140,000 people in rural Alberta. They operate a 40,000 mile distribution system which supplies about 80 per cent of Alberta's rural areas. They made the statement that:

Time will show that it was, and continues to be, sound planning to convert to the more plentiful natural gas, from the depleting and more costly portable fuels such as oil and propane.

And the gas co-op has extended a very generous offer to other provinces in Canada to share their experiences and expertise in rural gasification developments. They also make two telling points respecting the impact of these two taxes. The first is that substantially higher gas costs due to the taxes will be a severe deterrent to the Department of Energy, Mines and Resources natural gas conversion program now under way. That program is logical and sound. However, this tax approach is surely not the way to go about it.

The second impact is the immediate and enormous cost increases of commercial fertilizers, most of which use natural gas feedstocks in addition to those other farm fuel costs. In total, it must be obvious that our basic food production costs will increase significantly.

Another witness, the Bow River Gas Co-op, a federation member with headquarters at Vauxhall, Alberta, has illustrated these cost increases with recent figures in a report dated January 7, 1981. On 136,000 mechanically irrigated acres, the cost increases due to the new taxes are as follows: For natural gas used as a fuel in irrigation pumping, a total of $174,000; for two varieties of fertilizers, 11-5-5 and 34-0-0, a total of $659,000, for a total cost increase of $835,000, all due to the natural gas taxes alone. And that figure prompted this appropriate comment from that co-op.

This is one big sum of tax money to take out of one small farming community.

The Bow River Gas Co-op concluded its cost statement by indicating:

If we farmers are not given any protection against this special tax on all fuels, I know there will be a drastic drop in production on irrigated farms.

That statement was made by one of its executives, a man by the name of Henry J. Dick.

● (2120)

The Federation of Alberta Gas Co-ops Ltd. made a very reasonable suggestion that an extension of time be allowed for the tax payment from the current 30 days, after the end of the month of sale, to 90 days. This was a very reasonable suggestion; I think it was widely supported in committee. However, the minister in his appraisal suggested that other taxpayers could also make similar claims and that to extend the time of payment of the tax to all taxpayers would be costly in terms of lost revenue. Surely the minister has missed their point completely. It is a very valid point and should be reconsidered.

Another witness was the Alberta Energy Services Association. This is the energetic group to which I referred in my opening comments who were here about two weeks ago. That 126-member lobby represented the oil and gas well servicing industry from such widely separated places as: Red Deer, Drayton Valley, Whitecourt, Lloydminster, Calgary, Brooks, Medicine Hat, Weyburn, Estevan and Swift Current.

As Canadian citizens and as responsible electors—and this is their phrasing—they questioned the government energy policy which results in thousands of lost jobs, increasing reliance on very costly foreign oil and financial instability in numerous small communities such as the ones I have just indicated. They also pointed out that hundreds of wells producing less than 12 barrels per day have been made uneconomical by the National Energy Program. Such wells are particularly service-intensive and contribute to energy self-sufficiency throughout Canada, no matter where they are.

The Canadian Petroleum Association in its committee presentation confirmed that Alberta indeed has surplus and proven natural gas supplies of between 16 and 20 trillion cubic feet in capped gas wells. But they are concerned with the continued and increasing slowdown in both drilling and exploration as a result of the National Energy Program, while at the same time the government is pushing its gas conversion program to utilize those capped gas well supplies. I think they have reason to be concerned. They reminded us all that five to ten years' lead time is necessary for adequate exploration and development planning.

The companion association, the Independent Petroleum Association of Canada, was critical of the National Energy Program grant system which heavily favours investment on federal lands, whereas their members are largely confined to the western Canadian sedimentary basin in the provinces. They said bluntly that both taxes should be withdrawn.

The Alberta Chamber of Commerce reaffirmed its belief that Canada can achieve energy self-sufficiency through prompt development of Canada's domestic energy resources, particularly oil. The chamber of commerce bluntly said that the production and wellhead taxes constitute a major infringement by the federal government on the rights of the provinces to own and control their natural resources. They concluded by saying:

A preferable course would be for the federal government to proceed under the Income Tax Act, and if justifiable, consider establishing a surtax on income deemed to be windfall profit.

In concluding my remarks pertaining to the submissions before the standing committee, I must say that I very much appreciated the somewhat more favourable appraisal of the Minister of Finance respecting two odd groups. One was the Motorcycle and Moped Industry Council and the other was the Canadian Water Well Association. Needless to say, the comments were a nice change of pace from most of his other discouraging words on just about all other submissions.

In conclusion, I say very seriously that throughout these remarks I have only repeated several references by others concerning the propriety and legality of the production tax and the PGRT, but surely this is the bottom line of the entire National Energy Program, at least as perceived by the west, especially by Alberta. Let there be no misunderstanding. I am referring to that threat to Alberta's natural resources by the federal Liberal government in these two particular taxes, as well as in Bill C-48. There is a valid reason for what is happening in the west right now. It makes little difference whether we call it alienation, frustration, anger or even separation. These emotions are very real and exist in Alberta, essentially because of the perceived threat to our natural resources which we have only owned and controlled since 1930—that is only 51 years ago!

At this moment the unanimous decision of the Alberta Court of Appeal is still the law of the land, at least until it is overturned by a higher level, the Supreme Court of Canada. Until that happens, surely the Alberta position applies, at least in so far as that decision is defined.

Finally, I am sure the Minister of Finance, his parliamentary secretary and the Prime Minister (Mr. Trudeau) are aware of this feeling in the west and its relationship to this particular bill. I say to them that the 135 amendments now before us in report stage are an indication of that feeling. It is not too late to do something about it.

Some hon. Members: Hear, hear!

Mr. Jim Manly (Cowichan-Malahat-The Islands): Mr. Speaker, I am pleased to speak this evening in support of my party's position on Bill C-57 and to highlight some of my own personal concerns and some of the concerns of my constituents regarding this bill.

We all recognize that governments need to raise revenue. We know there is no such thing as a free lunch. Ideally, the money we pay as taxes should not be counted as lost but, rather, as a contribution to the common good. But sometimes when we look at government spending habits and its concern with outdated fighter planes and some of its other extravagances, we wonder whether or not this is true. We recognize the importance of our taxes, but we also say that a tax policy should consider many questions in addition to asking how much money can be raised for the government in a specific situation. For example, a tax policy should ask questions concerning the effect of a tax upon the economy in general and upon individual sectors of the economy. It should ask questions about the effect of a given tax upon individuals. Apart from its direct effect upon the economy, it should ask about the effect of a tax upon the environment, upon the social and cultural fabric of the community and of the nation.

This might be a good place to begin. For example, the act exempts from tax paintings, drawings and pastels, which is good as far as it goes, but it says nothing about original prints. In our society artists do not have a very easy time of it. All but a very few stars have difficulty making a living. However, one area of art which has been growing and provides an important part of many artists' incomes is the sale of limited editions of original prints. Not only does this sale help the artist, but it also helps to democratize art. Art should not be the preserve of a wealthy elite—the Medicis, the Rockefellers and the Thompsons of our world. By exempting paintings and drawings but not original prints, we are discriminating against our ordinary people in favour of the wealthy.

• (2130)

I am particularly concerned about the effect of this discrimination upon many Indian artists. All Canadians can take pride in the recent upsurge of Indian art. I think particularly of Indian artists who use motifs from the west coast of British Columbia and of artists who are painting from their woodland Cree and Ojibway traditions. This art, and the new understanding and respect which it has brought to Indian people, has been largely dependent upon print-making techniques. It is because prints have been available, that artists such as Daphne Odjig, Jackson Beardy, Norville Moriseau and Robert Davidson have become household names in many parts of Canada. Our tax policy should encourage this art and not discourage it. Therefore, I urge the government to accept the amendment proposed by my colleague, the hon. member for Kamloops-Shuswap (Mr. Riis) and include "original prints" in the list of exemptions.

The government is equally shortsighted in its proposals to tax newspapers which have advertising content beyond a certain percentage. This proposal hits especially hard at small community weeklies. Over the past years, and especially the past year, we have seen the spectacle of large chains taking an ever-greater share of the daily newspaper market in Canada. Corporate takeovers, mergers and shutdown all point to a situation which is very rightly under combines investigation at the present time. As the large dailies move further and further away from local concerns and have less and less contact with local communities, and as they move toward a prepackaged product, the role of community newspapers in our country continues to grow.

For example, in my constituency there is no single daily which serves the entire area, but we are well served by seven community newspapers. These papers are very concerned about the proposed new regulations and the effect that they will have upon their ability to continue publishing. They recognize the government's valid concerns to tax catalogues and sales sheets which have no editorial content at all, but they object to the way in which this concern is being implemented in this bill. For one thing, they point to the manner in which advertising content is defined in the regulations. Instead of

counting the amount of paid advertising and then subtracting that from the total space in the newspaper, the regulations begin by narrowly defining editorial content. This way of defining the situation provides a disincentive for charity advertising. It means that little logo fillers for such things as the Participaction program would be counted as advertising. It raises questions about the possibility of newspapers refusing to carry advertisements for certain organizations and using the excuse that carrying the advertisement would bring the newspaper over a certain percentage of advertising content. It raises very serious questions about the whole freedom of the press, which is fundamental to our society. I again urge the government to seriously consider and accept the amendments proposed by my colleague, which would limit the tax to catalogues.

We can look at small businesses and the way in which they are affected by some of the proposals before us, for example, beauty parlours and the tax on cosmetic supplies. Beauty parlours and their operators are truly small businesses and often family enterprises, which have difficulties making ends meet what with maintaining an inventory and adequate equipment. By placing this tax upon supplies which are used in business, it is making it more difficult for these small businesses to continue.

Like other members of my party, I object to the principle of indexed taxation which is being introduced in this bill through the indexation of taxes on alcohol and tobacco. The government already has too much of a stake in inflation. By placing indexation on these taxes we are setting a precedent whereby the government would not have to show any concern at all about bringing in a budget and facing the music in the House of Commons over its taxing policies. Instead, there would simply be automatic tax increases as the cost of living went up, and we have seen no indication from the present government that the cost of living will be going down.

As has been pointed out before, in this bill we have seen the ridiculous bureaucratic definition which exempts some equipment for the handicapped. It exempts braces which are used on the feet and ankles. Surely in this Year of the Disabled the government could recognize that any appliances which are meant to assist disabled people to function better in society should be given tax exempt status. We should not leave these people at the mercy of a stupid bureaucratic decision.

Dynamite is a substance which has been traditionally exempt from taxation. For the first time in our history it is now being taxed. This hits at the construction industry, especially in western Canada. I point out that here we see the government concerned with short-term financial gain—a very small one—but one which has an impact on the environment. For example, we are concerned that industry and buildings should not be built on valuable agricultural land and estuaries, but these are the easiest places to build. In British Columbia, if we are to build away from these areas, blasting is involved and dynamite is required. We are placing a disincentive upon moving away from building on environmentally sensitive areas.

The New Democratic Party has been urging the government to recognize that small businesses which are involved in collecting sales taxes are subject to a great deal of additional red tape as a result. We urge the government to recognize the contribution these small businesses are making and that it should make provision in this tax bill so that these businesses could withhold 3 per cent of the taxes which they collect, up to a maximum of $1,000. This will not affect large companies such as Eatons and The Bay. However, it will help small businesses. These are the people in our society right now who very desperately need to have some help. At a time when other government policies are discriminating against these people in terms of high interest rates, we should not be passing by an opportunity to make it slightly easier for them to do a job on our behalf which we require them to do.

• (2140)

Again, we can look at the provisions of the bill which exempts equipment specifically designed for use in classrooms. At a time when education is under pressure, another sector of our society which is under considerable pressure today, we should be extending this exemption to include all materials which are used in the classroon, whether or not they had been specifically designed for this.

I would like to draw my remarks to a conclusion by simply pointing out that in its over-all tax policy the government, in the past few years, has been focusing entirely too much upon individuals, small businesses and this sector of society, for tax revenue. It has been ignoring vital areas where profits have been increasing, and taxes have not recognized this. We have heard the news about bank profits being up 58 per cent in the first quarter of this year. We are not doing anything about tapping that source of revenue. Instead, we are continuing to load more and more tax burdens upon individuals and small businesses.

So I urge the government to consider the amendments that the New Democratic Party is putting forward. I urge the government to consider the needs of small businesses, and to consider the social and environmental impacts of some of these taxes, as well as the short-term economic gain which it might make by imposing them.

Some hon. Members: Hear, hear!

Mr. Gordon Towers (Red Deer): Mr. Speaker, it is actually unfortunate that we in the House of Commons at the present time must deal with this government in a situation now facing Canadians. The Minister of Energy, Mines and Resources (Mr. Lalonde) who is supposedly responsible—he is often referred to as "Marc the Knife"—has succeeded in causing an oil rush to the United States. This is unfortunate because all of us are going to suffer. We in the west are suffering now; but let me impress upon the backbenchers on the other side that perhaps they can get through to the minister and to the cabinet what is actually happening here in Canada today before it is too late.

Time is running out on us, and every week and every month the disastrous situation which is befalling Canadians increases. On May 7 of this year, not too many days ago, the latest figures which came out showed that 139 drilling rigs had left Canada, 72 service rigs had left, 63 more drilling rigs are committed to go, and 42 service rigs are going. Every time we lose a rig, we lose 60 people and 60 jobs. This reflects right through to eastern Canada. I will deal with that later. However, this is why we in the west are hurting at the present time, because we see this happening to people around us. We see it happening to those people who depend upon the oil industry. It is a new industry. Perhaps our eastern colleagues do not understand that. It has not always been with us. It is a new industry. There are a great many companies, and there are hundreds of them, which do not have the financial backing to withstand an extended period of drought. When I use the word "drought", I use it to literally imply that there are no jobs and the industry is going down the tube because of the policies of this government. Bill C-57 is the best example that I can give anyone as to what the government is doing to us.

There were 49 wells drilled in my area in Red Deer in April, 1980. There were 27 wells drilled in April of this year. The number of licences granted from April of last year to April of this year are down. Fifty-nine licenses were granted last year, and this year they are down to 30. There has been a 50 per cent drop. This spells doom for the industry out there. There is absolutely no way that we in Canada are ever going to be self-sufficient if we are going to continue in the direction we are going.

I do not really know what we must do to make the Minister of Energy, Mines and Resources realize what he is doing to our country and to us as Canadians. Surely the backbenchers on that side can see through it if he cannot. Yesterday he spoke in the House of Commons on our opposition motion which condemned the government and the minister for what they were doing. Honestly, I have never heard such a conglomeration of unadulterated garbage delivered in this House of Commons as I did from the Minister of Energy, Mines and Resources yesterday. It would imply that he does not know what he is doing. He does not know what he is talking about. We are all going to suffer the consequences if something is not done very shortly.

Evidently, the members of the cabinet are not listening; but I see the Parliamentary Secretary to the Minister of Finance (Mr. Evans) sitting in the House tonight. I would hope that he would use his good influence to get through to the cabinet and to try to explain to it exactly what is happening. Yesterday the minister tried to imply that had our 18 cents a gallon gone through, Canadians today would be paying more for gas than they are paying under the present administration. I would like to tell those who are present in the House tonight that as of May 6 of this year, in the 13-month period, gas prices at the pump have gone up 52 cents. Our policy of 18 cents a gallon tax plus the increases in price, would probably have netted about 37 cents. So Canadians are now paying more because of the policies of this government and its national energy program. It is disastrous.

I understand that one of the areas which has not been discussed up to the present time is the tax which has been put on Canadians because of the purchase of Petrofina. The purchase of Petrofina does not mean that one more oil well is drilled. There might even be fewer drilled because of the resulting bureaucratic administration.

However, I will tell Your Honour what is happening. Every Canadian in Canada is paying three and one-half cents a gallon for every gallon of oil he buys because the government saw fit to buy Petrofina. This creates a problem for those people who are in private industry. There are agents in my area who are furious with the government. They might have voted Liberal sometime if the government had administered sanely; but there is absolutely no way those people will ever vote Liberal again because they have to collect that three and one-half cents a gallon tax, they have to keep it on their books, they have to pay it into the federal treasury, and then it is turned over and used to compete against them by their competitor in Petrofina through PetroCan.

Does this makes sense to you, Mr. Speaker? It certainly does not to me. I would like to see someone in this House of Commons stand up and try to protect that kind of a policy. Actually, what will happen is that it will undermine the whole industry. How can the government keep on doing that?

It is my understanding that at the present time the federal government has contributed about $1 billion, in one way or another, to Petro-Canada. What return are we as Canadians getting? Are we getting dividends? Are we getting debentures? Are we getting interest? No, we are not getting any of that. It works out to almost $3 billion by the time the whole program is through, if it is not carried on any further. If any industry is given a break of $3 billion, even at 15 per cent interest, which is now low because of this government's policy, at 15 per cent interest it will work out to approximately $450 million to $500 million a year.

• (2150)

If that is given to any company or individual, what will it do to competition? The only way that people in the industry will be able to stay in business will be if the corporation is so incompetent that it will erase the benefits that should be accruing. We have seen this happen before. The government cannot even run the Post Office, so how is it going to run the oil industry, especially with the leadership we have in the Minister of Energy, Mines and Resources?

Mr. Smith: What about PWA?

Mr. Towers: I can tell the hon. member about that. He does not know what it is like to be land-locked as we are in the province of Alberta. When the premier of British Columbia, a socialist, tries to purchase PWA in order to keep the head offices and industry in his province, it is no wonder that the province of Alberta wants to get it, in order to establish a line of communication between Alberta and the north. I realize

that some people in Ontario would like to cut us off from that but through the wisdom of our government, that did not happen. Otherwise, we would be land-locked completely as we do not have access to a port. Surely the hon. member would not deny us the right to the air.

Mr. Smith: I thought you were against government enterprise.

Mr. Evans: Only against federal government enterprise.

Mr. Towers: Mr. Speaker, if there had been a chance of PWA being purchased by private industry, we would have been happy to see it. There is no room for two PWAs in western Canada, only one, so we had to get it and we are proud that we did.

Mr. Deputy Speaker: Order, please. With all due respect to the hon. member I must call to his attention that a tax measure is before the House. He seems to have strayed just a little bit from the subject of the bill. I invite him to return to it.

Mr. Towers: Thank you, Mr. Speaker. Knowing your generosity, I know you would never deny me the opportunity or right to counter some of the erroneous statements made across the floor. That is really all I was doing, Mr. Speaker.

Mr. Deputy Speaker: Order, please. The hon. member has made his point. I think I have made mine.

Mr. Towers: Mr. Speaker, I was trying to impress on the backbenchers that drilling rigs are leaving Canada in unprecedented numbers. Jobs, equipment and technology are going to the United States because of the repressive energy policies of the Minister of Energy, Mines and Resources.

It is not only the workers on the oil rigs who are the losers. It is also hundreds of others in support industries. My colleague, the hon. member for Medicine Hat (Mr. Hargrave), today mentioned the people who came here to try to influence the government to change its policy. There is one thing that I should like to impress upon you at this point, Mr. Speaker, and that is that our whole democratic system will break down if governments do not listen to witnesses who, in their own time and at their own expense, come to the capital of the country to plead their case and nothing is done.

They come here and get their concerns off their chests and are sent home like good little people but no attention is paid to them. If the government will not pay attention to the pleadings of these people who come to present their case before the standing committees, what is the use of the charade? It would be better to tell them that nothing will change anyway. I would hope the government would listen to those people.

Not long ago a Senator from the other place said to me, "You don't change much around here." I do not know about that, Mr. Speaker. I would like to think that we can change things. But the only way that will happen will be if the majority on the other side of the House begins to listen and to act on what is being said.

As I said earlier, the west is hurting now, but it will only be a short time until the residents of Ontario will begin to hurt as well.

In the last month, two delegations of oil company and oil service company executives have come to Ottawa at their own expense to attempt to explain to eastern Canadians the devastating and punishing impact that federal oil-pricing policies are having on the west. We may be losing people and technology, and what we have lost we will never regain. The people and machines that have crossed over to the United States where the economic climate is more receptive, may never come back to this country. Why should they when we have had two problems in the last eight years?

It all started in 1973 and you would remember that, Mr. Speaker, as you were in the House at that time. The then Minister of Energy, Mines and Resources, the Hon. Donald Macdonald, saw the light, got busy and corrected the problem. It did not last nearly as long as the present problem. Now we have a minister who will not listen. So we cannot blame people for getting out. They have to look after themselves. They have to buy their own groceries and provide a roof for their families.

Until the time of the Trudeau-Lalonde axis, we experienced a happy economic climate in the oil field. Everything was going well. Everyone was busy, there was a lot of activity and orders were placed in eastern Canada. Everything was going smoothly until the present administration decided it would nationalize the industry under the guise of Canadianizing it.

The risk takers—the oil companies—initiated activity in the patches. In spite of what some may think, that technology and understanding is not gained overnight. It takes a while to accumulate it.

The drilling and exploration provided jobs on and off site. The activity provided jobs in the mills and fabricating plants in eastern Canada, in the valve industry, in the pipeline fabrication industry, in the steel plants, and so on.

Economic activity in western Canada in the oil fields enabled western Canadians to purchase the products manufactured in the appliance and automotive plants all over eastern Canada. The multiplier effect of economic activity in oil in western Canada is staggering.

To drill a well and maintain it involves 31 companies—31 small businesses which benefit and pump earnings and payrolls into western communities and eastern businesses. The Department of National Revenue will also suffer because the same amount of income tax will not be collected as in previous years.

As I stated, it takes 31 separate companies to bring in and service one rig. These 31 companies have, combined, an investment of $12 million in equipment. They will employ about 100 employees who will work 536 man days from spud to completion. They will purchase and use goods and manufactured products made in Canada from Vancouver to St. John's, at rates of up to 70 per cent of total expenditures. Already I have heard of production cutbacks in some central Canadian factories as a result of reduced oil field purchases. The conse-

quences, the ultimate punishment, the end product of the federal government's oil policies is that some Ontario and Quebec workers have been paid off and told to go home because there is not a job for them in the oil industry. There is nothing for them. It is cutting back right across the board. Those people who think it is just the west that is suffering had better begin looking in their own backyard.

May I call it ten o'clock, Mr. Speaker.

● (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

NATIONAL SECURITY—INVESTIGATION OF FURTHER SPY RINGS IDENTIFIED BY TASCHEREAU ROYAL COMMISSION

Mr. Donald W. Munro (Esquimalt-Saanich): On April 3 of this year, as reported at page 8946 of *Hansard,* I obtained from the Solicitor General (Mr. Kaplan) an undertaking to report to me on whether any orders had been issued at any time to bring to a halt inquiries being made into some of the spy rings whose existence was brought to light back in 1945 and 1946 by Igor Gouzenko and made public through the publication of the Taschereau-Kellock report. I am still waiting for that report.

It was not given to me on May 25 when the Parliamentary Secretary to the Minister of Supply and Services (Mr. Kelly) replied to my intervention that evening, as reported at page 9904 of *Hansard*. Perhaps I will be given the long awaited report in the course of the reply that will be made to my intervention this evening. I hope so, because I raised a cognate question even earlier, on March 30 to be exact, as reported at page 8733 of *Hansard*.

The Gouzenko report, as the Taschereau-Kellock report is often called, is perhaps not well known by many of the young people today. I would earnestly recommend that it be made compulsory reading for anyone entering university or the public service. It would also be helpful reading for the executives of our large private enterprises and for those who become our trade union leaders. The message it conveys is chilling, but it must not be forgotten. We have allowed ourselves to be lulled to sleep or into a state of complacency on a matter of infiltration and subversion.

There are those, I suspect, in high places today who would prefer that the Gouzenko report be covered with the dust of oblivion. So pertinent is it to today's frightening circumstances that I intend to drag it out, dust if off a bit and place on the record in 1981 some of the findings recorded in 1946, some 35 years ago. Let me quote verbatim from page 685 of the report. The first finding reads as follows:

> There exists in Canada a fifth column organized and directed by Russian agents in Canada and in Russia.

The second finding reads:

> With the fifth column there are several spy rings.

The third finding reads:

> We have been able to identify many of the members of one of these rings, namely, that of which Colonel Zabotin was the head in Canada.

These findings lead me directly to the questions to which the Canadian people and I deserve a straightforward answer. First, were any efforts made at the time or later to run down the rings, other than the Zabotin ring, the investigation of which was pursued and people were brought to trial as a result? Second, if such efforts were made, what were the results?

Third, what credence can be placed in reports in the press and elsewhere that those efforts of the RCMP security services to run those other rings to earth were called off by someone in a position of influence. Those rumours persist and it is time they were either put to rest or the truth of them revealed.

In his comments as reported in *Hansard* on May 25, at page 9904, the Parliamentary Secretary to the Minister of Supply and Service spoke of four sets of the Taschereau-Kellock documents. He mentioned the location of only three. Therefore, and here is another question I am bound to ask, what of the fourth copy of the transcripts of the Taschereau-Kellock report? Is it complete? How do we know that it is complete? Although the parliamentary secretary was quite categorical in assuring me in that same reply as follows:

> —that the exhibits and miscellaneous papers of the Taschereau-Kellock commission involving some 601 original statements, personal notebooks of persons interviewed by the commission, etc., are also stored in the RCMP archives.

Why, I am now bound to ask, are these exhibits and miscellaneous papers not also available to the public under the 30-year rule? Is someone being protected? Is there some reason why they are being maintained beyond the reach of public scholarship or the press, whichever might be the more interesting?

● (2205)

There are more questions here than can be asked in the seven minutes allowed me this evening, and many more than can be answered in the three allowed for the reply. I therefore hope that when the results of the current inquiry into the release of the Gouzenko papers or the Taschereau-Kellock papers are made available to the House, hopefully this month, the minister will make a statement on motions so that some of these questions can be put to him and answers obtained. Thank you, Mr. Speaker.

[*Translation*]

Mrs. Céline Hervieux-Payette (Parliamentary Secretary to Solicitor General): Mr. Speaker, I am pleased to answer, on behalf of the Solicitor General of Canada, the question put by the hon. member for Esquimalt-Saanich (Mr. Munro) who,

really, according to what he says, is feeding the rumour mill. I feel he is doing his best to keep those rumours alive. In recent months, they have certainly been a popular topic in the newspapers.

[*English*]

The hon. member rightly points out that Mr. Gouzenko did in fact state that there were several other spy rings operating in Canada in addition to the one of which he was directly aware. It will be recalled that Mr. Gouzenko disclosed the existence of a spy ring operating on behalf of Soviet military intelligence, the GRU. Mr. Gouzenko claimed that there were other spy rings operating in Canada, some perhaps also under GRU direction, and still others which were under the control of the Soviet state security intelligence organization, the KGB.

This information was also disclosed in the 1946 report of the Taschereau-Kellock commission of inquiry. I might say to the hon. member that an exhibit in any report is part of the report and should be disclosed at the same time. I am just wondering why the hon. member is asking why the exhibits have not been disclosed when the report has not been.

This is not a new question, Mr. Speaker. Indeed, on May 31, 1978, as recorded in *Hansard* at pages 5920 and 5921, the Solicitor General of the day, the present Minister of Supply and Services (Mr. Blais), gave a full and complete answer. I reply to a written question by the hon. member for Leeds-Grenville (Mr. Cossitt), the minister acknowledged Mr. Gouzenko's claim that there were several espionage rings operating in Canada at the time in question and that it was not true that the RCMP only pursued the investigation of one network. In reply to a request for further details, the solicitor general at the time noted that it was not the policy of the government to comment publicly on individual police and security investigations. The hon. member for Esquimalt-Saanich knows that, and for obvious reasons government policy is not changing.

In the second part of his question the hon. member for Esquimalt-Saanich makes the allegation that the RCMP investigation into these additional Soviet espionage networks was interrupted or stopped by other members of the public service. This allegation again is almost identical to the assertion referred to in the earlier question by the hon. member for Leeds-Grenville. In his question that hon. member supposed that the government had failed to act in relation to the investigation of these other groups. In fact, the solicitor general at the time advised the House that the government was satisfied that all leads flowing from Mr. Gouzenko's information had been exhaustively pursued and that no further action was required.

I wish to assure my hon. friend that all the information was given at the time and it has not changed since then.

● (2210)

THE CONSTITUTION—PROCEDURE FOR CONVENING FEDERAL-PROVINCIAL CONFERENCES

Mr. John Gamble (York North): Mr. Speaker, on April 6, 1981, I posed two questions to the Prime Minister (Mr. Trudeau). The first one related to the application of clause 35(1) of the constitutional resolution which will return to this House, and it involved the requirement under that clause for the Prime Minister to call a constitutional conference consisting, in terms of those in attendance, of himself and the provincial premiers. I asked a question as to the usefulness of that particular clause, having regard to the indication of the Prime Minister that day or the day before that he did not intend to attend a meeting called by eight of the ten provincial premiers.

My concern at the time was that it is futile, very clearly, to insert a provision of this nature in the principal and fundamental law of Canada which requires for its application the good will not only of the Prime Minister of the country, but also the good will of ten provincial premiers and, presumably, in the event that the Yukon and Northwest Territories become provinces, ultimately the good will of the premiers of those areas as well. I did not believe it was appropriate that the Prime Minister attend to the request for a meeting, in the fashion he did, without recognizing the harm that he would do to the natural good will which was necessary in order that, first, the provincial premiers attend these intended conferences and, second, something indeed be accomplished thereat.

Fortunately, subsequent to April 6 the Prime Minister did indicate that he would attend such a meeting, and he went on at some length at a later date as well to point out that he hoped the good will that needed to be fostered in Canada would continue after the Supreme Court had ruled. Presumably he meant the Supreme Court would rule in his favour because it was not long after his comments that the Minister of Justice (Mr. Chrétien), as recently as the latter part of last week, indicated that in the event that the Supreme Court should determine that the autocratic position taken by the federal government is ultra vires, he will see to it that the Supreme Court is used as an instrument to extract from the provinces some of the authorities they are currently exercising.

These matters are significant, and they go to the very roots of the need in our country for government leaders in the provinces and at the federal level to deal with each other on a basis of, if not friendship, at least some form of open congeniality which will produce the well-being desired by the people of Canada. From all indications, what has transpired so far is a clear demonstration for all who have witnessed the proceedings, that this government is hardly the government to be involved in the process of establishing such a fundamental change in the nature of our country.

My supplementary question dealt with the acknowledged legal concept that in the event the charter of rights is established as contemplated by this resolution, the Supreme Court of Canada will in fact, as is the case in other jurisdictions, legislate through its interpretive judgments dealing with what the words in this charter mean. That is a simple principle of law and one which surely must be recognized by the Prime Minister who, I understand, was called to the bar, although I doubt he has ever practised. At least I do not think he has ever practised.

Instead of dealing with the issue which was raised in the question, the Prime Minister dealt with the myth that for 54

years we have been trying to obtain a consensus. Nothing is further from the truth. The alleged charter of rights and freedoms with which we are presently concerned and which gives rise to most of the dispute throughout our nation was first presented to the people of Canada, to this Parliament and to the provincial premiers in October of 1980. October of 1980 is the fall of last year, and 54 years never enters into a determination of the time within which we have been concerned about this issue.

Then the Prime Minister went on in answer to my substantive question to say the following:

> As to the question itself regarding the role of the courts and Parliament, it seems to me that the hon. member is under a misapprehension. What I have said is that both branches of government should be autonomous and should operate autonomously. It is our job to legislate. It is the court's job to judge whether the legislation is intra vires or ultra vires.

That is not the question I was asking, Mr. Speaker. I know it is the court's job to determine whether legislation is intra vires or ultra vires, but that was not the question. The question was very simple: does the court not in fact legislate, having determined that it is intra vires, and thereby preclude this Parliament and all subsequent parliaments from ever determining whether they may change the words in the charter. That was the question.

● (2215)

Now, Mr. Speaker, a prime minister who responds in the fashion this one has does no service to the public or this House. Very clearly this Parliament is the supreme parliament of all parliaments because it has fixed the basic law of the country, if this package goes through, and no subsequent parliament under any circumstances will be able to change the law as this Parliament has enacted it. Now that is the death blow to the democratic process, Mr. Speaker.

Mr. Ron Irwin (Parliamentary Secretary to the Minister of Justice and Minister of State for Social Development): Mr. Speaker, I have three comments in relation to what the hon. member has said. First, we have not been discussing a charter of rights just since 1980. A charter of rights has been discussed for at least the last 12 years. There have been three distinct studies, and I advise my learned friend to read them. The first was the Canadian Bar Association, the second was the Pepin-Robarts report and the third was the parliamentary committee, all dealing with the charter of rights.

We have been talking about this for 54 years, Mr. Speaker, and once again at the tail end of this debate we are going back to process and procedure and I say that at some point my good friend, the hon. member for North York (Mr. Gamble) will have to say yes or no, I stand for a charter; yes or no, I stand for aboriginal rights; yes or no, I stand for mobility rights; yes or no, I stand for rights for the handicapped; yes or no, I stand for non-discrimination of women and the aged. I think the time has come when the people of this country are saying to the opposition that you can no longer hide behind the premiers, you have to come out and say whether a law in Newfoundland that disallows unions is to be tolerated any longer; whether a law in Quebec which discriminates, prejudices and padlocks Jehovah witnesses is to be tolerated any longer.

Now either you stand for these things or you do not. We all represent the people; the premiers, the members of this honourable assembly, members of councils of municipalities. And at some point you have to make the decision on what is right and wrong and what is hiding behind procedure.

What did the premiers come up with? The Hon. Sterling Lyon is still against the charter. I heard nothing about minority language rights coming from the Hon. René Lévesque. I heard nothing from the Hon. Brian Peckford. I heard nothing except another checkerboard suggestion, the fifth one that has come from either the premiers or the opposition, that would allow the right to a jury in one province and not in another, rights of the aboriginals in one province and none in the other provinces because, and you know I am telling the truth, the checkerboard formula provides that if it affects the provinces, as these things do, they can opt out. There can only be one right of mobility, that is the right of a Canadian to move across this country and work where he wishes. I say that to meet with the premiers at this late date to discuss what they are proposing would be a disservice to this country and the people we represent.

NORTH-SOUTH RELATIONS
(A) PREPARATIONS AND RECOMMENDATIONS FOR SUMMIT MEETING
(B) IMPLEMENTATION OF PARLIAMENTARY COMMITTEE RECOMMENDATIONS
(C) QUERY RESPECTING CANADIAN SUPPORT FOR UNITED STATES POLICIES

Mr. Bob Ogle (Saskatoon East): Mr. Speaker, my question is in relation to a question I asked the Right Hon. Prime Minister (Mr. Trudeau) on May 20 in regard to the policy recommendations Canada will put to the summit meeting this summer. I asked very specifically if Canada was going to have a policy uniquely different from that of the United States, a made-in-Canada policy as it relates to the entire question of North-South. At that time the Right Hon. Prime Minister replied to me:

> We know from the statements made by the U.S. administration that they are more keen on bilateral aid and perhaps aid from the private sector than on multilateral and public aid. This is not the point of view of Canada or of other summit countries.

To my mind what the Prime Minister has told me is that Canada is not going to follow the policy of the United States which at this time is going to be linked more closely to bilateral aid. This basically means that the United States will give aid to another country but will be very much directing it.

● (2220)

The reason I asked to have my question reviewed tonight was that prior to it, at a meeting of the Standing Committee on External Affairs and National Defence on April 21, 1981, the Secretary of State for External Affairs (Mr. MacGuigan) said exactly the opposite. The Prime Minister seemed to say

that Canada would move away from bilateral aid to multilateral aid, meaning that Canada will join with other countries and have an aid program with a much broader spectrum than this direct deal. The Secretary of State for External Affairs said the following:

—so we are certainly moving, at the present time, more in the direction of expanding bilateral aid than of expanding multilateral aid.

There seems to be no clear policy about how Canada's program of aid will function. I appreciate very much the difficulty of truly aiding somebody else. Perhaps one of the most difficult verbs in the English language is the verb to aid. How do we help someone else? How do we help someone else so that the other person is helped and does not become, in a sense, subservient?

Last summer we in the North-South committee visited the United Nations during its special session. At that time we had an opportunity to speak with Donald McHenry, the U.S. ambassador to the United Nations. In his discussions with us, he summarized, perhaps, better than anyone else I have ever heard, the notion of aid. He simply said that aid is for aid. Aid is not to fight communism. Aid is not to build up the industrial sector. Aid is not to buy off somebody. Aid is to aid.

We will be hosting the summit meeting in Ottawa and later we will be one of the two nations taking part in the other summit meetings in Mexico and Australia. England and Canada will be the only two countries sharing the entire summit meetings. At this time in Canadian history, I think it is extremely important for the House of Commons and the people of Canada to know exactly what the policy of this government is in relation to the question of what is aid and why we are aiding.

I have heard the recent reports of the business group which deals with Latin America. This group is very happy with Canada's aid program because it means more business for them; it is a kind of subsidized business grant. As I question what is our policy on aid, I would like to read into the record what Mr. Massé, the president of CIDA, who is responsible for the Canadian aid program, said in an interview which appeared in *The Financial Post* on May 16. He said:

Investment in big projects is all very well, but it's not really efficient unless you also change the way people use capital . . . So now we intend to invest more in people, particularly in the areas of occupational training, management skills, health and education. It's a way of increasing the productivity of people themselves.

I gather what Mr. Masse says now is that he is looking upon aid as something which is being sent and that he is trusting other people at a very low level, not big projects which will benefit Canadian industry, but people there who need the aid. They will make the decision as to how it will be used. I would like to ask the government what Canada's basic principles and philosophies about aid are and who is making the policy.

● (2225)

Mr. Ralph Ferguson (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): Mr. Speaker, I would like to assure the hon. member for Saskatoon East (Mr. Ogle) that his concerns are being considered by the Government of Canada.

Preparations for the July summit are progressing well. The personal representatives of the heads of state and government will be meeting shortly in Vancouver. It is still difficult to say with certainty what topics will be given priority at the summit. Some heads of state have been elected only recently, among them Mr. Mitterrand, and they will have to have the opportunity to express their opinions as partners about the various themes to be considered at the summit. For the moment, we presume that the summit will deal with the five traditional economic subjects: macroeconomics, monetary and financial matters, trade, energy and, naturally, North-South relations.

On the last subject, the report on "Aid Policies and Procedures and Other Contributions to Developing Countries", requested by the heads of state in Venice, will no doubt give rise to in-depth discussion.

The government has been very pleased with the contributions which the parliamentary task force has made to North-South issues both in terms of its recommendations about appropriate Canadian policies and of the all-party stimulus it has provided for public discussion of these important issues within Canada. The government's initial attitude to the basic thrust of the task force report is very positive. Its individual recommendations have been the subject of close study over recent months and are currently under consideration by ministers, and detailed responses are expected shortly.

Obviously, Canada's North-South policy does not parallel that of the United States which may choose to give priority to bilateral assistance and to the private sector in order to meet the needs of the developing world. We do trust however that they will not neglect the multilateral dimension of aid and we hope that the summit will examine certain key areas of relations with developing countries where concrete progress would be possible. We are thinking particularly of the needs of the Third World with respect to energy and the development of agricultural production and food. There is substantial agreement among the summit countries on the objectives to be promoted, but there are differences of opinion on the means of achieving those objectives. It is our hope that the summit discussions will help to reconcile the different points of view, and it is from this standpoint that we will approach the North-South issues with the United States and other summit countries at the Ottawa Summit.

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

At 10.29 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, May 29, 1981

The House met at 11 a.m.

• (1105)

ROUTINE PROCEEDINGS

[*English*]

AIR SAFETY

APPOINTMENT OF REVIEW COMMITTEE—MOTION UNDER S.O. 43

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, Mr. Justice Dubin has recommended the establishment of an independent aviation safety board reporting to Parliament through other than the Minister of Transport (Mr. Pepin). A review Committee is to consider this recommendation. Virtually every member of the aviation community welcomes and endorses the Dubin recommendation with the singular exception, I suppose, of the air administrators. The evidence presented to the commission virtually commands such independence. With such widespread support the naming of the air administrator to the implementation team can only undermine the trust and confidence that can, if properly handled, result in the new safety board. Therefore I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Ellis):

That this House indicates its serious doubts about the conflict of interest which the appointment of the air administrator brings to the deliberations of the committee, and calls on the Minister of Transport to review his decision and replace this nominee with an acceptable representative of the operational level categories in the industry; and further calls on the minister to make a statement on motions setting forth those parts of the report with which he disagrees and has decided require further and delaying study.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FISHERIES AND FORESTRY

RECOMMENDATION THAT STANDING COMMITTEE TRAVEL TO WEST COAST—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43, to move a motion which I believe will receive consent as the official spokesmen of all parties have been made aware of this motion and appear to agree with it.

In view of the fact that the Standing Committee on Fisheries and Forestry must report today on the main estimates, thereby ending its reference from this House, and whereas many serious problems pertaining to the west coast fishery necessitate further intensive consideration by the committee before this House rises, I move, seconded by the hon. member for Gaspé (Mr. Cyr):

That the Standing Committee on Fisheries and Forestry be granted a special reference by this House to meet and to travel to the west coast during the month of June so that committee members may be able to meet with the minister's advisory board and fishermen's groups, to observe hearings of the Pearse Commission of Inquiry, to visit a number of salmonid enhancement projects and environmentally sensitive areas, and generally to become more acquainted with the operations of the Pacific coast fishery, all of which will help the committee to appreciate better the serious problems being experienced by west coast fishermen.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1110)

CANADIAN BROADCASTING CORPORATION

POLITICAL COMMENTARY PROGRAMMING—MOTION UNDER S.O. 43

Mr. Scott Fennell (Ontario): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of the fact that the CBC English language network is unable to provide its usual political commentary because of its current labour dispute and that the labour grievances are in real danger of being eventually resolved, I move, seconded by the hon. member for Cambridge (Mr. Speyer):

That this House direct the CBC to continue its new improved political commentary indefinitely, even after its labour problems have been resolved.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

SCIENCE AND TECHNOLOGY

ESTABLISHMENT OF STANDING COMMITTEE—MOTION UNDER S.O. 43

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I am sure the urgency of my motion will be recognized by the majority of hon. members in the House. Our society is undergoing rapid change, influenced and led by scientific and technological innovation. We must harness this potential. Therefore I move, seconded by the hon. member for Broadview-Greenwood (Mr. Rae), and "thirded", I am sure, by the Minister of Finance (Mr. MacEachen):

That this House unanimously request the government to establish a standing committee on science and technology.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSING

MEASURES TO STIMULATE CONSTRUCTION—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I rise on a matter of some urgency under the provisions of Standing Order 43. The Housing and Urban Development Association of Canada indicated yesterday that hundreds of builders are being forced into bankruptcy by a serious slump in the construction industry, arising from record high mortgage rates. Many builders have gone out of business in the past two years and, lately, hundreds have just disappeared.

In light of the fact that HUDAC has forecast that by the end of this year housing starts in Canada will be 8 per cent below their January forecast of 179,500 units to 165,000 units, and that it estimates 220,000 housing starts per year are needed to satisfy demand, I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the minister responsible for Canada Mortgage and Housing Corporation recognize the rapidly growing disaster in the housing industry and place strong pressure on his government colleagues either to lower interest rates immediately or to establish mortgage interest as a deductible expense for income tax purposes.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

THE ECONOMY

PROGRAMS TO OFFSET IMPACT OF HIGH INTEREST RATES—MOTION UNDER S.O. 43

Mr. Peter Elzinga (Pembina): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the deliberate high interest rate policy of the Liberal government and its drastic effects upon Canadians in all walks of life, and in view of the government's failure to honour its responsibility to the agriculture sector, the small business sector, and home owners, during the present economic crisis, I move, seconded by the hon. member for Red Deer (Mr. Towers):

That this House instruct the Minister of Finance to introduce immediately special programs to cushion the impact of high interest rates, and specifically to extend the small business development bond to December 31, 1982, to include also unincorporated farmers and businessmen, and immediately to implement a mortgage interest and property tax deductibility program.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AGRICULTURE

HOG STABILIZATION PROGRAM—MOTION UNDER S.O. 43

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas the announced hog stabilization payment program has not been made available to producers who have established stabilization programs in collaboration with their provincial governments; whereas no meaningful discussion took place between the federal Minister of Agriculture (Mr. Whelan) and his provincial counterparts; whereas no notice of intent was given to many of the affected provinces, I move, seconded by the hon. member for Prince Albert (Mr. Hovdebo):

That this House reprimand the Minister of Agriculture for his lack of effective communicative skills, and instruct him to reopen meaningful negotiations with his provincial counterparts to provide an equitable and meaningful stabilization program.

Mr. Hnatyshyn: Et cetera.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

GRAIN

FUNDS FOR RESEARCH AND DEVELOPMENT—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Madam Speaker, I rise under the provisions of Standing Order 43. On last February 3 the Minister of Agriculture (Mr. Whelan), for political reasons, turned down Bill C-245 which would have set up a trust fund for research and development into cereal grain and oilseeds suitable for cultivation in western Canada, utilizing some $9 million of producers' money held by the government in a non-interest bearing account known as the Prairie Farm Emergency Fund. The reason given by the minister was that he planned on tabling a similar bill himself, but there has been no sign of that bill.

• (1115)

In view of the fact that since February 3, at present interest rates, over one quarter million dollars in interest has been lost to research and development in western Canada, I move, seconded by the hon. member for Red Deer (Mr. Towers):

That cabinet make a decision to pay interest on the said fund retroactive to February 3 until such time as the trust has been set up.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

RESTRICTIVE TRADE PRACTICES

PUBLICATION OF REPORTS—GOVERNMENT POSITION

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is for the Prime Minister. Can he explain to the House why his government appears to be using a double standard with respect to combines investigation reports, in that with respect to the report touching on the oil industry his government seemed to welcome making the report public, even a press conference was held and much coverage was given to the matter, whereas with respect to the report touching on the uranium cartel which, as we know, involved the government itself, the government has chosen to keep the matter secret?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, my recollection of the matter is that it was the investigator himself who made the report on the petroleum industry public. In this case the same man decided to refer the matter to the Department of Justice. Perhaps there is an explanation for his change of conduct, but I am afraid I do not know about it. The responsible minister will be here on Tuesday of next week.

PROHIBITION ON REMOVING REGULATIONS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my supplementary question is for the Prime Minister who seems carefully to avoid committing himself to the Canadian public about what they had been told in 1977, and only two months ago were told by the Minister of Consumer and Corporate Affairs, that the report of the director of combines and investigation with respect to the uranium industry would be made available to them. I hope the Prime Minister will not try to dodge my question. Will he indicate why he persists in maintaining the uranium cartel gag regulations, why he feels it is right to curtail the rights of Canadians in that way? Is it, in fact, that he hesitates to lift the gag regulation because he is nervous that certain of his Liberal friends might be embarrassed by the information which would come out, or is it the iron lady of Westminster, Mrs. Thatcher, who has so frightened the Prime Minister that he is nervous about lifting the gag regulations?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member knows why the regulations were adopted, that is, to prevent American law from compelling Canadian companies or individuals to do certain things. We on this side of the House believe that we are not subject to American law. That might be the view of the hon. member but—

Some hon. Members: Oh, oh!

Mr. Trudeau: It obviously is the view of some members opposite, otherwise they would not object to this regulation which tells Canadian citizens and Canadian companies that they do not have to answer subpoenas, they do not have to answer the injunction of American law. It is as simple as that.

The hon. member asks if we will repeal these regulations. I indicated in the House the other day that they would not be repealed as long as they were needed to protect Canadians from the application of American law. There are still some cases before the courts now, some Canadian citizens and some Canadian corporations are still sought after by American law. We will protect them as long as is necessary. I could—

Mr. Wilson: Come on, that is a joke.

Mr. Trudeau: The hon. member opposite does not think this is serious business. I would ask him to talk to some of his numerous friends in the uranium industry, for instance Mr. Steve Roman, and ask him if he thinks these laws were necessary to protect Canadians or not.

Oral Questions

● (1120)

REPRESENTATIONS TO UNITED STATES AUTHORITIES

Hon. Sinclair Stevens (York-Peel): Madam Speaker, I can assure the Prime Minister that I, for one, and the official opposition in general, feel that this is a serious matter.

Some hon. Members: Hear, hear!

Mr. Stevens: Mr. Prime Minister, would you indicate if—

Some hon. Members: Order, order.

Mr. Stevens: —if a state document brought out on March 21, 1978, by the justice department in the United States is correct in stating that the Canadian government had interceded and asked that certain felony charges not be laid against Gulf Oil Corporation, an American company, and eight other companies with respect to the uranium cartel, many of which are already included in the report which is now in the hands of the Attorney General of Canada? If, in fact, you did intercede, how come you interceded—

Some hon. Members: Order, order.

An hon. Member: Address the Chair!

Mr. Stevens: —in American affairs when it then suited your purpose? In turn, how can we, Madam Speaker, have any assurance that if you sought to intercede in the American—

Madam Speaker: Order, please.

Mr. Stevens: —position, that we will have an independent adjudication with respect to the laying of possible charges in Canada—

Madam Speaker: Order!

Mr. Stevens: —against the self-same corporations?

Mr. Baker (Nepean-Carleton): Hear, hear!

Madam Speaker: I was just calling the hon. member to order. I think he is an old enough member in this House to know that he must address the Chair. I am a bit lenient with younger members, new members, rather, when they say "you", rather than "the hon. member". That is why I was calling the hon. member back to order.

Mr. Stevens: Well, Madam Speaker—

An hon. Member: Order. You've got to be recognized.

Mr. Stevens: I believe the Prime Minister heard the thrust of my question. Perhaps he can answer why his government did, in fact, intercede in the American proceedings to stop felony charges being laid at that time against the very companies which may be included in the report that Mr. Bertrand has submitted to the Attorney General of Canada for possible charges to be laid in Canada.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I cannot comment on that particular fact. I have no recollection of it. But I do recall that our government did intervene in the United States. We talked, and in particular I believe it was then the minister of justice of Canada who appealed to the Attorney General of the United States—I believe it was Mr. Clark at the time—suggesting that these matters should be dealt with by international comity rather than by taking Canadians to the courts under American laws in the United States.

If there is an American company involved in the question of the hon. member, I do not know the facts about that. I would imagine that it had to do with a subsidiary of Gulf operating in Canada under Canadian law. Certainly it was not our intention to protect Americans from the laws of their own government. However, the hon. member knows that there are some subsidiaries of American companies operating in Canada. We intend that they operate under Canadian law, not under American law.

Some hon. Members: Hear, hear!

QUERY RESPECTING COMPENSATION FOR URANIUM FIRMS

Mr. Chris Speyer (Cambridge): Madam Speaker, my question is also for the Prime Minister. I would like to ask the Prime Minister whether he or any other cabinet minister or member of the government has received any demand, or any request, from any of the uranium firms which have settled their anti-trust suits in the United States, for compensation, on the basis that they were coerced into joining the cartel, and suffered extensive millions of dollars in damages by way of settlement.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I know of no such demand. I repeat that the—

Mr. Stevens: Better check your file.

Mr. Trudeau: —international trading agreement was set up by agreement between Canada and half a dozen other countries of Europe and other parts of the world. It was done in order to protect the Canadian companies, Canadian producers and Canadian workers, against restrictive actions taken by the United States government to protect its own markets. It was a defensive action. It is perfectly justifiable, and we will hold that to the very end.

I do not believe the hon. members opposite have actually gone on the record as saying that at that time we should have let the Canadian companies go under because the Americans were protecting their markets contrary to the rules of GATT and of many other rules. I wish they would make their position quite clear on that. Do they think we were unjustified in protecting the Canadian uranium producers, as France, Britain, South Africa and half a dozen other countries were protecting their producers, against United States action? Is the hon. member suggesting that Canada alone should not have protected its producers?

• (1125)

Mr. Speyer: I say to the Prime Minister, Madam Speaker, through you, that he is defending the indefensible and justifying the unjustifiable.

RETENTION OF LEGAL COUNSEL

Mr. Chris Speyer (Cambridge): Madam Speaker, my supplementary question is to the Minister of Justice. Will the minister confirm that the Deputy Attorney General wrote to the Clerk of the Privy Council and the Deputy Minister of Energy, Mines and Resources advising them to retain separate counsel for potential prosecution as a result of the uranium inquiry?

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I believe that the international aspects of the uranium problem differ from what may have happened on the domestic market. I cannot give a specific answer to the hon. member for the moment. I shall inquire and give him the information requested when I have it.

* * *

[*English*]

THE ECONOMY

IMPACT OF REDUCTION IN BANK RATE

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, my question is for the Minister of Finance. Before the minister breaks his arm patting himself on the back for yesterday's announcement that the Bank of Canada rate is going down .38 percentage points, could he tell us what he is doing to ensure that reductions will also be afforded to consumers, to home owners who are facing mortgages of 18 per cent and 19 per cent, and that farmers, small businessmen and fishermen will also be the beneficiaries of this reduction in the Bank of Canada rate?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member obviously knows that these rates are established in accordance with the law which was recently revised, namely, they are not established by the government or the Bank of Canada; they respond to market forces. In the normal course there are usually—not always, but often—readjustments following changes in the bank rates. The hon. member will have noticed that yesterday the prime rate dropped in the United States. It is quite possible that similar action will be taken here, but that remains to be seen.

PROFITS OF CHARTERED BANKS

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, the minister's commitment to laissez-faire is unbelievable in the circumstances. The fact is that the banks are prepared to use the Bank of Canada rate to justify their increases, but when it comes to decreasing their rates and passing that on to consumers, they do not do it. Now that we have had the announcement of several six-month figures which show the same trends as were available in the first quarter for our chartered banks, when is the minister going to act to prevent the kind of profiteering that we have seen and the kind of windfall benefit that simply goes to the largest financial institutions that have played on the backs of consumers when the rates have gone up, but have done nothing for consumers when the rates have gone down?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has referred to data that is becoming available with respect to the earnings of banks for the second quarter. I have not completed my analysis of all this data, but I would suggest to him that his conclusion that the trends are precisely the same as the first quarter is not accurate. There are a number of ways in which the trend that is observable in the second quarter is quite different from the first quarter. Nevertheless, the hon. member has raised a very important point. It is my intention, as I have stated to him on previous occasions, to take this matter very seriously and, based upon some further experience, to determine whether any action is necessary. I think it would be premature at the moment to indicate action on this matter.

INCREASE IN ASSETS OF CHARTERED BANKS

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, if the minister wants to have a longer time-frame, I will give him a longer time-frame. Between 1970 and 1980 the assets of the five largest chartered banks went up six times, their profits went up three times to $1.2 billion, and their taxes stayed exactly the same at $200 million. The minister has these figures, he has the facts, and he has the time-frame that he needs. What we need now is action to provide some fairness for Canadian consumers.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member puts a lot of alleged facts before the House. I want to draw to his attention that current profit rates in the banks, based upon the return of assets, are in line with those of the last five years. One has to keep all of the facts in mind before reaching a conclusion and that is what I propose to do. But I want to reiterate again my concern that the banks will not be, or be perceived to be, making an undue gain as a result of this present difficult matter.

• (1130)

AIR SAFETY

DUBIN INQUIRY REPORT—REASONS FOR APPOINTMENT OF REVIEW COMMITTEE

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, my question is for the Minister of Transport. When Mr. Justice Dubin was appointed to conduct an inquiry into air safety by the former minister of transport, the hon. member for Vegreville, it was seen by all as the most forward step in aviation history since the Aeronautics Act was written. Now that the report has been tabled and the weight of public opinion, both in the industry and the general public, has given it unanimous support, what is there about the report that makes the Minister of Transport want to hide behind a committee which is to review the report, especially a committee with a majority of obviously biased members, instead of accepting the report and its recommendations?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I do not agree at all with the hon. member's commentary. The general reaction has been very favourable to the members whom I have appointed to the advisory committee. Mr. Baldwin has tremendous experience as a transportation administrator. Mr. Deschênes is a top-notch lawyer with expertise both in marine and air matters. Mr. Reid is a former pilot who is also very knowledgeable. Mr. Michaud has much experience in running an airline and Mr. Wilkins is generally accepted as the chairman of that group. The only unfavourable reaction I have had from the press is with regard to the appointment of Mr. McLeish, the air administrator.

In this regard, I appeal to my hon. friend's sense of balance and wisdom. The effect of not having the air administrator represented on that committee would have resulted in receiving advice from two sides, namely, from the department and the advisory committee. As I wanted to act quickly in this matter, presumably I would have had to look for a third source of advice or make decisions on my own knowledge, and I am sure the hon. member would not agree with me doing that. I will, however, make those decisions but I want to have reconciled and knowledgeable advice from all sides, not from one single entity and that is why Mr. McLeish is on the advisory committee.

COMPOSITION OF COMMITTEE

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, the Minister of Transport really did not answer my question. I asked him why he does not accept the report and its recommendations right now.

I think the report of Mr. Justice Dubin was one of the best reports we have seen. Certainly there is a tremendous amount of public objection to Mr. McLeish being on the committee, but if the minister is not going to accept the report as it is written right now, why does he insist on having Mr. McLeish on the committee instead of naming someone to this committee from such air organizations as CALPA, COPA, ATAC and all of the rest?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I tried to avoid appointing representatives of different agencies, unions or companies to that committee, and that is why I chose people who were retired or had severed their relationships with the entities with which they had been associated.

On the hon. member's main question as to why I do not accept the whole of that report and call it quits, I do not think that makes sense. That would be giving to a report—however good it is, and everyone agrees that it makes a major contribution—a sort of biblical value. I do not think Mr. Justice Dubin would agree with that. As a matter of fact I suspect that today he would like to rewrite some of the pages.

It is normal and standard practice, when a government calls for a report of this kind, to analyse it, to get the best expertise and to be discriminate in the way it treats the report. I am aware of some reports treated that way. What we are doing now is getting the best advice possible.

Previous bills on the same subject, in particular Bill C-40, were introduced. We will now compare previous bills with the recommendations made by Mr. Justice Dubin and try to select the best.

* * *

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE—TELEPHONE SURVEY OF HOME OWNERS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. It has to do with urea formaldehyde foam insulation. Will the minister confirm that the government is conducting a survey of 800 homes chosen from 75,000 to 100,000 buildings which have had UFFI installed? Will he confirm that no testing equipment is being used, that it is just a telephone questionnaire? It is a "phone foam in your home" kind of a survey. Who determined the privileged 800, and is the minister himself included in the 800 since he has UFFI in his home? Will there be compensation for any of those 800 home owners should a problem be found?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would like to correct the hon. member. I do not own a house.

Some hon. Members: Oh, oh!

Mr. Lewis: You have never had a mortgage.

An hon. Member: If you can't afford a home, how can other people afford one?

Mr. Lalonde: There is a survey being carried out by my department. It is a random survey composed of homes insulated with UFFI and homes not insulated with UFFI. These homes will be compared one against the other as to the effects UFFI has. This is only part of a broader program being

examined by the government at the present time under the leadership of the Minister of Consumer and Corporate Affairs and his department. There are various steps being examined at the present time. These will be announced in due course. This particular one is only a preliminary step that has been taken on an urgent basis.

COMPENSATION FOR HOME OWNERS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my supplementary question is also addressed to the Minister of Energy, Mines and Resources.

The minister will know that meetings have been held across this country and that groups have been formed in Vancouver, Scarborough, Thorold, Ontario, Toronto, Montreal and St. John's, Newfoundland, among others. These groups are urging the government to compensate home owners for testing and, if necessary, removal of urea formaldehyde insulation. Even the testing procedure, and I am not talking about a telephone survey, is expensive. If the department's telephone survey turns up clear cases of danger to the health of the occupants, will the Government of Canada compensate them? I repeat, who is going to look after the other Canadians who want to and may need to get this stuff out of their homes?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the government is looking at the various alternatives which I have just outlined in my previous answer, under the leadership of the Minister of Consumer and Corporate Affairs. Whatever steps are appropriate will be announced in due course.

* * *

[*Translation*]

AGRICULTURE

REQUEST FOR AID FOR MAPLE SYRUP PRODUCERS

Mr. Normand Lapointe (Beauce): Madam Speaker, my question is for the Minister of Agriculture, but since he is not in the House, I shall ask it of his parliamentary secretary. It is a question for people with a sweet tooth. Maple syrup producers in Quebec, and particularly in the Beauce area, have a considerable surplus of this high quality product. Is the minister considering some kind of assistance to finance or develop new marketing opportunities, both domestically and internationally?

Mr. Marcel Ostiguy (Parliamentary Secretary to Minister of Agriculture): Madam Speaker, the production system using tubing developed by Quebec and Canadian maple syrup producers has increased both the production and the quality of this wonderful product, and maybe even more so in the beautiful region of the Beauce. Under the Advanced Payments Act, the producers can of course obtain advanced payments, which last year amounted to $8 million. This year, the International Maple Syrup Institute received $5,000 for promotion purposes, and the deputy minister for marketing of the Department of Agriculture has met with the Federation of Maple Syrup Producers and the Coopérative du sirop d'érable de la Beauce to find means to promote sales or find new markets abroad.

* * *

• (1140)

[*English*]

CANADIAN NATIONAL RAILWAYS

CN EXPRESS—RETENTION OF STAFF IN PRINCE EDWARD ISLAND

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is to the Minister of Transport. On February 24 the minister assured Parliament that the CN Express office in Prince Edward Island would be kept open and that the employment level would be maintained at 19. On February 24 he said these jobs "represent full-time jobs, and I will see that it is honoured". Does the minister know that three of those 19 employees have now been told that their jobs are guaranteed for only another 90 days, four have effectively been laid off, and the number is now about 11 or 12 rather than 19 as he promised? Does the minister consider this dire situation a breach of the commitment he gave to Parliament and to the employees on February 24?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I did make that promise. Had the hon. member given me notice of the question he was going to raise, I would have looked into it. I will now do so on the facts, so-called, that he has brought to my attention.

Mr. McMillan: Madam Speaker, I agree with the minister, but I did write him a full week ago, and had the letter hand delivered, outlining the situation I described a moment ago. Will the minister assure the House that, with the investigation he has promised to launch, the protection of the jobs of the employees in the CN Express office in Prince Edward Island will not be at the expense of other jobs within the CN System in Prince Edward Island?

Mr. Pepin: Madam Speaker, I do not know what extension the hon. member has given to the promise I made. I again promise that I will stick to the promise I made previously.

* * *

THE CENSUS

PRIVACY OF MARRIED WOMEN

Mr. Walter McLean (Waterloo): Madam Speaker, my question is directed to the Minister of Supply and Services. It relates to the census that is to be held June 3. I draw the minister's attention to question 37 which, in the view of many

Canadians, is discriminatory, highly insensitive, and infringes on the privacy of Canadians, women in particular. Question 37 requires women who have ever been married to state, under the threat of three months' imprisonment or a $500 fine, the number of children born to them. It contradicts the confidentiality given to Canadian women when they give children up for adoption. In light of this contradiction and violation, will the minister immediately announce that question 37 need not be answered on June 3?

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, it is not my intention to offer that direction. I will review the question very thoroughly, as has been done in the past. That question was arrived at after very thorough and complete consultation between all interested parties. It is an essential question which will provide us with information relating to our population make-up and the rate of births within the country, which it is essential for us to ascertain with regard to the nature of our society at this time.

CONSULTATIONS WITH MINISTRY RESPONSIBLE FOR STATUS OF WOMEN

Mr. Walter McLean (Waterloo): Madam Speaker, my supplementary question is to the minister responsible for the status of women. In light of the answer given by the Minister of Supply and Services, that his departmental officials had been consulted before the questions were approved, will the minister tell the House if the consultations with himself and his departmental officials responsible for the status of women led to concurrence on this question which violates the rights of women?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I will talk to my officials to see what kind of discussions did take place.

* * *

LAW OF THE SEA

CANADIAN POSITION ON INTERNATIONAL TREATY

Mr. Jim Fulton (Skeena): My question is directed to the Secretary of State for External Affairs. I am sure the minister appreciates that Canada has been a world leader in the negotiations on the Law of the Sea for the past 13 years. This common multilateral approach of some 160 nations is in the interests not only of world peace and security but in a meaningful way is a move toward a new global economic order. Is it the position of the minister and the government that Canada will be a signatory this year to the multilateral treaty on the Law of the Sea?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the fundamental point inherent in the hon. member's question is whether there will be a treaty this year to which we could affix our signature. I have been holding extensive consultations on this subject with other countries, most recently with the foreign minister of Norway, a very like-minded country in this respect. We have all been doing our best to urge upon the United States the advisability of proceeding in the normal manner with the completion of the treaty and the signatures. I certainly am not in a position to tell the hon. member, unfortunately, that there will be a treaty at this point to which we could be a signatory.

COMPOSITION OF INTERNATIONAL TRIBUNAL

Mr. Jim Fulton (Skeena): Madam Speaker, I certainly hope, and I am sure all members of this House hope, that if a multilateral treaty is proceeded with this year, Canada will be a signatory. My supplementary is with regard to the April 29 resolution which came from the United States Senate for binding arbitration on Canada's Georges Bank, or Gulf of Maine boundary, to the International Court of Justice. I am sure the minister appreciates, certainly the maritime members appreciate, that we are talking about billions of dollars worth of resources, in scallops alone $85 million a year. In light of the announcement to be made shortly by the Government of Canada regarding the reference to the ICJ and on the make-up of the tribunal to review the Georges Bank treaty, will the minister see to it, in the interests not only of the resources but of all Canadians, that a Canadian judge will be considered, and all appropriate resources will be made available to see that Canada's position, should we go to the ICJ, is upheld?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, the appropriate government action with respect to that treaty is now under consideration. The hon. member has also raised the issue of national judges under the arbitral tribunal which might be set up under that treaty. That is one possibility, that both sides would have national judges as members of the deciding tribunal. However, it would perhaps be more in accord with international precedent and would have many reasons to commend it if there were no national judges on the tribunal and decisions were made by a panel of judges, all fully independent.

* * *

THE CENSUS

MANDATORY ANSWERING OF QUESTIONS

Mr. Robert Wenman (Fraser Valley West): Madam Speaker, my question is for the Minister of Supply and Services. It is with regard to the census forms mailed out last week to my constituents, which will probably arrive sometime in the next month or two. When they arrive there will be considerable concern about the compulsory aspects of the census. Last year in the House of Commons a direction was intended, and Bill C-56, passed January 22, provided for the minister to be able to authorize the obtaining of statistical information on a voluntary basis. Will the minister consider having the long form, which calls for less significant information, answered on

a voluntary basis, thereby covering the concerns of the earlier question?

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, the hon. member should know that the forms are not mailed to his constituents. They have been delivered to each household in his constituency since Monday. With regard to the other question, the long form is not of lighter import or less importance than the short form. In fact the long form and every question within it are of essential importance for us to obtain the sort of information that is required for the census to be what it is, namely, the cornerstone of our statistical system. For that information to be complete and accurate, it has to be compulsory. I am sure that upon reflection the hon. member will recognize that, if a census is to be accurate, every individual must fill out the form. It must relate to every individual within the country. Therefore there has to be an obligation to complete it.

QUERY RESPECTING PENALTIES FOR REFUSAL TO ANSWER

Mr. Robert Wenman (Fraser Valley West): The minister indicated it must be compulsory because of its extreme importance. On the one hand the government talks about removing penalties, or decriminalization, respecting marijuana, because a jail sentence is too strict, yet jail, or fines for law-abiding citizens who refuse to answer questions in this way are considered to be legal.

● (1150)

Would the minister agree that answering questions which are repetitive, questions which relate to information already gathered by income tax authorities, questions which relate to the number of bathrooms in homes and those types of personal questions, should not be compulsory and that there should not be a jail sentence? Does the minister agree that there should not be a jail sentence for refusing to say how many bathrooms there are in your house?

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, the hon. gentleman should recognize that the provision we introduced in the general amending bill to render certain surveys non-compulsory, applies only to surveys involving very small samplings. When we are dealing with a survey such as a census which applies to every individual, and when the census forms will be delivered to 8,200,000 homes, we must obtain a return from every one of those homes if that census is to be complete and accurate.

The hon. gentleman should be made aware that in terms of compulsion the number of cases in which there were prosecutions as a result of the 1971 census was something in the order of 20. There were even fewer fines imposed, so it is not a major operation in terms of enforcing the compulsory nature of the legislation. However, we must invite every individual within the country to make sure he is counted.

I am very pleased these questions were asked today because this provides us with an opportunity to make the Canadian public aware of the fact that the census is on June 3 and that it is indeed an essential exercise which is conducted not just by Canada but by every modern country.

Another point—

Some hon. Members: Order.

Madam Speaker: Order, please.

* * *

AIR SAFETY

DC-9 AIRCRAFT MANUFACTURED PRIOR TO 1981

Hon. Don Mazankowski (Vegreville): Madam Speaker, my question is directed to the Minister of Transport. It is supplementary to the questions posed by my colleague, the hon. member for Prince Edward-Hastings. I must say that I find the minister's actions to be inexcusable and certainly indefensible. For a minister to set up a six-man committee to question the validity of a comprehensive, reasonable, timely and independent air safety inquiry which has been supported by all segments of the aviation industry, to me is a dereliction and a clear evasion of ministerial responsibility.

Some hon. Members: Hear, hear!

Mr. Mazankowski: I would like to ask a related question respecting air safety. The question is very important and urgent at this time. It has been reported by the United States Federal Aviation Administration that certain major defects have been found in the fuel system and in the wing assembly of all DC-9 aircraft which were produced prior to 1981. This may in fact necessitate the grounding of all DC-9 aircraft manufactured prior to 1981.

Could the minister advise the House whether his air worthiness officials are monitoring the situation, whether he has discussed this matter with Air Canada, and what action is being taken to ensure that we are not flying in Canada with unsafe DC-9s?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, on the second point, I will consult with my department, assess the situation with respect to failures in DC-9s, and report to my hon. friend as rapidly as I can.

On the first subject of how one should react to the Dubin report, I am flabbergasted and stunned by the reaction of my hon. friend. Does he mean to say that each time the department asks for a report from a justice, regardless of how creditable, good or hard-working he is, the government has to accept everything in the report? That theory does not make any sense at all. It surely has never been practised in the country.

GOVERNMENT POSITION ON DUBIN REPORT

Hon. Don Mazankowski (Vegreville): Madam Speaker, the minister is simply trying to slough off a very, very important

and credible report. He asks for examples. I remind him that when the report on bilingual air traffic control was submitted to the Conservative government, that government took a decision, accepted the recommendations, and worked toward the implementation of that report in consultation with the aviation industry. Surely the minister cannot hide behind that. Is he suggesting for one minute that it is the practice of his government to establish another inquiry to study the recommendations of a public inquiry which has conducted countless hours of study and examination, with the support of all segments of the aviation industry? The minister has not even included the aviation industry in the implementation of that report.

Madam Speaker: Order.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I can only repeat what I have said. Indeed, the government of the time accepted the Chouinard report. The subject matter had been extensively discussed. The previous government had done much of the preliminary work. I can understand that there will be reports on occasions which will come to conclusions which everyone will accept at one particular time, but that is certainly not the standard practice.

The hon. member for Dartmouth-Halifax East has for nine sessions, I understand, had a bill on the Order Paper on the same subject as the Dubin report respecting investigation of accidents. The least we can do is compare the hon. member's bill with the Dubin report to see if there are not features which could be borrowed one from the other.

This indiscriminate approach to a report, regardless of how good it is—and I have said how good it is—surprises me very much. I do not think the hon. member will find many precedents in the past for such a slavish attitude with respect to a report, however good it is.

Some hon. Members: Hear, hear!

* * *

NUCLEAR ENERGY

REQUEST FOR RELEASE OF REPORT

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources, and it relates to a rather furtive in-house study of atomic energy initiated by the government which, of course, was paid for, as usual, by the public. I understand it is now complete. When will it be made public?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, there are all kinds of studies and papers being worked on in my department on many subjects. I indicated a long while ago that we were reviewing the nuclear question. This review is still in progress. If and when a statement is required, a statement will be made, together with the publication of whatever papers are appropriate. Indeed, I intend to release a number of papers, but they are not ready for release or publication as yet. Many are still being reviewed internally. Once that internal review is completed and the papers are ready for publication, I will be very happy to make them available.

Mr. Rose: Madam Speaker, the minister well knows that this report, which is the result of what was proposed by the official opposition to be a public study—it was called for and supported by my party as a public study—is of consuming interest to the general public, and this business of partially completing it and sending it directly to Atomic Energy of Canada is not acceptable. Will the minister assure the House that this report will be public and that it will not be hidden like a great number of other documents have been hidden by this government, especially those relating to the uranium industry?

Mr. Lalonde: Madam Speaker, this subject is of consuming interest to me too, and I am very interested in making as much information public as possible. As I said, once the studies are ready for publication, I will be very happy to make them available.

[*Translation*]

REFERENCE TO PARLIAMENTARY COMMITTEE

Hon. Ray Hnatyshyn (Saskatoon-West): Madam Speaker, my question is for the Minister of Energy, Mines and Resources.

[*English*]

Madam Speaker, I have a very serious supplementary question respecting this inquiry which has been going on for many, many months. In fact it has gone on for over a year. When I questioned the minister earlier, he indicated that the studies and the subject matter would be referred to a parliamentary committee or a task force, for consideration of the total question of nuclear policy in Canada and externally, or some segments of it. Is the minister still of the opinion that that matter should be referred to a special parliamentary committee so that parliamentarians may have some input?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I must refer my colleague to the previous answer I gave on that subject. I told him that it seemed to be an issue of great interest to the general public and to parliamentarians as well, and that the use of a specific parliamentary mechanism, either the formula of a task force or a parliamentary committee did indeed deserve very serious consideration. Once again, I refer him to my previous statement.

Therefore, when the documents are made public the government will announce the formula it deems most advantageous to launch that study. What will be the exact formula? The cabinet has not yet reached a decision on that question.

• (1200)

[*English*]

RAILWAYS

CROWSNEST PASS RATES—GOVERNMENT POSITION

Mr. Jack Murta (Lisgar): Madam Speaker, my question is to the Minister of Transport. Since weeks and months go by without anything being done by the government to change in any way, shape or form, the Crowsnest Pass freight rates with respect to grain, and since by far the majority of farm organizations in western Canada have now agreed that a change is necessary to facilitate grain transportation in the next few years, I would ask the minister why the government at the present time is almost totally inactive in this area when there is now about as much agreement in western Canada as I think the government is ever going to have on the need for change in these rates?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the events are well known. I almost crusaded for a number of months for acceptance of the concept of modernization of the Crow. The different grain organizations came to see us in Ottawa, met with the Prime Minister, and his judgment, which I share, was that the degree of commitment in western Canada to this change was not yet sufficient. The Prime Minister turned to the grain organizations and others and told them, "Develop the consensus, strengthen it and make it more definitive." This is what he called for, and again I think it was a very justified position. A number of groups have taken the invitation very seriously and have been at work trying to maximize the consensus which, in my view also, exists in western Canada on this subject, and they are now coming back with a more developed position on the subject.

With respect to the government, a number of things are being done. The branch line rehabilitation system is being improved, and we have a five-year plan being developed now. So improvements are being made but the main subject is still open for discussion.

POSSIBILITY OF GOVERNMENT STUDY

Mr. Jack Murta (Lisgar): Madam Speaker, I take the minister's answer as an excuse in terms of sloughing off the problem on the farming community, and I would remind him that with regard to the important piece of legislation that was debated in this House not too long ago, namely, the Constitution, all groups, all the people in western Canada, were not unanimous on that, but the government still went ahead.

I ask the minister does the government have a timetable for introducing legislation or setting up a commission to study once and for all this matter of great importance to western Canada?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have my own view on how development should take place, but I am not in a position to say what the government's timetable is on this matter. Again, however, I am glad to see

my hon. friend stating his position and presumably that of his party in terms of wanting to see a modernization of the Crowsnest Pass rates. I think he has made an interesting contribution this morning to the development of ideas in Canada.

ROUTINE PROCEEDINGS

[*Translation*]

COMMITTEES OF THE HOUSE

COMMUNICATIONS AND CULTURE

First Report of Standing Committee on Communications and Culture—Mr. Gourd.

LABOUR, MANPOWER AND IMMIGRATION

Third Report of Standing Committee on Labour, Manpower and Immigration—Mr. Portelance.

[*Editor's Note: For text of above reports, see today's Votes and Proceedings.*]

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[*English*]

POINT OF ORDER

MR. McKINNON—ALLEGED ATTEMPT TO ALTER RECORD OF COMMITTEE PROCEEDINGS

Hon. Allan B. McKinnon (Victoria): Madam Speaker, just a short point of order. You may recall that on Wednesday when I raised a question of privilege, you suggested I should take it up with the Standing Committee on External Affairs and National Defence. That committee met yesterday afternoon and I took it up, but due to lack of a quorum I was unable to have a motion voted on. The attendance at that meeting did not leave any indication there would be a quorum today. There were five Conservatives, three Liberals and one NDP present.

Now, as that committee will finish its reference, the estimates, at the end of May, the next meeting that I can foresee with any degree of certainty will probably be next fall. I wonder whether there is any other way you may suggest in which I can have this matter settled.

Madam Speaker: Well, it seems to me the only place where it can be settled is in the committee. I would hope that whatever is necessary to have a quorum in that committee will be done by those responsible. I suggest that he broach the question with the chairman of that committee.

Order Paper Questions

[*Translation*]

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

AMENDMENT RESPECTING EXPENSES OF SUPERINTENDENT

Hon. Pierre Bussières (Minister of State (Finance)) moved for leave to introduce Bill C-66, to amend the Canadian and British Insurance Companies Act.

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

* * *

[*English*]

ADULT OCCUPATIONAL TRAINING ACT, NO. 2

MEASURE TO AMEND

Hon. Lloyd Axworthy (Minister of Employment and Immigration) moved for leave to introduce Bill C-67, to amend the Adult Occupational Training Act (No. 2).

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

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,566, 2,179, 2,181, 2,188, 2,189 and 2,192.

[*Text*]

MEMBERS OF RCMP IN MEXICO

Question No. 1,566—**Mr. Cossitt:**

1. Was any member of the RCMP in Mexico, particularly Acapulco, at any time between January 1 and March 5, 1979, and, if so (a) what was his/her name and rank (b) what was the purpose of his/her visit?

2. Did any member of the RCMP stay at Villa Los Arcos in Acapulco at any time between the dates mentioned in part 1 and, if so, for what reason and who accompanied him/her?

Hon. Bob Kaplan (Solicitor General):

1 and 2. Three members of the force were officially in Mexico during the period referred to. Cpl. Richard Beaudoin, "C" division, Montreal, was in Mexico in relation to a drug investigation but official duties did not take him to Acapulco. Inspector Gerhardt, then of Toronto commercial crime section, was in Mexico in relation to an investigation and was accompanied on a trip to Vera Cruz by the RCMP liaison officer in Mexico City, S/Sgt. A. Gillies, returning to Mexico City the same day.

FISCAL TRANSFER PAYMENTS

Question No. 2,179—**Mr. Herbert:**

Are there any fiscal transfer payments other than the established programs financing formula and the fiscal equalization programs and, if so, what are they and what is the per capita amount by province?

Hon. Pierre Bussières (Minister of State (Finance)):

In addition to established programs financing and fiscal equalization, fiscal transfer payments to provincial governments in 1981-82 include statutory subsidies, the public utilities income tax transfer, reciprocal taxation payments, transfers under the 1971 undistributed income on hand program, and the Youth Allowance recovery.

Statutory subsidies are the oldest fiscal transfers and are paid as part of the terms of Confederation. They take several forms, including a grant in support of provincial legislatures, a per capita grant, a debt allowance and certain special grants.

Under the Public Utilities Income Tax Transfer Act (PUITTA) the federal government pays to provinces 95 per cent of the tax collected from corporations involved in the distribution or generation for distribution of electrical energy, gas and steam to the public.

Through the reciprocal taxation agreements provinces which have agreed to do so pay federal consumption taxes on their purchases of goods and services, and the federal government makes payments in lieu of provincial consumption taxes and fees on its purchases of goods and services in these provinces. Six provinces—Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, Quebec and Ontario—are currently participating in these arrangements.

Under the Income Tax Act corporations could distribute, tax free, to shareholders profits accumulated prior to 1972, once the special federal tax was paid. This payment represents the provincial share of the tax collected, and the 1981-82 transfer effectively winds up the program.

The Youth Allowances program has expired; however, the federal government continues to transfer three personal income tax points to Quebec and their value is recovered by means of a reduction in amounts otherwise payable to the province.

The per capita value of these transfers, by province, is given in the list below.

Estimated Per Capita Value of Fiscal Transfer Programs by Province, 1981-82

($)

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
Statutory Subsidies	17	5	3	3	1	1	2	2	2	1
PUITTA	8	6			*	3	2	*	17	1
Reciprocal Taxation	16	23	22	12	6	7				
1971 UIOH	*		*		1	*	*	*	*	*
Youth Allowances Recovery					(-28)					

*Amount too small to be expressed.

TRANSFER PAYMENTS TO PROVINCES UNDER ESTABLISHED PROGRAMS

Question No. 2,181—**Mr. Herbert:**

1. What amount was transferred to the provinces under the established programs financing formula payments program, by year, for total payment and by province on a per capita basis?

2. What is the estimated per capita contribution for the year 1981-82?

Hon. Pierre Bussières (Minister of State (Finance)):

1. The federal contribution to the provinces for hospital insurance, medicare, post-secondary education and extended health care is partly in the form of a cash transfer and partly in the form of a tax transfer. The value of the EPF transfer since 1977 is shown below.

Under the shared-cost agreements in place before EPF came into effect in 1977, the federal contribution to these programs varied widely on a per capita basis among provinces depending upon how much provincial governments themselves spent in these program areas. After an interim period during which provincial entitlements were levelled up or down to the national average, the EPF arrangements now essentially constitute an equal per capita transfer to all provinces.

The core of the cash transfer is "basic cash", which is equal to half the federal contribution under the three "established" programs in 1975-76, escalated by the trend rate of growth of GNP. To the extent their equalized tax transfer is less than "basic cash", provinces receive transitional cash payments. Because of the strength of their respective tax bases, however, the tax transfer to Yukon and Alberta for 1980-81 is sufficiently large to eliminate their need for these transitional cash payments. In fact the tax transfer in Yukon and in Alberta exceeds the value of basic cash, but this excess is not recovered. As a result the value of the EPF transfer to those governments in 1980-81 slightly exceeds the national average.

Total Cash and Tax Transfer under EPF, 1977-78 to 1980-81

($ Million)

	Cash Transfer	Tax Transfer	Total Cash and Tax Transfer
1977-78	3,818	3,297	7,115
1978-79*	4,454	3,678	8,132
1979-80*	5,237	3,971	9,208
1980-81**	5,773	4,440	10,214

* Estimated Sept. 1980
**Estimated Jan. 1981
Figures may not add due to rounding.

Cash Transfers Per Capita under EPF, 1977-78 to 1980-81

($)

	Nfld	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T.	Yuk.	Total
1977-78	171.89	161.78	182.29	173.07	143.76	175.94	189.27	179.22	158.78	153.76	186.71	155.42	164.18
1978-79*	207.30	201.73	213.06	207.97	158.89	204.32	216.91	211.19	182.95	185.96	211.03	180.70	189.72
1979-80*	249.95	249.95	249.95	249.95	181.92	236.21	249.95	249.95	212.68	227.19	240.48	206.68	221.26
1980-81**	273.16	273.16	273.16	273.16	199.46	258.13	273.16	273.16	227.51	246.84	262.02	226.92	241.42

Tax Transfers Per Capita under EPF, 1977-78 to 1980-81

($)

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T.	Yuk.	Total
1977-78	116.82	116.82	116.82	116.82	173.38	129.90	116.82	116.82	150.37	137.32	121.59	169.89	141.77
1978-79*	129.46	129.46	129.46	129.46	193.07	142.01	129.46	129.65	167.39	152.24	136.59	187.87	156.66
1979-80*	138.95	138.95	138.95	138.95	206.98	152.69	138.95	138.95	177.30	161.71	148.42	199.41	167.75
1980-81**	153.84	153.84	153.84	153.84	227.53	168.87	153.84	153.84	200.46	180.16	164.97	218.73	185.68

Total Tax and Cash Transfers Per Capita under EPF, 1977-78 to 1980-81

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T.	Yuk.	Total
1977-78	288.71	278.60	299.11	289.89	317.14	305.84	306.09	296.04	309.15	291.08	308.30	325.31	305.94
1978-79*	336.76	331.19	342.52	337.43	351.96	346.33	346.37	340.84	350.34	338.20	347.62	368.57	346.38
1979-80*	388.90	388.90	388.90	388.90	388.90	388.90	388.90	388.90	388.90	388.90	388.90	406.09	389.01
1980-81**	427.00	427.00	427.00	427.00	427.00	427.00	427.00	427.00	427.98	427.00	427.00	445.66	427.10

* Estimated Sept. 1980
**Estimated Jan. 1981

2. The estimated total transfer per capita for the year 1981-82 is $470.39 in each of the ten provinces and in the Northwest Territories. In Yukon the estimated per capita transfer is $500.21, and the average per capita transfer of cash and tax across Canada is $470.42.

CORPORATION TAX TRANSFERS TO PROVINCES

Question No. 2,188—**Mr. Herbert:**

1. What percentage is returned to the provinces from the collection of income tax from corporations involved in the distribution or generation for distribution of electrical energy, gas and steam to the public?

Order Paper Questions

2. How does the government dispose of moneys, from prior years' adjustments, that are not distributable by province?

Hon. Pierre Bussières (Minister of State (Finance)):

1. The Public Utilities Income Tax Transfer Act authorizes the payment to provinces of 95 per cent of the federal income tax paid by investor-owned utilities on income attributable to the sale and distribution of electrical energy, gas and steam.

2. All entitlements arising out of adjustments in respect of prior years' federal income taxes are distributed to provinces once final data are received from the Department of National Revenue.

FISCAL EQUALIZATION PROGRAM

Question No. 2,189—**Mr. Herbert:**

In each of the past five years, what amount was carried in the estimates for prior year adjustments under the equalization program and what amount is included to date in the current year's estimates?

Hon. Pierre Bussières (Minister of State (Finance)):

The amounts which have been carried in the Main Estimates for prior year adjustments to the fiscal equalization program in the past five years are as follows: 1976-77: $50,000,000; 1977-78: $50,000,000; 1978-79: $80,000,000; 1979-80: $50,000,000 and 1980-81: $150,000,000. The amount included in the estimates for 1981-82 is $200,000,000.

FISCAL TRANSFER PAYMENTS

Question No. 2,192—**Mr. Herbert:**

1. What amount, by province, was contributed last year and is estimated to be paid this year for fiscal transfer payments which are part of the terms of Confederation?

2. Do provinces receive grants to support their legislatures and, if so, which provinces?

Hon. Pierre Bussières (Minister of State (Finance)):

1. The amounts paid or to be paid to provinces by the federal government in 1980-81 and 1981-82 as part of the terms of Confederation are as follows:

Statutory Subsidies, by Province, 1980-81 and 1981-82, in Dollars

Province	1980-81	1981-82
Newfoundland	9,708,000	9,758,000
Prince Edward Island	659,000	670,000
Nova Scotia	2,174,000	2,259,000
New Brunswick	1,774,000	1,836,000
Quebec	4,484,000	4,677,000
Ontario	5,504,000	6,063,000
Manitoba	2,176,000	2,174,000
Saskatchewan	2,137,000	2,159,000
Alberta	3,359,000	3,498,000
British Columbia	2,117,000	2,494,000
Total	34,092,000	35,588,000

2. All ten provinces receive statutory grants to support their legislatures. Those payments are included in the figures shown in (1).

[*English*]

Mr. Collenette: I ask, Madam Speaker, that the remaining questions be allowed to stand.

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

YOUNG OFFENDERS ACT

MEASURE TO ESTABLISH

The House resumed from Friday, May 15, consideration of the motion of Mr. Kaplan that Bill C-61, respecting young offenders and to repeal the Juvenile Deliquents Act, be read the second time and referred to the Standing Committee on Justice and Legal Affairs, and the amendment thereto of Mr. Lawrence (p. 9497).

Hon. Erik Nielsen (Yukon): Madam Speaker, I am grateful for two reasons to be able to address myself to this legislation. Although it has been a subject of bills before in the House, one might say that I have been waiting around for over 23 years to speak on legislation that has not been much altered since 1908 when it was first passed. The second reason is that it gives me one of those typical opportunities to address myself to a measure in a totally non-partisan way.

● (1210)

The government introduced this legislation last February. It repeals the Juvenile Delinquents Act which is some 73 years old. There has been very little change since it was first passed in 1908.

I want to do three things with the time available to me. I want to compare the legislation before us with the archaic and outmoded Juvenile Delinquents Act. Also I want to compare the legislation before us with that which was introduced during the short time the Progressive Conservative Party held office; that is, the legislation introduced by the hon. member for Durham-Northumberland (Mr. Lawrence), the then solicitor general, in October 1979.

Generally the legislation is not only welcomed by our party, but we support it very strongly in principle. There are some areas in the legislation now before us which require somewhat closer scrutiny than they have had. Perhaps the most obvious deficiency of the bill is its very title. A shortcoming of the Juvenile Delinquents Act, which is the existing legislation governing the manner in which we deal with young people in the judicial process, is that it stigmatized young people at the outset. The new legislation does not meet this hurdle. Its short title, the Young Offenders Act, does not help us. It merely perpetuates a problem which could quite easily be overcome. This was pointed out by the hon. member for Halifax West

(Mr. Crosby) when he spoke during second reading stage in April of this year.

One of the purposes of this bill is to give a fresh start to or to take a fresh direction in the manner in which we deal with young people in conflict with the law. For instance, in connection with my remarks as to the title, we have no adult offenders act. There is no implication that an adult charged under the provisions of the Criminal Code is predestined to be found guilty. It is called the Criminal Code; under the fundamental principles of our system of justice, everyone is deemed to be innocent until proven guilty. This disappears by implication in the title of this bill. I do not think we should have a bill which prestigmatizes young people by implication in the title of the legislation itself. Perhaps a better title for the legislation, which might be considered in committee, is the "youth justice act" or some similar title which contains no implication or stigmatization of young people.

One of the major criticisms of the bill concerns the age limitation. The minimum age of criminal responsibility under the Criminal Code is seven years. Under clause 2(1) of the bill, the minimum age is raised to 12 years. In the 1975 report which was entitled "Young Persons in Conflict with the Law", the minimum age suggested was 14, but subsequently it was lowered to 12 by the proposals of the solicitor general in 1977. The age of 12 was also favoured by our government during its short term in office.

Although there are unavoidable difficulties in establishing a minimum age, a higher minimum age could well be argued so as to emphasize the contribution which welfare and educational techniques could make in dealing with children, as well as the importance of avoiding the stigma attached to a judicial hearing. The effect of raising the minimum age is that young people between the ages of seven and 12 will now be subject to provincial and territorial laws. This raises the question of provincial and territorial responsibilities to these young people.

Thus far the government has not said whether there will be any increased funding for the expansion of child welfare services which will inevitably occur. It is not clear how the provinces and the territories will respond to the jurisdictional void which will occur, but it is relatively certain that there will be a wide variation in approaches, which according to my prediction will also lead to inequities in the dispensation of the effects of this legislation.

Hopefully, when the minister closes the debate he will address the subject of the financial aspect of implementing the proposed new minimum age limit. Consideration must also be given to the manner in which provincial and territorial offenders will be processed. The bill before us is absolutely silent as to this aspect of the matter.

A serious inequity arises in relation to the maximum age set; or perhaps it is more appropriate to say "not set" by Bill C-61. The provision is for a maximum age of 18 years. However, this may be lowered by the provinces and the territories to 16 or 17. This could lead to something which the government, in other pieces of legislation, has been attempting to avoid like the plague—a checkerboard effect throughout the country which does nothing for the uniform dispensation of law in the country, particularly criminal law.

Section 15 of the proposed charter of rights protects against discrimination on the basis of age. The legislation should be attempting to bring uniformity to this area of law. Young people throughout Canada, no matter where they reside, should have available to them the provisions of this bill, although the age of majority varies from jurisdiction to jurisdiction. The possibility of discrimination in relation to the application of the law raises the issue with which the charter of rights is supposed to deal. It does not appear that the government, which is presumably committed to its new constitutional proposal, has clearly thought out the effect of these provisions; in my submission they are in direct conflict.

The government appears to have failed to relate its constitutional proposal, particularly the inclusion of a charter of rights, to the business which it is now presenting to the House for approval. Under the present proposal, a 17-year-old youth in one province or territory could fall within the sphere or the ambit of the provisions of this legislation, whereas in another province or territory the same youth may fall within the provisions of the Criminal Code and be treated as an adult with all the possible harsh consequences which could ensue from that circumstance.

Surely this is not acceptable; surely it should be remedied before the bill becomes law. The Standing Committee on Justice and Legal Affairs should very closely and carefully examine this inconsistency. It is not simply an apparent inconsistency; it is one in fact.

Also the bill before us provides for alternate measures to the court process laid out in clause 4. It is a welcome provision, as not all youths who break federal laws will have to appear in youth courts. It has long been recognized that the courts are often full of youths, young people who should not be there, just as our penitentiary system is full of young people, many of whom should not be there.

• (1220)

These provisions give formal recognition to the voluntary—and I emphasize that word—performance of community service or restitution to the victim in lieu of a court appearance. Nothing in the provisions of the bill preclude or bar proceedings against the youth in a court where innocence or guilt may be established. The main criticism which I have of this section is that there is no formal process established in the administration of these diversion techniques, even though I recognize that diversion throughout the country, and particularly more so in some parts of the country than others, is in the experimental process.

Surely in this legislation the techniques, the process itself, should be spelled out. Although safeguards exist to ensure that the youth is dealt with equitably, if diversion is used the process by which this occurs is not governed by even the vaguest of guidelines. It falls totally within the powers of the provinces and territories. Perhaps that is the intention. But, once again, we could find ourselves faced with inequities

between provinces and territories in different methods applied to bring about the process with young people being treated differently, depending upon where they reside or, perhaps, where the offence is committed.

Although the diversion provisions are worthy of general support, the process by which diversion is achieved is definitely in need of further examination by the committee. How will the changes be paid for? Who will be responsible for funding? Again, the absence of a commitment to provide financial support for the costly screening process is of great concern. The effect of section 4 can only be as good as its implementation and, to be sure, the provinces and territories will, I expect, be resisting picking up the tab, as it were. As the Canadian Corrections Association has already pointed out, merely changing the legislation without improving the range and quality of resources is an exercise in futility. But that is what is being attempted here, and I would hope that the standing committee, when seized of the legislation, will clean up what appears to be a very serious omission.

The next area of the legislation which I would like to touch briefly upon is that which concerns itself with detention and bail. The legislation would require youths to be detained separately from adults. If no place for detention for young people exists in the area, however, the youth could be placed in a building housing adult offenders. In my opinion this is simply not acceptable. Young people dealt with under this legislation should be assiduously kept apart from adult offenders. Once again the government has failed to offer funds for the additional youth detention buildings which ought to be provided for and which ought to be a requirement under the legislation.

The bill provides that a youth can avoid incarceration or detention in an institution if he or she is placed in the care of a responsible person who is "willing and able to take care of and exercise control over a young person who has been arrested". This may be found in subsection (4) of clause 7 of the bill before us. The young person must also be willing to go with the person in whose care he or she is discharged. This is a proposal which was supported by our government and which is worthy of continued support. It provided, as it does now, a positive alternative to incarceration where parents or a responsible adult may step in and assume responsibility for the young person.

One important change in the new, as opposed to the old, legislation is the new requirement that notice to the parents of the accused must be given if a young person is arrested and detained. Under the old legislation the state acquired the position of *parens patriae* and parents or guardians were often uninformed as to their child's circumstances. In the new legislation there is provision for direct participation of the parents in all aspects of the process under this bill.

The requirement of notice applies not only to an occasion where a child has been detained, but also to cases where an appearance notice or summons has been issued, as well as when a youth is released giving his promise to appear, or is released on a recognizance. Such notice requirements are welcome in the face of total absence of such protections in the existing legislation. It ensures that the rights and responsibilities of parents are maintained up to the maximum age of jurisdiction. Entitlement for bail will also change to the same as for adult offenders and will be governed by the provisions of the Criminal Code.

The next aspect of the bill with which I would like to deal is the right of the young person to assistance and representation. The Juvenile Delinquents Act is silent on the matter of a young person's right to counsel. The bill before us states expressly in clause 11 that a young person is entitled to be assisted by a lawyer during all proceedings. In the notice sent to a parent immediately upon arrest or issuance of an appearance notice, summons or recognizance, a statement of the right to retain counsel must be included. The judge is required to inform the youth of his or her right to be represented by counsel when the accused appears before a court. If counsel has not already been retained, an opportunity will be given to retain one.

In my submission the new legislation does not go far enough. Although the right to counsel is expressly given in the bill—and I would draw this point to the attention of the Solicitor General (Mr. Kaplan), if he would follow me for a moment or two—in my view there is a very serious omission. It allows for an adult to assist a young person but it does not guarantee the young person the right to counsel. The role of a lawyer is vital in judicial proceedings. He or she must ensure that the youth receives a full and fair hearing in the matter of adjudicating the facts upon which the charge is based, and that the disposition of the case is, in fact, in the best interests of the child.

As a counsellor to the youth, the lawyer can discover the limitations and services offered by the court and should check and challenge the modes of disposition presented to the court. In short, the lawyer's function is to act as a check on the authorities, to question and challenge disposition proposals and therapy, even to the extent of determining the validity of the very base on which proposals are made. The fears of those who believe the lawyer's presence will lead to a formal, legal loophole-ridden and technical atmosphere are groundless, in my submission. With trained lawyers on both sides the operation of the entire procedure would run more smoothly. Formalism could help to rid the system of possible abuses. A youth is entitled to protection from well-intended but misguided coercion.

An interesting provision in this bill, and one which is worthy of support, relates to the issue which I have just been discussing. Although the role of a parent is very important, it is recognized that the parental influence is not always in the best interests of a young person. Many parents cannot afford a lawyer, nor can they take the time off to appear at the court hearing. Time and time again I have seen it happen in juvenile court, where the youth is there without parent and without representation. If the parent does not appear on the youth's behalf, he is often overwhelmed and overawed by the courtroom atmosphere. The easiest course of action for the parent is quiet acquiescence in the advice of police officers, well-inten-

tioned advice I am sure, or probation officers. In my observation, the best interests of the child have not always been served.

● (1230)

Clause 11, subclause (7), states that where the interests of the youth and parent are in conflict, or where the best interests of the youth are not being served, the court:

—shall ensure that the young person is represented by counsel independent of his parents.

That provision is there but it does not plug the loophole that I brought to the minister's attention a moment ago. A case should not have to be made for legal representation of children charged with offences. Provision for legal aid would help to alleviate the inequities in the present system which tends to discriminate unfairly against native children and against the poor.

The next issue in this bill deals with transfer to the adult court. The bill allows for a transfer only if the youth committed the offence when he was 14 years of age or older. There are explicit criteria provided to guide a judge's decision which is lacking in the old legislation. For instance, the judge must consider a number of factors, such as the predisposition report, which is mandatory, the age and the background of the offender, and the seriousness of the alleged offence. The judge must also consider the parents' representations before making a transfer order. The transfer order itself is subject to appeal. This is another area which requires much closer scrutiny at the committee stage; in particular, the criteria that judges must consider in making a transfer order. The rights and interests of the young offender as well as the rights of society must be properly protected. The committee will have to tackle this problem, I suppose, by calling appropriate witnesses and re-examining this whole area of the bill far more carefully.

Now I would like to refer to the matter of disposition, and that is, sentencing powers. There is a much wider variety of options available to the courts as compared with the old act. The provisions are identical to the 1979 proposals which our government brought in. There is one exception to that, and that is that a combination of the options can now be used so long as they do not exceed two years in total. Options available include an absolute discharge, a fine of up to $1,000, a restitution or compensation order, a community service order, compensation by personal service, probation of up to two years, custody of up to two years, or any other reasonable and ancillary condition that the court deems advisable and in the best interests of the young person and society. These changes are consistent with the philosophy underlying the bill before us as stated by the Solicitor General and I will not repeat those statements. They are to be found in his remarks on the proposed legislation in this place on April 15 last.

This philosophy is reflected throughout the legislation. For example, an important feature of the bill is the abolition of what the old legislation describes as a delinquency. Under the new legislation, a young person would only be held responsible for offences under the Criminal Code and other federal statutes and regulations. The so-called status offences will be no more. This reflects the constitutional division of responsibility between the federal and the provincial and territorial levels, as well as approving the practice in many jurisdictions of decriminalizing behaviour which is no longer seen as serious enough to rationalize its inclusion under criminal law.

The provisions for disposition also reflect this basic philosophy. They recognize the rights of the young person to be equal to those of an adult. Maximum sentences, for the first time, are established. In making the disposition, the judge must consider the type of offence committed, the predisposition report, and any other relevant information. In the Juvenile Delinquents Act, reference to "the child's own good and the best interest of the community", is absent, which allows the court to move away from its *parens patriae* role and focus its intention on its role as a court. Although the parental role still exists, its importance is diminished and it cannot be used for excessive intervention. Another protection against abuse is the requirement in clause 20, subclause (5), that the judge provide written reasons for the disposition.

The two-year maximum of disposition orders is a change from the 1975 report, as well as the 1977 proposals of the Solicitor General which recommended a maximum of three years. This is a very positive change and reflects, in my view, the past experience of those involved in this area, that two years is sufficient to meet the needs of young people.

A criticism of the disposition order deals with the concept of community service and restitution as being preferable to orders based on punishment. Although it is a step in the right direction and certainly worthy of support, there should be some provision to ensure compliance. For example, the rules governing custody are quite explicit. The same thought and foresight ought to be applied to restitution orders. The legislation is breaking into virgin territory with these new concepts. Though it is recognized that, as such, not all difficulties are foreseeable, it does not take a great amount of foresight, for instance, to realize that there will be occasions, when a young person will not comply with his or her restitution order, or when a diversion program will not work. So, what happens then? Bill C-61 appears to be silent on this most important point, in my submission, and this aspect of the bill will certainly require discussion at the committee stage.

In my submission, as a finality to this point, the existing provisions in the bill are vague and the checks and balances so necessary are simply not present. The bill provides for mandatory disposition orders. Under the old act there was no mandatory review process, and power was given to the judge, in any case, to have a youth brought back to court before he reached the age of 21 without any specific reason. The judge had the power, which was virtually unchecked, to impose any disposition in substitution for the original one.

The important new provision for mandatory review will ensure, in my view, that the welfare and progress of a youth will be subject to continuing review from the beginning to the end of the disposition. Where custody is ordered, there is a yearly mandatory review which can occur more frequently on

application of the young person, the provincial or territorial director, the parents or the Crown. The review can be conducted by the court or a provincially or territorially appointed review board. But if the review relates to the basic nature of a custodial sentence, then only the youth court would have jurisdiction. Upon completion of a review, a judge may reduce the disposition to any lesser one provided for under the act, including discharge. If it is found that a youth deliberately failed to comply with the original disposition, then the court itself can raise the disposition.

The important changes to note here are, first, the availability of review and the youth's knowledge and presence at that review; and second, that open-ended dispositions are no longer permitted.

● (1240)

Criticisms of these sections of the bill relate primarily not to the way the review boards will be functioning so much as to their composition. The boards will fall under the jurisdiction of the provinces and territories and there are no guidelines set out for the provinces and territories to follow in making appointments to them. This gives me grave cause for concern, as it should every member. As there are no requirements for qualifications for membership of the review board it is conceivable, indeed, it is quite to be expected, that it would be comprised of political appointees or persons unqualified for the sensitive job that is required, especially a board that is dealing exclusively with young people. In my submission the board must be competent and without bias in order to function properly and effectively. The board's composition should consist of individuals who have some sympathy with the problems of young people and some degree of expertise in their approach to how the problems will be dealt with and solved. This is usually the last criteria found in political appointments.

It is all very well in a body such as the National Parole Board to let political persuasion be a criteria in the selection process, but it is totally out of place in the appointment of individuals who comprise a review board dealing with young people. It would be my strong submission, therefore, that when the matter is considered by committee, some guidelines as to the qualifications of those who will be sitting on these review boards should be considered and, it is hoped, will be spelled out by amendments in the bill.

Another aspect of the bill deals with the appeal process. This is one of the most welcome changes to be found in the new bill. Under the existing legislation, clause 37 provides for an appeal which is allowed "from any decision" but only with "special leave from a Supreme Court judge". Before leave can be granted, the judge must consider that to do so is "essential to the public interest or for the due administration of justice."

Because of the wording of the statute, appeals have been kept to a minimum, which was the apparent intention of the language then used. The present procedure does not provide additional protection for young offenders, but rather it restricts the right of appeal.

This bill gives youths the same right of appeal as adults under the Criminal Code. The ambiguities and balancing problems inherent in the wording of the Juvenile Delinquents Act are dispensed with. The appeal procedure in the Code is clear and well established so it is with a great deal of approval that we greet this provision in the legislation. It will certainly alleviate the potential abuses of and infringements upon the basic rights of young people that have in the past consistently occurred.

Other aspects of this bill which are dealt with are fingerprinting and photographing of young persons. The bill permits fingerprinting and photographing, but if the young person is acquitted or proceedings are discontinued, the prints and photographs must be destroyed. The practice to be followed is that set out in the Identification of Criminals Act. There are also special provisions in respect of storage of these kinds of records. Generally speaking, the new provisions will be helpful in clarifying a situation which is unclear at present.

With regard to court records under this bill, once a sentence is completed and a qualifying period without crime is completed then the records are destroyed. The qualifying period is two years for a summary offence, five years for an indictable offence.

Under the existing Juvenile Delinquents Act there are no provisions regarding the destruction of records, nor are there controls for the creation and maintenance of confidentiality and accessibility of juvenile court records. The new provisions, in my submission, are to be supported because they allow a young person to enter adulthood with a clean slate. Under the present legislation a youth would be labelled a delinquent for the rest of his life.

Having addressed the matter point by point, I want to say, in terminating these remarks, that the provisions of the bill with respect to trial proceedings being held in camera are a welcome change. Under the present act, the trial proceedings were held in camera. The philosophy underlying this was that trials involving children should be without publicity and should be held apart from trials of adults. We can certainly agree with the latter point. In camera hearings are and should be viewed with suspicion always, as they are always subject to potential abuse. The press cannot act, for example, as a check on arbitrary court action.

The new bill allows hearings to be open to the public but restrictions will remain. The judge may exclude people in the interest of public morals, administration of justice or where the information being presented to the court would be seriously prejudicial or injurious to any youth present—either the accused, the victim, or a witness. The provisions with respect to the publication of information are also to be welcomed.

Having gone through the measure seriatim, Mr. Speaker, I would hope that the record of today's proceedings would commend itself to those members of the Standing Committee on Justice and Legal Affairs and that they will study the suggestions I have made with great interest and attention. I hope all the points that I have covered will come back to the House in the form of an improved piece of legislation.

Some hon. Members: Hear, hear!

Mr. Scott Fennell (Ontario): Mr. Speaker, I have some advantages speaking on this bill and I have some disadvantages. My advantage is that I am not a lawyer but I am a parent. I have raised five children through this difficult period. My disadvantage in the House, as I speak on the Young Offenders Act, is also that I am not a lawyer.

This is an important and complex piece of legislation. It is, as my hon. colleague and neighbour from Durham-Northumberland (Mr. Lawrence) pointed out earlier this month, the first major social justice bill to come before this House in over three decades. I think it is a sad thing to have waited so long for the reforms necessary in dealing with young offenders in this country. It is sad that the government has waited so long before giving this major issue the priority it deserves. Swept to power 13 years ago by promising Canadians a "just society", it is only now that the government takes serious steps.

What are the reforms that the government is proposing? I am pleased to see—except for one or two points which I will deal with later—that the government is stealing the proposals put forward by the solicitor general of the 1979 Progressive Conservative government. It is pleasing to see the Liberal government recognizing that good ideas on social justice come from the Conservative party. Perhaps it could also accept some of our good ideas on economics.

What has taken place in Canada with respect to juvenile delinquency under our Liberal administration? From 1974 to 1978 violent juvenile delinquency increased by 60 per cent. I am not going to blame this on any particular government. We have seen in the last decade increased violent crime in all age groups in North America. But I would like to make the point to hon. members that problems of this nature are problems for society as a whole and, to a great extent, reflect the problems of our society.

The tragedy of violent juvenile crime is not going to be stopped simply by passing an updated piece of legislation which should have been passed ten years ago. Our problems are much more fundamental than the important, but nevertheless, non-crucial, issues of administration and mechanisms of our young justice system.

● (1250)

What governments must begin to address is the increasing casualness and decreasing morality of our society. I know that it is not fashionable to speak of morality, but morality is necessary. If the word "morality" is too offensive for some of my colleague in the left-wing of this House, or too religious for others, I shall not apologize but instead substitute the word "ethics".

The concept of responsibility must be reintroduced into our society, not just with respect to the actions of young offenders but with respect to all Canadians. We must climb out of the ethical cesspool that we have been in and have built for ourselves which permits the individual all too frequently to blame the consequences of his actions and circumstances on other people, particularly on government, which they expect will do all for everyone.

Accountability must be introduced to our society. We must stamp out the fraudulent notion that someone or something, whether it be big government or big brother, is always going to solve our problems for us. Mistakes are always going to be made by individuals in our society, and mistakes should be judged with compassion. But there is a turning point, a point where too much compassion becomes cruelty. It is an unintended cruelty to be sure, but it is no less harsh. There is a point where too much sympathy, when handing out consequences for an individual's actions, can begin to encourage the individual to continue making mistakes, a point where the individual is not appropriately aware of the seriousness of his mistakes, a point where the individual begins to expect, and begins to take for granted that someone else, not him, is responsible.

This point, I feel, is passed in the Young Offenders Act before us. I would urge members, especially members of my own party, should the government force this bill to committee, to review carefully the provision in the bill which would remove the concept of the liability of parents for criminal acts committed by their young people. This concept, present in Section 22 of the Juvenile Delinquents Act, has been removed and replaced with the view that only the young people themselves are financially responsible for their acts.

On this point, having raised five children above this age myself, I feel there must be consequences for their actions which must be dealt with in the home. The matter cannot be dealt with only in the courts. I plead with members of my own party to put this provision, presently in Section 22, into this bill.

The phrase "young people" is sometimes misleading. Let me emphasize that we are talking about children, those who have just left babyhood. The point I am making, is that we are talking about children who have not received the proper discipline. We are talking about children who have not received proper upbringing or who have not had the moral values instilled into them, as I mentioned earlier. I believe it is the moral fibre of this country which is at fault and causing these children to do these things. Parents or guardians must have the incentive to stop their children from doing wrong. Parents or guardians must have the incentive to develop some responsibility in their children. I am speaking of "their" children; they are not our children but the children of the parents. The failure to include an equivalent of Section 22 in this bill may well add to the decay of the morality of our society.

I believe it is insulting for this House to presume to speak of giving parents incentives, but let's face it, there are some bad parents in this country. At times I could include myself in that group. The courts should set an example of morality but the courts should not be the only ones to do this. Parents must also set such standards. I firmly believe that possible parental liability for the criminal actions of children will help to encourage the setting of these standards.

I mentioned that I am at a disadvantage because I am not a lawyer. Other than my philosophical worry, there are two technical aspects of this bill about which I am worried. The first was well presented on May 12 by the hon. member for Durham-Northumberland, who is a lawyer and someone I trust in these matters. I know that the Solicitor General (Mr. Kaplan) was not in the House at that time nor is he in the House now, which is a shame, because the hon. member made some good points on this matter. One in particular has to do with the lack of uniformity across Canada of a maximum age defining a young person. For that reason, I trust that this amendment will be adopted.

I think it very important that the administration of justice for young people not be tackled in a piecemeal approach, varying from one province to another. A 16-year-old in one province is the same as a 16-year-old in another province and should not be treated as more mature, more responsible, than an 18-year-old whether in the same province or in another province.

Mr. Evans: Does that line of reasoning not apply to the charter of rights?

Mr. Fennell: Contrary to the Liberal position.

My other technical concern is with clause 11, subclause (1), on the right to "retain and instruct" counsel, and with subclause (4) of the same clause respecting legal aid. I would ask other members in this House, those more familiar with the law, to look at these provisions closely should the government force the bill to committee. I am worried that the act does not take sufficient precautions in making certain that another huge and costly extension is not added to our present legal aid bureaucracy.

I would like to reiterate my point that I am worried for the young people of this country because in some cases both parents have had to go to work, partly as a result of inflation. I am concerned they are not getting direction. I am concerned, too, that there is no morality in their society. When I was a young person I was taken to church on Sunday. I was brought up with some morality and when I committed an offence, no matter how minor it was, my father dealt with me in the way he thought appropriate. It hurt. I did not like it but I respected it. I do not necessarily follow that philosophy today because our own morality has fallen apart.

I plead with this House and with the members serving on this committee to look at this bill very carefully to make certain that they deal with all factors, not just the legal factors. Because our young people are the citizens of this country who will eventually be governing Canada.

Some hon. Members: Hear, hear!

Mr. Knowles: One o'clock.

Mr. Malone: Mr. Speaker, it is close enough to one o'clock that, if you wish to see it that way, I would appreciate coming back at two o'clock.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. It being one o'clock, I do now leave the chair until 2 p.m.

At one o'clock the House took recess.

[*English*]

AFTER RECESS

The House resumed at 2 p.m.

Mr. Collenette: I rise on a point of order, Mr. Speaker. I regret to make this intervention at this time, but I wonder if we could get the unanimous consent of the House to revert briefly to tabling of committee reports, since the hon. member for Eglinton-Lawrence (Mr. de Corneille) was specifically instructed by the committee on northern pipelines to table their report. Unfortunately, due to clerical problems he was unable to do so earlier.

Mr. Hnatyshyn: Mr. Speaker, it sounds like an eminently sensible suggestion, although belated. We concur.

Mr. Knowles: Agreed.

The Acting Speaker (Mr. Ethier): Agreed and so ordered.

Mr. de Corneille: Mr. Speaker, I appreciate the agreement of the House to permit me to make this presentation.

ROUTINE PROCEEDINGS

[*English*]

NORTHERN PIPELINES

Third report of Standing Committee on Northern Pipelines—Mr. de Corneille.

[*Editor's Note: For text of above report, see today's Votes and Proceedings.*]

GOVERNMENT ORDERS

[*English*]

YOUNG OFFENDERS ACT

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Kaplan that Bill C-61, respecting young offenders and to repeal the Juvenile Deliquents Act, be read the second time

and referred to the Standing Committee on Justice and Legal Affairs, and the amendment thereto of Mr. Lawrence (p. 9497).

Mr. Arnold Malone (Crowfoot): Mr. Speaker, this is a bit of an historic moment for me. Although I have had many occasions to speak in this House, this is the first time I have done so without there being one cabinet minister present—not that it will make any great difference.

Mr. Cullen: There are a lot of former ones though.

Mr. Malone: It will be a rather interesting Friday afternoon with no minister of the Crown in the House.

Mr. Knowles: There are a few hopefuls.

Mr. Malone: This young offenders legislation needs to be updated as there has been very little change made to it since it was introduced in 1908. It is important that we look at our young people and reflect upon the way we impose the law on that sector of society and make the necessary changes to both the writing and administration of it.

Although this legislation is basically good, there are some inequities which, with the agreement of the various parties in committee, could be done away with to make it a better piece of legislation. I want to reflect on the subject of young people and why it is timely that we bring about some changes to this legislation.

Those who watch the charts and graphs on the rate of crime in Canada in particular and in North America in general have noted a continual increase. An hon. member opposite shakes his head, indicating that this is not the case. I do not know what data he has looked at which indicate there is less crime today per capita than in former years. There are very few people who would believe that crime has decreased in North America.

• (1410)

I believe the legislation is important because I think the tendency toward crime will increase. That tendency will increase because of the advent of the silicon chip in this electronic age. The use of technology will take meaningful employment away from larger percentages of our society. That will cause frustration among our population and the crime rate will increase. Thirty, forty or fifty years ago and beyond there was meaningful employment for people who had low skill levels or intelligence levels. Such people would have difficulty finding employment today. One or two generations ago a person with an IQ of 80 or 90 could always clean out livery stables. Snow had to be shovelled. Such work is now done by machinery. Mechanization, electroncis and superelectronics will, in the not too distant future, make it very difficult for a large part of our population to find employment. That phenomenon raises an interesting question respecting law and order and how to handle young people.

If I might digress from that point, I want to address myself for a few minutes to the North American phenomenon of adolescence. I believe adolescence has been created largely in Canada, the United States and the industrial nations of northern Europe and that in most countries of the world there is no adolescence. Psychologists have delved into the matter of the stress brought about by the change from childhood to adulthood. They have studied the stress among young people undergoing what is called adolescent change. They travelled to some of the lesser developed nations to find out why the change from childhood to adulthood causes stress, but in those lesser developed countries that change takes place almost overnight. In some of those countries two weeks after pubic rites people are no longer children. They go on hunting trips with their fathers, live under the rules and assume the responsibilities of adulthood. The interesting thing this team of psychologists found is that in lesser developed countries there is virtually no stress involved. Adolescents in North America are in limbo. They are not given appropriate responsibilities.

In our recent debates on the Constitution and when people appeared before the committee studying the Constitution the words often used in the committee and in this House were "my rights". We discussed the rights of women, the rights of children, the rights of Indians or native peoples and the rights of the handicapped. The legislation before us deals with the rights of youth, but I submit that this legislation is void of an adequate discussion of responsibility.

In dealing with the phenomenon of adolescence in industrial nations I remind hon. members that this country was settled by people who involved themselves in some phenomenal activities. The achievements of those people would hardly be believable today. Before he was 21 Lord Strathcona was making moves to set himself up in some very significant business enterprises. Ezra Eddy set up the E. B. Eddy Company. At the age of 15 he was very much an independent businessman. Sir John A. Macdonald articled in law at the age of 16.

Part of the reason for our youth crime rate is that we have talked much about rights, but we have not created a climate which would allow adolescents to pattern their behaviour in such a way as to excercise their full responsibilities. If we look around the world and also consider our own earlier history, we can demonstrate that the assuming of adult responsibility is something which the majority of our so-called adolescents can do. If they were rewarded appropriately for responsible behaviour, we could have a much more mature society.

On a congratulatory note, the first comment I want to make about this bill is that it is appropriate that it should encourage adolescents to assume more of the responsibilities of adulthood. My criticism is that I do not believe the bill goes far enough. For example, I believe that the concept of retribution might well be followed with respect to youth. A youth involved in a misdemeanour or a crime should repay the debt he owes to society and to the person or persons against whom he has committed his crime.

Too often today we let youths and adults get off with mere fines or prison terms. In many respects that is an easy way of removing the sense of obligation which should follow a criminal act. I see no reason why offenders, both youth and adult,

should not repay their debt and perhaps repay more than the dollar value of that debt. Offenders could do such things as cleaning up a mile of highway or several miles of highway. There should be some public service performed in order to demonstrate the need to accept responsibility beyond just the paying of a fine, which at present can be paid by a parent or even by a child, if he happens to have money. Offenders should not be required simply to pay money and then be excused. People should be required to behave in a certain manner. They should be required to pay for their misbehaviour.

There should be some differentiation between crimes committed by adolescents as a result of an association with other adolescents and crimes committed as a result of the influence of adults. There should be a differentiation when an adult uses a child to commit crime, for pornography, for prostitution or for any other crime, whether it be organized or otherwise. In such cases there should be much harsher penalties for the adults involved. It may be presumed that the youth involved is of an immature mental age and that, while the youth will have to bear his responsibility, the full wrath of the law of the land should fall upon the adult.

● (1420)

There are areas of this bill in which I think some improvement can be made. First of all, it is my opinion that the title, the Young Offenders Act, is better than referring to juvenile delinquents because I think there is a negative connotation to those words. And with respect to the option many of these youths will have for an in camera hearing, it is my position that, while it will in some cases save the individuals some embarrassment, I do not believe that the due process of law is necessarily protected in that situation in a country that believes in freedom of the press and information. To allow a segment of our society called "youth" to have the protection of in camera proceedings has as much, if not more, opportunity for abuse as it does for service. I am nervous and concerned about this clause because, while it might be more acceptable for certain testimony, to have an entire case heard in camera is, I believe, a dangerous precedent in Canada where we simply do not believe in closed courts. The courts should be open, and if we are to expect a higher degree of responsibility from young people and we are going to treat them in a more responsible adult way, then I think an in camera proceeding is not the appropriate way to achieve that.

Another aspect on which I would like to comment is that of the juvenile review board. Here we have a proposal to establish a review board across Canada but with no guidelines as to who should sit on that board. That opens the floodgates for political appointments, appointments of people who may or may not be in a position to serve with the kind of expertise that we need on a board of that kind.

In addition to that, I believe it would be appropriate and beneficial to the young people concerned if we had assurances that a number of young people sat on that board along with the appropriate proportion of adults. This has been tried in other countries, including the United States, and been found to have some considerable effect on their peers. In many cases a youth appearing before his peers has more respect for the law thereafter than he would if direction were coming from an authoritarian adult figure.

In summary, Mr. Speaker, it would be my view that we ought not to let this legislation pass without specifically stipulating what the guidelines should be for the review board, and that at least some members of that board should be senior youth carefully selected for their ability to consider the crime involved and whether or not parole should be granted.

Another aspect of this bill which ought to be improved at the committee stage is with respect to the definition by age of a young person. The age of majority in many provinces of Canada is 18, but it is not universal. In some provinces it can be as low as 16, and in others 17 or 19.

This is a good piece of legislation, timely and probably long overdue, but I think it would be of considerable benefit to Canada if the age limit were universal across the country. Whether you live in British Columbia, Prince Edward Island, Ontario or Quebec, or one of the territories, is irrelevant. It is my view that the Young Offenders Act, so far as age is concerned, should be standardized across Canada, even if it means further negotiations with the provinces between now and the final reading to reach an agreement on that.

Another aspect I should like to speak to is that the Young Offenders Act provides that young offenders would serve their sentences in the same institutions as presently house adult offenders. While this may seem contradictory to my earlier comments concerning young people accepting the full responsibilities of adulthood, I am not of the opinion that you can put a young person in an institution which houses adults whose behaviour has been judged by society as negative.

I think it important that the federal government provide the financing for the setting up, where necessary, of institutions for youthful offenders, thereby keeping them away from the hardened criminals who occupy these adult institutions. I cannot think of a better way to teach young people about crime than to lock them away with hardened adult criminals. If this legislation is not changed in this respect, then I think it is certainly a retrograde step in our treatment of the young offender.

Another aspect of this bill is the wording which indicates that the younger person may have counsel, a right which is different from an adult's right to counsel. If we are to treat young people in a more responsible manner, which is the objective of this bill, I believe they should have the guarantee of counsel in the same way as any adult who allegedly committed a crime would be guaranteed that right. The simple provision that he may have counsel is unsatisfactory and is not strong enough in its wording. In its review, the committee should take a look at that matter to ensure that youths are guaranteed the full right to counsel in the same manner as adults, although they are younger than 18 years of age.

• (1430)

Historically our approach to law and order has been a punitive one, followed more recently by the protection of society and, even more recently, the talk of rehabilitation. In terms of the old law and order system, the punitive approach was to draw and quarter. Punishing people for the sole purpose of punishment should have no place in any system of law and order.

With respect to the protection of society and rehabilitation, I believe when a criminal has affronted society that the first objective ought to be the protection of society. But I would change my belief in that regard and say that the first objective with young offenders ought to be rehabilitation. Also I believe rehabilitation ought to be a part of adult programs, but in that case the protection of society ought to be the dominant objective. Rehabilitation ought to be the dominant objective when dealing with young people. We must be able to get them started, reward them for their capabilities and recognize that people, whether they be young or old, male or female, or however they are classified or stratified by society, can end up in criminal situations for reasons which do not necessarily demonstrate a calculated mental process in terms of their decision to commit a crime.

If that sounds like a lot of mush, let me repeat it by indicating that there are associated factors in our daily living patterns which have been linked to criminal activities. For example, the diets and eating patterns of North Americans is one of them. I know my following comments will not be part of the bill or an amendment to the legislation, but I encourage members of Parliament to use their influence in an attempt to rid school cafeterias of junk foods. I know we will not legislate it, but at the present time there is an overwhelming amount of information in that regard.

I hear some chuckles from the other side. Perhaps they have not read this well-researched information. Some examples are the overuse of sugar, pop and junk foods, the tensions and stresses inherent in people, the lack of appropriate vitamins and minerals in diets. I know it is difficult to excuse people's behaviour because they did not eat correctly, but it is our obligation in our role of giving leadership to talk whenever possible about the importance of these factors and their effect upon the behaviour of individuals, be they youths or adults.

As I indicated earlier, another factor is the area of jobs. With the advance of electronics, silicon chips and expensive computerization, it is incumbent upon us to remember that it is not good enough for people to be provided with goods, services and an adequate standard of living in terms of food, clothing and housing. Every human being thirsts to become a meaningful participant in society. He wants to "feel like a somebody", that he can do something; he wants a feeling of some personal worth and that he matters or counts. The removal of jobs from large sectors of society will increase the crime rate. If one does not feel meaningful and have some sense of self-respect, one will seek attention by practising disrespect. People by their nature must be noticed. If vast numbers of jobs are to be removed by electronics, they must be replaced with opportunities for people to feel that they are achievers in some other dimension.

I think I have covered all my points. I am sure further discussions will take place at committee stage. We require a tightening up of the language and words in the bill before us. There must be a reflection of the philosophy we want with respect to law and order. I do not believe there is a great disagreement among party members as to the principal objectives of this bill. Hopefully some minor alterations can be made in committee, so that in 1981 we will have a piece of legislation which is more contemporary than that with which we are living at present. Essentially it is the original 1908 legislation. Very few amendments have taken place in the interim, but obviously there has been an enormous change in our social behaviour in that same interim. I hope this legislation will receive the benefit of some good amendments before it comes before the House for third reading.

Mr. Peter Elzinga (Pembina): Mr. Speaker, let me begin by sharing with the hon. member for Crowfoot (Mr. Malone) what a delight it is to follow him in the House. Many times I have had the occasion to hear him speak in the chamber. He has not only made good sense, but his speeches make good reading.

During the course of my remarks dealing with the proposed Young Offenders Act, I plan to refer to a number of letters I have received from students throughout my constituency. Most of us on occasion have opportunities to speak with school groups and the students of our constituencies. Prior to this legislation being introduced, I had an opportunity to speak to a number of classes. I asked them for the benefit of their input. I have approximately a dozen letters. I will not read them all, but I would like to point out some of their highlights.

It is important to instil, in not only our students but in the entire population, the fact that views and concerns of individuals who are not members of Parliament are brought forward in the chamber. It is important to practise participatory democracy.

• (1440)

This bill is very similar to the one which we introduced in the short period of time when our party formed the government. Our party supports the legislation which is before us. We have moved an amendment to it which, if passed, would provide some consistency to the maximum age, which is something I will deal with later. I find it most appropriate that I am able to refer to specific correspondence I have received, since far too often as far as our student population is concerned, our young adult population, the publicity they receive is negative. Most of our young people are individuals of whom we can be truly proud.

I am able to illustrate this by reading into the record a number of letters I have received. I would like to do this so that the individuals who have sent me these letters will be aware that their thoughts are being considered in this chamber. The first letter I wish to refer to is from Jeff Plantje. He

indicates his concern and support for the legislation, which will upgrade the young offenders legislation which has been 70 years in the process.

Another letter I received was from Susan Berzins, who indicates her feeling that this legislation will be of benefit to young offenders since they will be entitled to more rights, such as the right to legal representation and the right to appeal.

Another letter I wish to refer to is from Leah Brunelle, who says in her letter:

> As for the maximum age, I tend to disagree with the act strongly. If an individual can receive their operator's licence, have a job, or live on their own, they then can therefore accept the responsibilities of an adult.

In other words, Miss Brunelle supports the recommendation of the maximum age being 16 years. This is a matter which we advocated in our legislation and it is something about which we would like to see some consistency across Canada. It is now flexible and the provinces indicate whether the maximum age should be 16, 17 or 18. In the event that the provinces cannot reach a consensus, we would have set the age at 16 if we had formed the government.

Another letter I received was from Fiona Gunn-Graham. She illustrates the good and bad points as far the legislation is concerned. I would like to share with the House a number of the points she considered good. She endorses the objective which ensures that young offenders benefit from all the rights and protections enjoyed by adults. She endorses the principle that society must be protected from illegal behaviour. She says that it must be recognized that young persons, because of their lack of maturity, require guidance and assistance. she also recognizes that young persons have rights and freedoms equal to adults and that they have the right to be heard in the courts and the right to participate in the process which leads to decisions affecting them.

I would now like to turn to a letter from Herman Andrés. He says that this act will be a welcome replacement for the inadequate Juvenile Delinquents Act.

Another letter I received was from Wes Marko who supports, in general, the legislation before us.

Karen Kartz wrote to me to point out that it would be beneficial to have juveniles detained in separate quarters from adults. She disagrees with youths being photographed and fingerprinted. Under the legislation before us, in the event that an individual is acquitted, the photographs and fingerprints will be immediately destroyed. After a period of two years for summary conviction offences, if the offender commits no further crime, and after a period of five years in the case of indictable offences, the records will be destroyed.

Another letter I would mention is from Colleen Ropser, who indicates her feelings that members of Parliament and of the legislatures should be aware that young people do require a certain amount of discipline. But, more than discipline, she feels they require guidance.

I have two more letters to which I wish to refer. I do not want to take up too much of the time of the House with these letters, but I think it important that these individuals feel that they have a meaningful role to play in our democratic process.

The next letter is from Lyn Wolgien. She says that she thinks the Juvenile Delinquents Act of 1908 should be revised in order to meet the requirements of today's changing world. It is gratifying to know that we have a piece of legislation before us which more or less receives the unanimous support of this House. We hope that some corrections will be made to it when we come to the clause by clause study of it.

The final letter I have here is from Andrew Singh. I will not refer to any of the specifics contained in it, but I would like to underscore the contribution he made in the discussions we had at the Salisbury Composite High School. I must say that I was encouraged to see young people such as those who wrote to me interested in our legislative process. I was pleased to see they took time out of their busy schedules to correspond with me and express their concerns with respect to this legislation.

As I indicated earlier, Mr. Speaker, this legislation was not before the House at the time I spoke with these students. I forwarded to them copies of the bill. All of us in this chamber can applaud the young people of our society throughout Canada for the responsible manner in which they approach many of the frustrating decisions which they must make in this day and age.

As a father or three sons aged 14, 12 and eight, I realize some of the difficulties which our young people face. While this piece of legislation seems to deal with a narrow subject, in reality it deals with a much broader topic. Young people of today must deal with values, family life and the moral fibre of society.

As my colleague the hon. member for Crowfoot stated earlier, some of the statistics which are before us are very worrisome. When we look at the figures we find that there has been an increase of some 60 per cent in violent juvenile delinquency from 1974 to 1978. Most shocking of all is the increase in violence by young people against themselves. In the past decade the suicide rate for young people aged 15 to 19 years of age has increased some 59 per cent. These are just a few of the reasons for the need to take a good, hard look at the best way for society to respond to young people and their needs.

If we are to be serious about the problems faced by young people who come into conflict with the law, we must collectively look at such issues as child abuse, our divorce rate, the reasons for teenage suicide, the relationship between crime and the criminal in the early years of development and the over-all mental health picture of our young people. This will enable all of society to grow in the knowledge of the character and personality development in a child's early years.

In my closing remarks I would like to speak to the amendment which is before us. I support the amendment put forward by the hon. member for Durham-Northumberland (Mr. Lawrence) and seconded by the hon. member for Edmonton-Strathcona (Mr. Kilgour). They suggest that the maximum age in the Young Offenders Act should be consistent through-

out all of Canada. As I shared with hon. members earlier, we had this consistency in the legislation we introduced in the short period of time we were in government.

• (1450)

We hope the government opposite will see fit to accept our recommendations so that that consistency will be in place throughout all of Canada. I understand that some of the reasons were that they could not reach agreement among the provinces on what that maximum age should be. However, that did not seem to deter hon. members opposite at all when we discussed the constitutional issue. There was no agreement amongst the provinces at that time, yet they more or less just bulldozed their way through with the constitutional proposal to their own liking. I hope they will use our thoughts on the issue and approach the provinces once again on the condition that, in the event they can reach a consensus among themselves, they are willing to set the age at 16, 17 or 18, but in the event that cannot be done, it would be set at age 16.

It might be worth while, too, to compare this legislation which is before us with what is presently on the books, and with what we had advocated in our 1979 proposals. As far as the philosophy of this bill is concerned, both pieces of legislation are very similar. Youths are going to be held more accountable for their actions, which I support. We have discussed the changes in the minimum age, which is going to be increased to 12 years from seven years; and, as I shared with hon. members earlier, we feel that the maximum age should be 16 and consistent throughout all of Canada.

This legislation also grants young adults the right to counsel, which we support, and provides that counsel be present at all stages of the proceedings. The Juvenile Delinquents Act is silent in this area and really states nothing specifically as to the right to counsel for our juvenile population.

As far as detention and bail are concerned, there is a provision in this legislation that the parents of youths who are charged must be notified. As I shared with hon. members earlier, there is no provision under the present Juvenile Delinquents Act to notify a youth's parents in the event that he is charged.

The privacy of the proceedings will not be as strict as previously. There will not be media coverage, but the hearings will be open to the public, and the judge will have the prerogative to determine what is in the interests of public morals. However, no information will be revealed to the public concerning the identification of the youth.

I support, too, the aspect of fingerprinting and photographing. I responded to an earlier inquiry by letter from a young constituent from the Salisbury Composite High School. This legislation provides that the fingerprint records and photographs would be destroyed in the event that the youth is acquitted. At the end of a two-year period, if the conviction is a summary offence the records would be destroyed. Five years following an indictable offence, the records would also be destroyed in the event that no further criminal activity has taken place.

There are many other aspects with which one can deal in this legislation. I have pretty well shared my thoughts on this area, but let me just stress what I feel to be the key aspect of all our dealings with any type of criminal activity. The hon. member for Crowfoot underscored this by indicating that he felt we have to take a more rehabilitative approach. I support and endorse any action that we can take in dealing with any segments of our criminal society and in encouraging whatever rehabilitative measures we can.

Hon. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, three of our members have already spoken in this debate, so that it is hardly necessary for a fourth member to participate. However, anyone who might read only today's *Hansard* with respect to this debate could imagine that it was only the hon. members of the Progressive Conservative Party who were interested. So let me take a few moments to put on the record once again our position, as it has already been stated by the hon. member for Burnaby (Mr. Robinson), the hon. member for Broadview-Greenwood (Mr. Rae) and the hon. member for Vancouver-Kingsway (Mr. Waddell).

An hon. Member: All Conservatives!

Mr. Knowles: Oh no! Our basic position is that it is time that the Juvenile Delinquents Act be revised and, for the most part, we welcome the improvements which are contained in the bill which is before us. However, there are a few deficiencies. One of them, of course, is the provision in the bill for the age of juveniles to be different in the different provinces. To us, it is really incredible that in this day and age that idea should be continued and, in particular, that it should be continued by a government which has had so much to say against checkerboarding Canada in any way. Therefore, when the vote is called on the amendment moved by the hon. member for Durham-Northumberland (Mr. Lawrence), we shall support that amendment in the hope that it will be a signal to the government that the whole question of the age set out in this bill should be reviewed.

We also feel that the provisions of the new legislation do not really measure up to the high-sounding words which are in the first part of the bill. The bill presents itself as one that comes to grips with modern ideas about how to deal with young people, how to deal with criminal offences and so on; and yet, when we get into the details of the bill, it is not that far ahead of 1908.

I was also interested in the comments made by the hon. member for Yukon (Mr. Nielsen) this morning when he suggested that a different title might be considered. This is not a world-shaking matter, but I believe he has a point that calling it the "Young Offenders Act" would stigmatize any person dealt with under the legislation as an offender. As a matter of fact, it is almost a stronger word than the word "delinquent", and I would think that consideration might be given to some other name. I believe the hon. member for Yukon suggested that "Youth Justice Act", maybe a phrase like "Youth Code" to correspond to the Criminal Code, or maybe "Youth Courts Act" might be a possible title for the

bill since the bill does refer to young people being dealt with in youth courts.

As I say, these are points which can be considered by the committee which will be dealing with this bill. Whatever our stand may be, as will be expressed when we vote on the amendment, I can say that in our view, after what will now be four days of debating second reading, really, the bill could well go to committee. I have already said that we shall vote for the amendment of the hon. member for Durham-Northumberland because we think that the issue of checkerboarding this country is a very important one, and that it should be corrected. In fact, if there is no indication from the government side that it is prepared to correct that fault, we will find it difficult to support the second reading of the bill.

One of the reasons I thought I might get to my feet for a few minutes on this Friday afternoon is, I admit, a personal one. Quite a few hon. members have referred to this act as having been passed in 1908. Of course, to most hon. members, that is a year which is a long time ago.

An hon. Member: Stanley remembers it!

Mr. Munro (Esquimalt-Saanich): You were here!

Mr. Malone: Was it long in committee?

Mr. Knowles: I was not here. At least, I was not present in this chamber. Of course, this chamber was not here; it was another building in those days. However, this did prompt me to go into the library and look up the *Hansard* of 1908, and I found one or two things which, to me, were quite interesting.

• (1500)

I have known for a number of years and I have recounted several times, that on the day I was born, June 18, 1908, this House debated and passed the first piece of legislation providing anything in the way of pensions for the general public. It was the Government Annuities Act, so I suppose there is some connection between the fact that on the day I was born that bill was passed.

What did this House do the next day, June 19, Mr. Speaker when, no doubt, this House had learned that I had arrived in this world? It gave first reading to the Juvenile Delinquents Act. I am sure I must have complained and howled about it but I suppose if I see some meaning in the Government Annuities Act being passed on the day I was born, I have to admit that there could be some meaning in the Juvenile Delinquents Act being given first reading the very next day!

Then my interest led me to turn to the pages of *Hansard* and consult the index to see what I could learn about the debate on the bill. It took place on July 8, 1908. That was the entire debate as far as this House was concerned. There was no debate on second reading, and no debate on third reading. All of the debate took place in committee of the whole. Of course, members complained then, as they do now, about its being rushed through. But even those who complained about its being rushed through did not try to stop it.

The entire debate on the Juvenile Delinquents Act in 1908 covers four or five pages of *Hansard*. The printing in 1908 was a little smaller than it is now, but at best that is less than an hour's time given to this Juvenile Delinquents Act of 1908. Mind you, it had been debated in the Senate first and came to this House as a Senate bill. One or two kindred souls of mine were on the floor that day and complained about its being dealt with in the Senate first and asked why this House should be expected to pass the bill in a hurry just because the Senate had sent it to this House saying that this is the important House. That was a good thing to be said back in 1908, as it still is.

The debate was also interesting in that some of the things being said today were said then. The defence of the bill on the government side, which was Liberal, as it has been for most of this century—it is time for a change—was to the effect that it was time to remove our little "boys and girls", as one member referred to them, from legislation such as the Criminal Code. It was an attempt to find a way to provide for more rehabilitation and to give our little boys and girls, or young children, a chance.

The Tories from the other side did not like its being rushed through. It certainly was rushed through because it was done in an hour. We have spent four days on second reading! Things change but they do not change that much, do they?

The argument of the opponents on the Tory side of the House, was that it was unfair to boys and girls to make them the subject of special legislation; after all, if they were old enough to commit crime, they should be covered the same as ordinary criminals but that for the most part, children were the responsibility of their parents.

I am not quoting from the debate of the last three of four days, Mr. Speaker. I am referring to things that were said in this House 73 years ago this July 8. I throw that in for a bit of Friday afternoon interest.

I certainly express the view that I am sure all of us agree with, that regardless of what happens to human beings who are around for 73 years, certainly a piece of legislation that has been around that long needs to be reviewed and recast. I hope that as a result of this debate on second reading and the detailed consideration that will take place in committee, we will come up with a piece of legislation in 1981 that will be an advance on what was passed the summer I was born.

Some hon. Members: Hear, hear!

Hon. Steven E. Paproski (Edmonton North): Mr. Speaker, it is always a pleasure to follow the hon. member for Winnipeg North Centre (Mr. Knowles). When I knew I was going to have to say a few words on the Young Offenders Act, I, too, checked with the Library of Parliament on the evolution of the Juvenile Delinquents Act.

My hon. friend spoke about 1908. I noticed that the first legislation adopted in relation to young offenders in Canada was the Act for More Speedy Trial and Punishment of Juve-

nile Offenders, enacted in 1867. I thought our hon. friend might have been there around that time.

Mr. Knowles: Speak for yourself.

Mr. Paproski: I am sorry; I forget it was in 1908 that the hon. member was born.

This enactment as well as legislation adopted in 1869 and 1886, was incorporated into the first Criminal Code passed by Parliament in 1892. These provisions ensured that the trial of young person under the age of 16 years took place apart from that of adults charged with criminal offences. Once convicted, a young person was to be detained in prison separate from adult criminals.

A comprehensive statute dealing with young offenders was not enacted until 1908 when the Juvenile Delinquents Act was adopted by Parliament. It was passed as the result of a concerted campaign by several child care workers and magistrates who were inspired by the youth court movement in the United States and the social reform ideas which were in vogue at that time. The act was adopted at the end of a parliamentary session after a relatively short debate.

In 1929—the year after I was born—Parliament consolidated the act by re-enacting the 1908 version with the amendments effected to it in 1912, 1914, 1921 and 1924. This consolidation occurred as the result of a federal-provincial conference on the revision of the juvenile delinquents act, held in 1928 in Ottawa under the sponsorship of the then minister of justice, Ernest Lapointe, the Canadian Council on Child Welfare and the Canadian Conference of Child Protection Officers.

Despite minor technical amendments to the Juvenile Delinquents Act by Parliament in 1932, 1935, 1936, 1947, 1949, 1951, 1972, and 1979, it is for all intents and purposes the same statute as that adopted in 1929.

That is a little bit of history. I think my constituents would like to know exactly what has been happening and why we are debating this Young Offenders Act today.

Over the past several years a number of publications and reports have been issued by the federal government addressing the problem of juvenile delinquency in Canada, particularly the inadequacy of the present law for dealing with this problem.

Despite the proliferation of documents citing both the desirability and need to update current juvenile law and recommending various proposals to bring about this long called for reform, such a goal has yet to be achieved.

The Solicitor General of Canada (Mr. Kaplan) considers the revision of Canadian juvenile law as a matter deserving urgent consideration. It is therefore his intention to introduce new legislation during the current session of Parliament to modernize federal juvenile law, to remedy existing deficiencies, and to reflect prevailing attitudes and practices.

The new legislation, to be known as the Young Offenders Act, is the result of extensive study and consultation by the federal government. I must say it includes many provisions drafted by the previous administration under the Right Hon. Leader of the Opposition (Mr. Clark). We, too, had a lot of input. The hon. member for Durham-Northumberland (Mr. Lawrence), who was then solicitor general, put this package together. Major associations and groups, private agencies and the general public were also consulted. This consultation process has had a major impact in formulating the underlying principles and the over-all substance of the proposed legislation. It is probably realistic to conclude that this consultation process has now yielded its maximum benefits. While it has become abundantly clear that unanimity on all aspects of the new legislation was not realized, consensus has been achieved on the need for legislative reform and on the major thrust and provisions of the proposed new legislation. Furthermore, the reforms in the proposed new legislation are long overdue and necessary for Canadian society as a whole and for our young people in particular. It is neither desirable nor justifiable to continue to administer juvenile justice in Canada under the outdated legislative prescriptions of the current Juvenile Delinquents Act, a statute enacted in 1908. Delays which continue to deprive our youth and the public of law in keeping with the times and incorporating those universally accepted elements of reform must cease.

• (1510)

I forgot to mention that I am delighted today to follow such eloquent speakers as the hon. member for Crowfoot (Mr. Malone) and the hon. member for Pembina (Mr. Elzinga), both of whom I admire very much. Their eloquent speeches today have added much to the input of this particular bill.

Some hon. Members: Hear, hear!

Mr. Collenette: Are you running for leader?

Mr. Paproski: No, I have a very good leader. As the hon. member for Winnipeg North Centre has just said, I am just running in my own little riding and I am happy to look after my constituents, who are not juvenile offenders. They are very youthful, but they are not juvenile offenders.

Mr. Malone: And none of them are Liberals.

Mr. Paproski: I speak on this bill as a parent. I have five wonderful children, two boys and three girls—

Mr. Malone: And they are all Conservative.

Mr. Paproski: —all of whom are Conservative, that is right. I know they will be watching me on television, so I want to say good afternoon to them.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: I hope the hon. member realizes that he should address his remarks to the Chair.

Mr. Paproski: Mr. Speaker, I knew I was addressing the Chair and I would now like to address all the constituents in Ottawa West on your behalf.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Pepin: What about Ottawa-Carleton?

Mr. Paproski: In affording society protection from illegal behaviour, it is to be recognized that young persons require supervision, discipline and control, but also because of their state of dependence and level of development and maturity, young persons have special needs and require guidance and assistance. Where it is not inconsistent with the protection of society, consideration should be given to using alternative social and legal measures for dealing with young persons who have committed offences which come within the jurisdiction of this act.

In determining the responsibility of young persons under this act, it should be recognized that young persons have rights and freedoms, including those stated in the Canadian Bill of Rights; particularly the right to be heard and to participate in the processes that lead to decisions which affect them, as well as special guarantees of these rights.

In the application of this act, the rights and freedoms of young persons include the right to the least interference with freedom, having regard to the protection of society, the needs of young persons, and the interests of their families. Young persons have the right, in every instance where their rights or freedoms may be affected by this act, to be informed of what those rights and freedoms are.

It is recognized that parents have responsibility for the care and supervision of their children. Therefore, young persons should be removed from parental supervision, either partly or entirely, only when all other measures that provide for continuing parental supervision are inappropriate.

Let us look at some of the major substantive provisions of the proposed legislation. I am not a lawyer, but those of my colleagues who are in the legal profession who have assessed this bill very carefully, have told me what has happened. I am told that the provision dealing with offences is in keeping with the recommendation of the Law Reform Commission of Canada to exclude less serious conduct from the application of the criminal law, conduct that could better be dealt with through our social or legal means. Thus it would remain for the provinces to amend existing child welfare and youth protection legislation if necessary to deal with less serious status behaviour and to establish the process by which provincial and municipal offences would be dealt with in the future.

In addition, it would remove one of the more discriminatory and highly criticized features of the Juvenile Delinquents Act whereby certain types of behaviour by young persons are criminalized, although the same behaviour for an adult would not constitute an offence.

I shall now deal with the provision on the age of applicability, in other words the minimum age. Under the proposed new legislation, the age of criminal responsibility would be raised from 7 to 12 years. It was universally agreed that under the current Juvenile Delinquents Act the age of 7 was too young for criminal proceedings. Fourteen years of age was suggested by two provinces; the remaining provinces and the majority of other persons consulted favoured 12 years. Furthermore, statistics indicate that a significant number of youths aged 12 and 13 are in conflict with the law.

Let us look at the maximum age. While the federal government recognizes the desirability of standardizing a maximum age across the country, the consultations, while also favouring a uniform age, have failed to achieve agreement as to what that age should be. The Solicitor General recommends that the new legislation provide for a uniform maximum age under 16 years. This would appear to be in accord with the preferred view of the majority of provinces as well as that of most groups and persons consulted. Nevertheless, this should be left to the jurisdiction of the provinces.

The Solicitor General is prepared to consider the establishment of a uniform maximum age at a level under either 17 or 18 years in the event that agreement among the provinces can be achieved. It should be noted that under the Juvenile Delinquents Act, the maximum age is set at under 16 years with provision for the establishment of a level of 17 or 18 years in any given province. Currently the age level in the various provinces and territories is as follows: Under 18 years in Quebec and Manitoba; under 17 years in British Columbia and under 16 years in all remaining provinces and territories. In Newfoundland, where the Juvenile Delinquents Act does not apply, the age under provincial legislation is 17 years.

I consider the involvement of parents to be very important. The new act will recognize the primary responsibility of parents for the care and supervision of their children and the necessity for their involvement in the judicial process. Parents would be notified of proceedings, encouraged and, when necessary, ordered to attend. As well, parents would be allowed to make representations regarding the disposition and application for a transfer to adult court or a review of any disposition.

I now come to legal representation. In contrast to the Juvenile Delinquents Act which is silent on the rights of young persons, the new legislation would expressly articulate the rights afforded them. The right to retain and instruct counsel at any stage of proceedings, including instances when diversion measures are considered, would be recognized and protected by special provisions. For example, parents would be notified of any arrest or detention proceedings against the young person; all summons or warrants directed to a young person would contain a notification of a right to cancel, and youth court judges would be required to advise a young person appearing before the youth court of his rights.

• (1520)

Of course, in cases of conflict of interest, the young person would have counsel independent of his parents.

I wish to thank the hon. member for Saskatoon West (Mr. Hnatyshyn) for his legal consultation. We had some close collaboration so that I could put forward these remarks in the debate this afternoon.

An hon. Member: Did he write your speech?

Mr. Paproski: He did not write my speech but, with his great legal mind, he did permit me some consultation without charging me a fee.

Mr. Hnatyshyn: The advice was worth what he paid for it.

Mr. Paproski: That is what some of the lawyers in this House should do. Instead of charging fees, they should give their services free. After all, they are members of Parliament.

The provision on predisposition reports and assessments is only a paragraph or so long. The legislation will permit greater use of assessments and predisposition reports. In appropriate cases where one or more of the following conditions are present, namely physical or mental illness or disorder, learning disability or mental retardation, medical examinations and psychological or psychiatric assessments will be undertaken when ordered by the youth court.

Predisposition reports will be mandatory when an application for transfer to adult court is being considered and prior to the imposition of any custodial sentence.

With regard to screening and diversion, the hon. member for Yukon (Mr. Nielsen) gave a dissertation on that subject this afternoon. I will not go into that part of the bill in the short time available to me. Maybe my learned colleague will speak on that.

I would now like to deal with detention of young persons prior to a court disposition. The young offenders act would set out a precise procedure to be applied when detention of a young person is being considered. In this regard, it proposes that the rules and criteria regarding bail as set out in the Criminal Code should apply, with some modifications to meet the special circumstances of young persons. Legislation would also require that parents be notified, and it would provide that, as a general rule, young persons who are held in detention be kept separate and apart from adult offenders. The youth court would have jurisdiction to hear all bail applications concerning any offence involving a young person and would have the power to release the young person in the care of a responsible adult in lieu of detaining him in custody, where it appears that adequate control can be exercised and the attendance of the young person can be guaranteed. With regard to this phase of the legislation, I had close consultation with my colleague, the House leader from this side, the hon. member for Nepean-Carleton (Mr. Baker). I wish to thank him for that part of my dissertation this afternoon.

Let us next consider the transfer to adult courts. There will be exceptional cases where the proposed legislation for dealing with young persons must be overridden because the gravity of the case demands an exception to the philosophy and practices of the youth court. In such cases, new legislation would provide explicit guidelines and procedures for the transfer of cases to adult court. As such, the proposed transfer provisions would apply only to young persons age 14 and above, as is the case under the Juvenile Delinquents Act, and in addition, would set out detailed factors for consideration by the youth court judge in arriving at a decision whether or not to transfer the case to the adult court. Consideration of a predisposition report would be mandatory prior to making a transfer order.

Let us look at dispositions. The proposed legislation would make available to the youth court a wide and flexible range of sentencing dispositions geared to meet the needs of young persons, to protect society and to take into consideration in appropriate cases the rights of the victims of crime. The dispositions available are an absolute discharge, a fine to a maximum of $1,000, a restitution or compensation order for actual loss or damage to property, loss of income or special damages arising as a result of personal injury; order for compensation in kind or by way of personal service, community service order, probation to a maximum of two years, committal to intermittent or continuous custody not to exceed two years, provision for ancillary conditions, that is an order of forfeiture of illegally possessed goods, prohibition of firearms, etc.

It is worthy of special note that all dispositions would be of a determinate nature and that the youth court would retain exclusive jurisdiction over the case of a young person. It would not be possible to transfer jurisdiction of the case to provincial law and authorities, as is now the practice in some cases under section 21 of the Juvenile Delinquents Act. In such cases, a young person does not remain subject to the jurisdiction of the juvenile court but is further dealt with solely pursuant to provincial law. As criminal legislation, the proposed act acknowledges that this practice should be discontinued, as the judiciary is seen as that body which should decide the extent to which custodial and other measures depriving a young person of his liberty and freedom should be utilized to ensure the safety of communities and its citizens. Once a judicial sentence is pronounced, it is inconsistent that such decisions be unilaterally altered by provincial social service or correctional authorities. Furthermore, a young person should have ongoing access to the court for purposes of review.

On the other hand, in order to afford provinces sufficient flexibility to plan and implement effective programming for young persons serving custodial sentences, the provincial director would, following committal to custody by the court, have the authority to determine the level and place of custody in which the young person should be held. Custody would be broadly defined to mean containment or restraint in a variety of places or facilities ranging from group homes, community training residences, wilderness camps and child care or correctional institutions. The meaning of custody is intended to be flexible so as to allow movement within programs and facilities, as well as temporary releases to the community, without judicial approval. In addition, the new legislation would provide a procedure for the release of a young person from

custody on supervised probation in the community for the balance of his sentence.

Here is a perfect opportunity to provide recreational assistance to some of these juvenile offenders. The government now receives $30 million annually in lottery funds, and probably with the connection with the CPI they will have $35 million next year. Half of that is to go into recreational athletic endeavours and the other half to the arts. All of this was part and parcel of the Conservative government under the Right Hon. Leader of the Opposition. These moneys were to fund young amateur athletes, and were not destined solely for the Western Canada Games. It was proposed to serve all of Canada. The moneys are there. I do not know whether they are going into general revenues or whether something is being done with them. The athletes are now saying to me there is no problem, they have all the money they want, but the minister gives no direction. He does not know where to put the funds. It would be a shame if in Ottawa West, Mr. Speaker, they could not build a little covered community centre.

• (1530)

As hon. members probably know, during the winter facilities for recreational skating are not available. These covered community centres could be constructed as permanent structures so that parents would not have to take their children skating at five o'clock in the morning or at eleven o'clock at night, as they do when there are only two or three little skating rinks. In Nepean-Carleton and I am sure in London East—

Mr. Turner: Keep them skating.

Mr. Paproski: I intend to stay on the subject, but this has to do with keeping children off the streets. The minister keeps saying that if we had kept Loto Canada, we would have had $85 million. No one, not even the Privy Council office, the Prime Minister's office or the Department of Justice, all of which are familiar with lotteries, can say to me that $85 million could be made. We are receiving $30 million annually from the provinces, whether it be from bingos, lotteries, tic-tac-toe, 6-36 or whatever. It really does not matter what they have.

We do not have to put out a penny. It is the only really good revenue we get. It is $30 million net. Half of it is supposed to go into arts and half to sport, and athletes are not seeing this money. We in western Canada now have $160,000 cut off annually. That amount was to be put into the fund for the Western Canada Games. It was budgeted until 1995 for that small little item. I just cannot believe it. We do the same thing for eastern Canada. We do the same thing for Quebec and Ontario. Why should we cut off one part of Canada at this time when we should be living as one great big family?

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: Somebody speaks for young people in this country, Steve Paproski.

Mr. Knowles: Now to get back to the bill.

Mr. Paproski: Now to get back to the bill—

Mr. Blais: Give us a song and dance.

Mr. Paproski: I can give you a song and dance. It is Friday afternoon, and I am glad Your Honour gave me leeway, but I get tired of hearing that if Loto Canada remained, we would have received $85 million. That is a bunch of—

Mr. Knowles: Careful.

Mr. Paproski: —balderdash. No one in the Privy Council Office knows what it is even to buy a Wintario ticket or a Super Loto ticket. Hon. members should remember that May 31 is coming. They should buy one of those tickets. They might become millionaires. It hurts me when I know that we made a good deal for the government, but this government is putting the money into general revenues and not supporting the youth of this country. That is what really hurts. The hon. member for Bourassa (Mr. Rossi) is a former policeman. He knows it is a good deal.

Mr. Rossi: Mr. Speaker, on a point of order—

Some hon. Members: Oh, oh!

Mr. Paproski: Does the hon. member want to say a few words? Let him go ahead.

Mr. Deputy Speaker: Order, please. I know the hon. member is discussing the Young Offenders Act, and I look forward to his contribution.

Mr. Paproski: Thank you, Mr. Speaker.

There is provision in this bill for appeals, the privacy of youth court proceedings, fingerprinting and photographing. I think my colleagues might want to deal with those matters, but one thing which is of real importance to me, to many parents and many social workers, is the appointment of judges. It has been suggested that Canada adopt the European system of appointing juvenile court judges. In Europe judges are trained as career judges. They are not appointed from the bar, as is the case in Canada. Previous practice of law, is, of course, an indispensable asset to a juvenile court judge. However, in addition to this experience, all juvenile court judges should have an extensive knowledge of social sciences. Not only should they have extensive knowledge of social sciences but they should also be former parents. They should have had children. They should know what the responsibilities are.

Special training programs should be developed. In addition, periodic consultation sessions involving judges, provincial authorities, lawyers, police and behavioural scientists would allow for valuable information flow and provide access to new trends and developments in law and social sciences.

The Minister of Transport (Mr. Pepin) is a very learned man and a director of one of the fine universities here. He should pass this suggestion on to some of his colleagues. People other than just people in law should become judges. Particularly for juvenile court judges there has to be a human dimension.

Not everything is just found in the book. Not everything is writs and torts. Something has to come from the heart. One has to see and assess. Members of Parliament live with their constituents. They listen to confessions weekend upon weekend. They know what all the problems are about. Perhaps former members of Parliament should have first right of refusal. Members of Parliament see these cases. Perhaps the Minister of Transport will want to make that pronouncement in the next cabinet meeting, and perhaps the Prime Minister (Mr. Trudeau) will take note.

It seems strange that the report of the Solicitor General's committee on proposals for new legislation is silent in this regard. Surely the duties and responsibilities of the youth court are as vital and as far-reaching as those of any court in Canada.

In conclusion—and in retrospect—the Juvenile Delinquents Act in action has established a reasonable track record, as its length of tenure will testify. Most of the potential abuses and incursions upon the basic rights of young people when they have occurred—and when they have been appealed—have been quickly corrected in the higher courts.

The bulk of the recommendations which are going to the committee are addressed to technical and procedural matters, and I hope when this bill goes to the Standing Committee on Justice and Legal Affairs, a close look will be given to the bill and many of the new recommendations will be included.

Even if limitless resources were available, perhaps the present system would remain inadequate because it is unable to treat the whole problem. The whole problem concerns problems of education, recreation, religion, health and parental supervision. These problems cannot be solved by due process. We need fully organized community resources which can view and understand the needs of a child as part of a larger whole, the family and its community. The family situation of the juvenile alone is worthy of another half hour. If the family does not stay together, all these problems are bound to occur, but I do not think I will go into that this afternoon.

Mr. Hnatyshyn: Third reading.

Mr. Paproski: Perhaps at third reading I will be able to say a few more words about that.

At the present time we have dozens of different governments involved as well as countless numbers of private individuals and agencies. There is a lack of communication and, in many instances, fragmentation and mistrust.

It is obvious that in order to implement the proposed legislation there will have to be a reorganization of existing programs and services and the development of a variety of new services. In this day and age that situation changes from month to month. There is a new morality, and we must look at the matter in that light.

I will conclude by saying that I appreciate this opportunity to speak on this matter. I hope to speak a little more about the family unit perhaps at third reading.

Some hon. Members: Hear, hear!

• (1540)

Mr. John Bosley (Don Valley West): Mr. Speaker, the hon. member for Edmonton North (Mr. Paproski) several times during his speech looked over to indicate he would be more than prepared to make room for more time for me to speak. I would like to say to the House and to him, that, as a relatively new member, I enjoy listening to him more than I enjoy listening to myself. His wisdom and sense of these things is of great counsel to those of us who are relatively new.

Some hon. Members: Hear, hear!

Mr. Bosley: I must say, Mr. Speaker, that I am a little worried about the precedent which you allowed him to set, because I am forced to follow the hon. member by simply looking at the camera and saying: "Hi, mom". If we are going to start this precedent of members speaking directly to their families through the cameras, we may have some difficulties in future. I would have to follow that by saying: "Yes, I am going to be home on Sunday for dinner."

Mr. Deputy Speaker: With all due respect to the hon. member, the Chair did attempt to correct the situation, as the Chair must do again now.

Mr. Bosley: Well, Mr. Speaker, you have to know my mother. I am hoping you end it there forever. I think that would be the simplest way to put it.

I should also say, through you, Mr. Speaker, in response to a phone call I received today from a couple of constituents who said they would be watching and who said they are opposed to this bill, that I and my party are not opposed to this legislation because, notwithstanding its title, their suspicion that the title of the bill suggests a raise in pensions for Liberal backbenchers, is unfounded. It is in fact a bill dealing with an entirely different matter, and I think that should be made clear to the audience, Mr. Speaker.

Mr. Collenette: Is this an audition, John?

Mr. Bosley: It is certainly a bill of some importance to all members in the House, and perhaps most specifically, as the parliamentary secretary opposite would know, to those of us who represent urban ridings because there is, for anyone who follows what is happening in a centre such as metropolitan Toronto, a serious concern about the rise of crime among adolescents and particularly the rise in violent crime among young people. One of my colleagues earlier in the debate made an intervention at some length on this question, and there are a number of quite scary statistics which the hon. member for Edmonton-Strathcona's (Mr. Kilgour) listed in his remarks which are well worth reading and actually were drawn from one of the speeches made in the Senate. It is therefore extremely timely that a bill that originated in 1908 should now be before the House for review.

I would like to say just a few words about the amendment before the House, but before I do so perhaps I could indicate

my strong view that the need for this bill is overdue. Many of its provisions, which finally recognize children and young adults as persons, are extremely welcome in this day and age. I speak specifically of the provisions with regard to bail and the right to counsel, most specifically those that would formalize and regularize to some degree the ability of a court to apply the tactics that lawyers—not being one I use the phrase advisedly—describe as diversions. Frankly, we have had some experience in our juvenile courts in this country, some in Toronto specifically, with attempts to show young people that the right response to a wrongful act—and it is at least to some degree their responsibility to understand that they have committed a wrongful act—is to avoid as far as possible putting those people in official institutions. The reason is that there is very clear evidence that if we can avoid putting people in institutions, we have a much greater chance of avoiding a long-term problem. I am thinking specifically of some remarks made earlier in the debate by the hon. member for Peace River (Mr. Cooper) when he referred to some very important evidence in an essay entitled "Middle Class Delinquency" by a Mr. Leblanc and also evidence from a Mr. Letkemen laying out very clearly the effect of a policy that leads to a substantial number of young people finding their way into reformatories as a method of trying to solve the problem. The evidence is clear that if we continue this policy we will create in the future an ever larger group of criminals.

It is for that reason specifically that I welcome the formalization of the provisions of diversion that would allow the courts to find alternative methods of giving young people an understanding that they have done something wrong and must pay for it, without having to put them into jails or reformatories. I think that is vital.

I should, however, like to put one other matter on the record which was referred to earlier. It is with regard to a provision in the act concerning bail and evidence rights, a provision about which I am somewhat worried and which I hope will be raised in committee. It is referred to elsewhere in *Hansard* but I want to make sure it is known that I feel this way about clause 56(3) which states:

> The requirements set out in paragraphs (2)(b), (c) and (d) do not apply in respect of oral statements where they are volunteered by the young people to a peace officer or other persons in authority before that person has had a reasonable opportunity to comply with those requirements.

I have a feeling, Mr. Speaker, that this provision leads potentially to some very difficult circumstances, and I hope it is checked thoroughly in committee because I find it hard to believe that we would expect somebody who is 12, 13 or 14 to have any sense of his rights under the law prior to speaking to his lawyer. I hope that that clause will be either removed or modified in such a way that that potential loophole for the misuse of evidence is closed.

Perhaps the most important matter before us today, as I indicated when I started my remarks, is the amendment put by the hon. member for Durham-Northumberland (Mr. Lawrence) dealing with what he described, and we as a party believe to be, as the major problem in the bill. We have stressed this over and over again, and I know other hon. members are aware of how we feel about this, but I think it is absolutely vital that it be made clear that it is very difficult for us to accept the idea that the age at which one is no longer a young person before the law shall be different from province to province.

There is no great magic as to why we are opposed ot it. The reason is very simple and it was stated most clearly by members in this House who described the different circumstances of someone who stood on one side of the bridge from Ottawa to Hull and committed an offence, and someone of the same age on the other side who committed an offence. One might be an offender under the law while the other might not be if the provinces adopted different laws or had opted out differently. Clearly that is wrong. Surprisingly it is not wrong in the eyes of a government which has maintained throughout the constitutional debate that it is precisely those opting out provisions on rights that are, at least in their view, the reason for moving so quickly and unilaterally on a charter of rights.

If you believed, Mr. Speaker, that the need to enshrine rights across this country is so important that we should adopt the unilateral process which this government has adopted, a process which is divisive in a country used to operating as a partnership, you would think the government should take the position that it wants to bring in this bill with provincial consent provisions relating to a fixed common age. My personal view, for the reasons I expressed earlier, about keeping people out of the formal institutions, is that the age should be 18 not 16. I am cognizant of the fact that the problem has been to get provincial consent and it may be that, for other reasons, there will be consent to the age of 16. I only wish that the government had obtained that consent before drafting the bill because what we will be forced to deal with, if this bill is not changed, is a different application of the law with respect to the same crime, if that is not too harsh a word for what we are talking about, and that seems to me to be a shame.

Let me therefore conclude my remarks, Mr. Speaker. I did not intend to speak very long today and will not do so because there are others who wish to speak as well, but certainly in a centre like metropolitan Toronto this change in our legislation will be extremely welcome. I will support anything that makes our young people bear the responsibility for their actions and at the same time keeps them out of the formal institutions which produce more criminal behaviour, because it can only be in our long-term interest to try to make our young people understand they must not break the law, but at the same time to make sure we do not turn them into criminals.

● (1550)

Hon. Ray Hnatyshyn (Saskatoon West): Mr. Speaker, this afternoon we have heard some presentations from the outstanding contingent in my party from Alberta. This should be a matter of some interest to hon. members on the government side who think that western Canada is a place where they would like to make gains, but unfortunately their policies in many respects do not help them in that regard.

I was the lead-off speaker for my party on this particular legislation, but in conclusion I want to speak on the amendment put forward by the hon. member for Durham-Northumberland (Mr. Lawrence). It is important to consider what has transpired during the course of this debate. I want to register my dismay and dissatisfaction with the manner in which the government has handled this piece of legislation.

As I pointed out when I led off the debate for my party, the basis of this legislation has been before the government for a considerable number of months. In fact the predecessor to the present Solicitor General (Mr. Kaplan) tabled before the House of Commons a paper in which, in essence, he set forth the principle upon which the legislation is based. The entire matter languished on the desk of the Solicitor General for some 18 months before he brought forward the legislation for debate. The fact of the matter is that he chose a time when the critic for the Solicitor General in our party was not in the House. At that time he made a great issue about the responsibility of the hon. member to attend in the House of Commons to deal with the legislation.

This irritated me greatly at the time because there had been preliminary discussions in which I told the Solicitor General about the absence of my colleague. He proceeded, notwithstanding my discussion with him. I have followed what has taken place since that time. The Solicitor General has been here for only a fraction of the time that this matter has been discussed on the floor of the House.

We had an awful time getting a response from the government side to the amendment. After much pressure from our side, his parliamentary secretary was moved to make a short address in which she stated the position of the government with respect to the amendment. Since that time there has been no participation on the government side.

This is an important piece of legislation. I am anxious to get it into committee as quickly as possible so that we can conduct a detailed investigation. But what does Parliament mean? Parliament provides an opportunity for discussion on both sides of the issue. The government should be prepared from time to time to answer questions raised with respect to legislation and to give its views on the floor of the House of Commons. But hon. members opposite sat quiet, silent, unresponsive and insensitive to the issues relating to young people in the country.

My objection is to the way in which the bill has been carried. There was an attempt to rush it through when the critic of the official opposition was not here. With due credit to hon. members of the New Democratic Party, they made very articulate and thoughtful speeches with respect to the implications in this legislation and the kinds of improvements they would like to see. Government members sat mute and silent when members on this side dealt with an issue which affects such a great segment of our population.

I wanted to put that on record because important issues are raised by the amendment. I am disappointed with the position taken by the government. It is not prepared to look at the merits of the amendment of the hon. member for Durham-Northumberland. The hon. member for Don Valley West (Mr. Bosley) pointed out in a very short period of time that this government should give priority at least to bringing some consistency across the country, as opposed to the bulldozer approach it has taken on the basic constitutional issue.

I am glad to see the government House leader in the House this afternoon. The government would be well advised to make inroads with respect to consistency rather than using its bulldozer approach to every issue of federal-provincial concern in the country by saying, "Henceforth we will have uniformity across the country. Regardless of whether you are from Gaspé or Saskatoon West, you will march to the same drummer. There will be no concern with respect to regional differences and aspirations." That is the attitude of the government. It is a blockbuster, blockhead approach to politics in Canada.

My colleagues have said that we think the federal government should assert itself on this issue. There is an important distinction in the attitude of the two parties. In fact, a significant minority in the NDP has taken the same position with respect to the whole constitutional issue.

I want to ensure that this bill goes to committee. We now know what are the circumstances. The committee is occupied with the freedom of information legislation about the improvement of which hon. members of my party, under the leadership of the hon. member for Nepean-Carleton (Mr. Baker), are making constructive suggestions. The committee will be concerned with that piece of legislation for a week or two. I want to put the government on notice that it is our considered opinion that immediately after this stage of our deliberations we should have an opportunity to hear representations in committee from people affected by this legislation. We cannot summon the representatives of the provinces before the committee; it would be improper to do so. We should give notice—and perhaps by this speech I will be giving notice—to provincial authorities that we welcome their input with respect to the improvement of the operation of the bill. We should listen to these people, if they are prepared to come and give evidence before the committee. We should take an intensive look at the bill. We in this party are very anxious to make progress. The matter has languished on the desks of Liberal solicitors general for over ten years.

For the short time we were in government, at least we took the initiative. The hon. member for Durham-Northumberland took legislative action and put the proposal before Parliament at the earliest possible date.

With those very few words, I remind the House about our dissatisfaction with the manner in which the government handled this particular piece of legislation—its silence, indifference and insensitivity.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: The question is on the amendment. Is it the pleasure of the House to adopt the said amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: All those in favour of the said amendment will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Deputy Speaker: I understand that an earlier agreement was made in the House that the vote will be deferred until Tuesday, at a time to be determined by House leaders.

Some hon. Members: Agreed.

Mr. Deputy Speaker: It being 4 p.m., the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely, notices of motions, public bills and private bills.

• (1600)

PRIVATE MEMBERS' MOTIONS

[*English*]

HEALTH

PROPOSAL FOR A NATIONAL NUTRITION PROGRAM

Mr. David Orlikow (Winnipeg North) moved:

That, in the opinion of this House, the government should consider the advisability of supporting in principle the implementation of a national nutrition program to be funded jointly by the federal and provincial governments, which program would

1. improve the health of young Canadians;

2. help educate children and parents as to the value of proper nutrition; and

3. help eliminate any surplus of nutritive foods produced by Canadian farmers.

He said: Mr. Speaker, the motion which I have proposed today is one which I can take no personal pride in conceiving. It is an idea which has been proposed by some of the most knowledgeable and responsible people in this country. In March of 1973 the National Council of Welfare published a document entitled "one child, one chance". In their report they proposed the following:

That a nation-wide system of school meals be established for all our children, as a preventive health service, on a federal-provincial cost-sharing basis. Where funds do not permit the establishment of universal programs from the outset, first priority within such a system should be given to the initiation of school breakfast programs in disadvantaged areas and in areas where children must travel long distances to reach school. Where such programs can be initiated only in stages, we wish to see nutritious meals provided first to the youngest children.

The report by the National Council of Welfare was followed up by a report prepared by the federal-provincial nutrition committee of the Department of National Health and Welfare entitled "Guidelines for School Food Programs in Canada". This report was published in June of 1976. In outlining the rationale for improved school programs they said in part:

The need for school food programs has always been of concern to parents, educators and health workers and has recently become an important issue in all parts of the country. This has been pinpointed in the recommended priorities of the Nutrition Canada reports—

The report went on to say:

The consequences of poor nutrition have a significant effect on the ability of students to benefit from their school education.

School nutrition programs are not unheard of in Canada. In the city of Winnipeg there have been such programs since 1975. The program began in Winnipeg after a good deal of controversy with a $290,000 budget. Some 650 school children were provided with lunches at school. At that time the program was attacked, but today, because of demonstrated need, the program has a budget of $407,000, 50 per cent of which is provided by the provincial government. About 1,700 children are receiving breakfast in 25 schools at a cost of $127,000, while 6,000 receive nutrition education. Despite this, it has become common knowledge, as reported in the daily Winnipeg newspapers, that so great are the needs that many children are appearing at agencies such as the Salvation Army, and other core area institutions, to obtain food on weekends and holidays. The city and the province are so concerned about what will happen this summer when the schools are not functioning that they have established a special committee to look into the problem.

The schools of Montreal have had a nutrition program for a number of years. I have in my hand a document dated "Spring, 1976" entitled "Nutrition/Education". The first paragraph of the document reads:

The School Council of the Island of Montreal has officially adopted a subsidized food policy: its aim is to make students familiar with the basic principles of good nutrition.

The document goes on:

Why a food policy?

It is a well known fact that a person's state of health influences his behaviour and energy, and that good eating habits can promote better health.

In outlining what they do, the Council said:

—school cafeteria menus must conform to the document . . . Nutrition in Schools, published by the Quebec Department of Social Affairs;

I find the following remark very interesting:

—school cafeteria menus will no longer include:

—deep-fried foods such as french fries, do-nuts . . . , sugary foods that cause tooth decay such as candy, soft drinks, chewing gum, potato chips—

Not only is the Council providing feeding programs but it is trying to educate the students as to what kinds of foods they should eat. They encourage the students to stay away from junk foods which are so often eaten in today's hurried society.

Since 1976 in the city of Toronto, the Toronto Board of Education has had policies assisting school and community organizations in the implementation of lunch and school-aged day care, which are referred to in their policy as "comprehensive care programs". Currently, 59 schools offer lunch programs and 22 schools offer school-aged day care. In a survey of 106 elementary schools conducted on December 1, 1975, by the curriculum program division of the Toronto Board of Education it was reported that 76 elementary schools were taking advantage of lunchroom supervision assistance. The board, in its report, outlined the kind of nutrition programs they have. They have a variety of programs, Type A to Type E, as follows: type A provides a bag lunch; type B consists of soup, milk, apple, plus a bag lunch; type C consists of soup, milk, apple, plus a bag lunch; type D consists of a hot meal catered or cooked at the school; and, type E is also a hot meal either catered or cooked at the school.

The reason that the cities of Winnipeg, Toronto and Montreal have such programs, and I am sure I could add a number of other cities to the list, is that they know how much these kinds of programs are required. I have already indicated that in my own city of Winnipeg, despite the fact that we have had school nutrition programs in 20 or more of the core area schools, it is now becoming apparent that there are still elementary school children who are not receiving the kind of nutrition they need. Indeed, in a full-page article which appeared just a couple of weeks ago in the Winnipeg *Free Press,* the principal of one school reported:

George Heshka, chairman of the Winnipeg school board's nutrition extension committee, took an inner-city student to lunch one Monday many months ago and still recalls what he learned.

He saw the hamburger fast disappearing and asked the youngster what he had eaten the day before.

"Mr. Heshka, I didn't eat anything," came the reply.

"Why not?" Heshka asked.

"Because yesterday was a holiday and you don't eat on holidays."

I could go on, Mr. Speaker, but the facts are clear that in my city—and I am sure the facts are not different in many other cities—agencies such as the Salvation Army and the Rossbrook centre, and many others, are finding youngsters who are simply not receiving at home the kind of food they need, which is affecting their attendance at school.

• (1610)

It is affecting the kind of attention they can give to their classes. It is having a disastrous effect on their physical and mental health and on their ability to absorb the kind of education which they ought to be able to receive.

There is one other reason as to why I believe such a program would be useful, not only to the children who attend our schools from one end of Canada to the other, but also to Canadian farmers, and would improve their lot in a substantial way. We have or have had substantial surpluses of most of the major food products produced on Canadian farms. Let me just list some of the food items which, in recent years, have been in surplus amounts. There have been surpluses of butter and skim milk powder. I am told that last year 130 million pounds of skim milk powder were sold to countries outside of Canada at a substantial loss in order to remove the surplus. We had substantial surpluses of evaporated milk which we again sold to foreign countries at a loss. We are now running a surplus of 750 million dozen eggs a week. We are losing about 40 cents a dozen when we sell them on the world market. We have or have had surpluses of apples, potatoes, onions, carrots, pears and peaches. I am sure that the list which I just read is not a complete list of the surpluses we have or have had of farm products in recent years. Many of these products have been purchased, processed and stored by the Agricultural Products Board, which is a division of Agriculture Canada, and have been sold at a loss.

So, what I am suggesting is that if this kind of program were funded jointly by the federal-provincial governments, not only would it help to improve the nutritional standards and the health of our young people in this country who are attending our schools, but it would also help, in a marked, substantial way, to stabilize the purchase and the use of the surplus food products which are being produced in this country by Canadian farmers. I could compare this in a small way with the success which the United States has had in disposing of a substantial part of its surplus agricultural products through its food stamp plan. Through this program, millions of American citizens in the lower income groups have been able to supplement and improve their diet through the purchase of surplus food produced in the United States at special reduced prices.

So without any further words on my part, I want to urge hon. members of the House to support this resolution which I think would benefit, as I have said, the young people in this country. At the same time, in a very practical way, it would benefit the farmers in this country who have been able to produce food in such substantial quantities that we have surpluses of many of our food products.

Some hon. Members: Hear, hear!

[*Translation*]

Mrs. Céline Hervieux-Payette (Parliamentary Secretary to Solicitor General): Mr. Speaker, it gives me great pleasure to discuss with my colleague, the hon. member for Winnipeg North (Mr. Orlikow) the subject of his motion, which, in my opinion, is essential to the future of Canadians, namely improving the health of young Canadians. I believe that no government member could object to such a motion. I would like to tell my colleagues about my experience within various organizations concerned with nutrition.

First, Mr. Speaker, as legislative secretary to the Quebec Minister of Social Affairs, I worked in close co-operation with departmental officials to develop a provincial nutrition program, and I should mention that I believe provincial authorities are primarily responsible for implementing a program in this area. At the time, we had identified target populations, because, when we deal with matters such as preventive programs or health improvement, as you are aware, Mr. Speaker, we are dealing with major issues and programs which aim at

changing the mentality of people, and they require a lot of time and money.

One of the target groups, Mr. Speaker, were future mothers. Under a prenatal program, these women received specific instruction concerning their own nutrition and that of their baby. Indeed, Mr. Speaker, I believe that it is in specific situations that a government can implement special programs designed to improve the health of Canadians. In that case, future generations of Canadians will benefit along with their mothers. I believe that at the time we were teaching the basic principles of good nutrition, which were certainly beneficial since statistics show a decrease in the number of infant deaths due to increasingly well-balanced diet. I shall not go into the details of these policies, Mr. Speaker, I believe that they are well administered provincially, but I think the Canadian government has urged the provinces to take specific action, by developing a comprehensive preventive policy.

I would like to refer to the policy statement made by the Hon. Marc Lalonde when he was minister of National Health and Welfare since, after all, he developed the elements of a policy which are still applied today throughout Canada, and I am proud to say, Mr. Speaker, even throughout the world. Indeed, the former Minister of National Health and Welfare also acted as consultant for the World Health Organization and described on the international level the Canadian experience and made statements of policy on behalf of Canada in this regard. We can therefore be proud not only that we have a policy in this field, but also that we have helped to improve health standards throughout the world.

Another group, Mr. Speaker, which benefits from a preventive or special education program is that of schoolchildren throughout Canada. This group is more easily reached. It benefits from special programs, and it is my opinion, Mr. Speaker, that an examination will show that each province has acted in the best interest of schoolchildren with regard to nutrition. I would like to refer in this regard to our experience in Quebec, since I can say that we have made significant progress in that area. And such progress is effectively related not only to the first object of the motion introduced by the hon. member for Winnipeg North (Mr. Orlikow) but also to the third point of his motion which is: "To help to eliminate any surplus of nutritive foods produced by Canadian farmers." Indeed, Mr. Speaker, I am pleased at last to note that after a few years, the Quebec government, in co-operation with school boards, has made it possible for young children in primary grades to get free milk at school.

We know that Quebec is an important dairy producer and I think that such policy is liable not only to promote agriculture and be an incentive to dairy producers but will obviously be used to teach basic nutrition to our schoolchildren. In that respect, as a former president of a regional school board, the regional school board of Le Gardeur, I can say that the implementation of that policy has worked smoothly for the benefit of every segment of our community. The youngsters who had not been informed by their parents about the importance of milk as a nutrient, were told about it at school and they will probably never forget those facts.

Of course, the addition of milk at school in the child's diet is but one thing. Each year, most Quebec school boards have a nutrition week during which all the basic teaching aids and all the tools of the school board are made available to the public in order to help young students become aware of the value of good nutrition. As far as we are concerned, one of the most successful experiments was a fruit and vegetable tasting at school, prepared in co-operation with the parents, the school committees and even the school cafeteria, which agreed to forgo the profits from one meal to give the students the opportunity to taste a variety of mostly Canadian vegetables and fruits which, for many students, often was a new taste experience.

We must not delude ourselves, Mr. Speaker, it is first and foremost in the home that the principles of good nutrition are learned, and in that respect I think we are fortunate in Canada to have such quality products available. We do not have to go that far back to realize how much the quality, the quantity and the variety of foodstuff have improved. In that respect, Mr. Speaker, I can recall my experience at Steinberg, where I was in charge of consumer relations. I can certainly say that the consumption of fruit and vegetables has increased markedly whereas there has been a decrease in the purchase of less nutritional foods. There has indeed been a per capita decrease in the quantity of meat consumed which has been compensated by an increase in the consumption of fruit and vegetables.

Mr. Speaker, I think that is the result of well integrated policies designed to educate the public and our young people in particular. These policies have indeed led to a change in eating habits. And I am certainly happy to see that the action of the federal government, supported by the provinces, has produced such positive results. In that regard, Mr. Speaker, it should be noted at this stage that the department of National Health and Welfare has made available to Canadian families a guide entitled *The Canadian Food Guide* or the *Nutrition Guide*, which is available from the members' offices in their ridings or through the department's information offices.

Finally, Mr. Speaker, I think it would be a good idea to urge all our fellow Canadians who have not yet obtained this food guide to get one. It is simple and easy to read. It provides a complete list of nutritive foods. Because I have a family, I intend, among other things, to find a place for this guide somewhere in the kitchen or stick it on the refrigerator door, so that everybody in the home may be reminded of the basic nutrients necessary for a good and healthy nutrition, and help those who might be tempted to indulge or, even worse, to overindulge, and also to make them understand that a healthy and well-balanced diet includes various types of foods which

are equally good, but which should complement one another. I do not want to go over each and every one of these nutrients, but simply urge all Canadian consumers to get this guide which, everything considered, shows the way to wholesome and well-balanced nutrition.

On the other hand, Mr. Speaker, I suggest it is important to show that when work in that field was carried out within the Department of National Health and Welfare there was consultation indeed. Of course, however significant the role of the Canadian government in that sector, it must be admitted that the means to reach the people are in provincial rather than federal hands. That is why I think the initiatives are excellent, but in the end they cannot be anything more than initiatives which may be encouraging and I do not believe that a massive campaign would totally change eating habits. People will agree with me, Mr. Speaker, that a simple reduction in the consumption of fat or sugar is not an easy goal to reach, nor something which can be accomplished overnight. It is always easier to make young children develop such habits than to try to change them in adulthood.

On the other hand, I think that most documents published by the federal department reveal that in this field there has to be adaptation. Sedentary working habits call for an eating pattern which differs from that of a worker in the field, in northern regions, in huge petroleum projects or again in construction. Those people who work 12 hours a day cannot follow the same standards and their eating requirements are different. Therefore certain basic principles have to be respected and I think that each person must still adapt the fundamental rules of nutrition to his activities and his age.

Mr. Speaker, I should like to point out that whatever initiative we may take in future it would be contrary to a liberal philosophy to resort to coercion in that field. Just as all people who are concerned by this question, including the hon. member for Winnipeg North, I think that the new trend toward eating frozen foods or fried foods—fast foods, as they are called—is indeed the latest fashion. Such foods are in great demand nowadays; perhaps they do require a little less preparation time, but still it is appropriate to sound a warning against an abusive consumption of those meals. I do not intend to belittle that type of food, but instead I would urge Canadians to show moderation in their intake of those foods because they do have a rather high fat content and such a steady diet might eventually lead to health problems.

So, Mr. Speaker, I agree that a nutrition policy is needed and must be implemented. Such a policy has already been enunciated by the Canadian government and various ways of carrying it out are being considered. On the other hand, Mr. Speaker, I feel it is important to take note of what is already being done and that is really what the pragmatic observations I have just made were intended to underline.

● (1620)

[*English*]

Today there is a set of nutrition recommendations which has been accepted as a base for programs by federal and provincial authorities. I should like to state these in point form, if you will permit me, Mr. Speaker.

The first recommendation would be the consumption of a nutritionally adequate diet as outlined in the Canada food guide. This is the first recommendation that we are following. The second is a reduction in calories of fat to 35 per cent of total calories. This includes a source of polyunsaturated fatty acid in the diet. The third recommendation is the consumption of a diet which emphasizes whole grain products, fruits and vegetables, and minimizes alcohol, salt and refined sugars. The fourth recommendation is the prevention and control of obesity through reducing excess consumption of calories and increasing physical activity. Precautions should be taken so that no deficiency of vitamins and minerals occur when total calories are reduced.

● (1630)

These recommendations as stated were accepted in a 1978 cabinet discussion paper called "Integration of Nutrition into Food Strategy". They are being implemented across Canada as a result of a series of consultations. A major consultation was with the provincial departments of health through the work of the federal-provincial subcommittee on nutrition. Once this consultation was completed over 50 national associations were asked to discuss, endorse and support the implementation of the recommendations. These include health groups such as the Canadian Medical Association, the Canadian Nursing Association, as well as the food industry, retailers and processors, and groups such as the Agricultural Institute of Canada.

The nutrition recommendations are becoming an integral part of nutrition programs across Canada. Implementing them into programs has highlighted the need to improve existing education programs. There has been confusion between the recommendations which represent our position and other goals, guidelines, and those from other organizations and countries. Many articles were prepared for journals in this country and others for Britain and the U.S.A.

In order to improve nutritional health, we have to learn more about Canadians' knowledge and understanding of nutrition. In this regard we are collecting information about what Canadians think and know about nutrition. For example, in 1979, the Department of National Health and Welfare undertook a study on nutrition. Over 1,600 Canadians across the country were interviewed. Most of them felt that a sensible diet was important to them. They defined a sensible diet as eating a variety of foods, eating at regular times and not eating foods that are too sweet or greasy. A sensible diet was important to them because they said it meant fewer health problems and generally better health. However, the people surveyed did not believe that all Canadians generally followed a sensible diet.

It has been said many times that it is difficult for people to change eating habits. Yet in this study, four out of ten people had made a major change in their eating habits over the past year. The change was positive. They cut back on certain foods and increased their intake of other more nutritious foods.

From these recommendations, it is apparent that federal and provincial authorities are working together for a better program and for the implementation of guidelines which will result in better health for Canadians.

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, I am pleased to follow the hon. member for Montreal-Mercier (Mrs. Hervieux-Payette) who indicated that the federal and provincial governments are now working together with respect to nutrition. I recall her words at the beginning of her statement when she said that no member of the government would oppose such an idea, that is the idea in the motion.

The motion is very clear. It states:

That, in the opinion of this House, the government should consider the advisability of supporting in principle the implementation of a national nutrition program to be funded jointly by the federal and provincial governments, which program would

1. improve the health of young Canadians;

2. help educate children and parents as to the value of proper nutrition; and

3. help eliminate any surplus of nutritive foods produced by Canadian farmers.

I want to congratulate the hon. member for Winnipeg North (Mr. Orlikow). It appears from what the hon. member from Montreal-Mercier has said, we will experience one of those rare moments in the House when the government permits a motion to pass, because she stated that no member of the government would oppose such an idea, meaning the government will not use the usual method of talking out a motion. Therefore, I do not expect to hear a speech from any member in the House today that will carry this matter beyond five o'clock.

I suspect the compassionate member for Guelph (Mr. Schroder) would not make a speech to impede the hon. member for London-Middlesex (Mr. Bloomfield), if he intends to say a few words; I trust that the hon. member for Sarnia-Lambton (Mr. Cullen), the hon. member for Hull (Mr. Isabelle), the hon. member for Davenport (Mr. Caccia), the hon. member for Châteauguay (Mr. Watson) or even the Parliamentary Secretary to President of the Privy Council (Mr. Collenette), will not make speeches today carrying this matter beyond five o'clock because members on the government side who have spoken thus far have said they are not opposed to the motion.

Mr. Knowles: Question.

Mr. Baker (Nepean-Carleton): I will talk for only two more minutes because I want to see the motion go through.

There is a second thing which should be encouraging for the hon. member for Winnipeg North. A few days ago in question period, the Minister of Finance (Mr. MacEachen) accused my party of adopting a position similar to that of the President of the United States, namely that we would want to see the elimination of food programs. That is not so. But I want to say that if this motion is not passed today, it would be open for each one of us to say that members of the Liberal party are not prepared to see a similar program in Canada.

I think it is quite important that we understand our position today. The House is asking that the government consider a matter in principle. I think it is incumbent on the House when something goes to the root of a matter that can be quite important to certain areas of the community not to support it just by rhetoric but to do so by action. This can be done in private members' hour by allowing the question to be reached on Friday afternoon before five o'clock.

I caution all of my dear friends on the other side of the House not to allow the support of the government, underlined by the hon. member for Montreal-Mercier when she said that no one would oppose such an idea, to be eroded and the motion to be talked out. I am certain this matter is of interest to the Minister of Agriculture (Mr. Whelan). We all know that the Minister of Agriculture is at odds with his colleague, the Minister of Finance (Mr. MacEachen), because of his support of the little person involved in agriculture who is having difficulty with interest rates and inflation. I think there are great problems on the other side—

Mr. Cullen: On this side? Are you kidding?

Mr. Baker (Nepean-Carleton): —with respect to the ordinary Canadian and with respect to how the government is dealing with the monetarist approach of the Minister of Finance. I feel for members on the other side. But this is one way by which members of the Liberal party can act, if they want to put their money where their mouths are and take a step which would indicate to the government and to the country that they are really concerned about people in need, people affected by government policy. They can ensure that if they speak today, they do not speak beyond five o'clock this afternoon, at which time private members' hour concludes. In order to accommodate them now, I will sit down.

Mr. Cullen: Have you checked with your colleagues?

Mr. Baker (Nepean-Carleton): I shall congratulate the hon. member for Winnipeg North in advance for the success which has been heralded for his motion which, by the government's words today, will not be talked out.

Mr. Jim Schroder (Guelph): Mr. Speaker, I am pleased to have the opportunity to speak on this bill today. I would like to mention to the hon. member for Nepean-Carleton (Mr. Baker) that I am sure, being a fair-minded individual, he would not like to see us limited in our debate on this very important issue. Therefore, as long as there are members who have something to say, I am afraid we will be destined to speak.

We have heard quite a bit from the hon. member for Winnipeg North (Mr. Orlikow) this afternoon and the hon. member from Montreal-Mercier (Mrs. Hervieux-Payette), so I will not repeat the information they have given.

I would like to talk about some attitudinal concepts which bring out the negative forces working against us in our attempt in the educational process to convince the people about what they are doing to their nutrition.

• (1640)

The hon. member for Winnipeg North is to be commended for bringing to our attention the need for continued emphasis on good nutrition and its importance to good health. It is a paradox that in Canada where we have access to an unlimited choice of wholesome food of unparalleled variety we continue to see malnutrition and poor nutrition. It continues to be apparent that having the facts is not always conducive to behavioural change. This is evident in many of the problem areas in our country today, but nowhere is it more evident than in the matter of our health, our eating habits in particular.

As an educator, I have long been aware of the infinite capacity of the human mind to resist the introduction of knowledge, but we must keep trying. We must never despair. If we could just match the promotional power of junk foods which pervades our every waking hour, if we could convince parents to make sure their children get a good start in life, and if we could convince adults to eat properly, not only would they help themselves but they would set a good example for the younger generation to follow. All of these would be good objectives, well within the possibility of attainment by our society.

I referred earlier to the promotion of foods which contribute to our state of poor nutrition. It is obvious that humans have never paid the same attention to nourishment for themselves as they have to nourishment of their animals. Many pets receive a better diet than do humans, each can or bag of feed showing a formulation which should ensure that the pet will be slim, healthy, active and with a shiny coat for life. The Canadian Veterinary Association, of which I have the honour to be a member, grants its seal of approval to pet foods which provide those foods and which attain the standards required. Recently, I observed a current television commercial promoting dog food. It stated, "Not a speck of cereal is present". Not long thereafter I saw another commercial promoting breakfast cereal, urging that it be fed to your children for that "get up and go energy". How can cereal be bad for your pet but good for your children?

It is tragedy that 800 million people live in a state of misery and desolation in the Third World. Many of them are removed from their misery by starving to death, not because they want to, but because they have no choice. How can we impress on our people that they have so many choices of pure, fresh, wholesome foods and that so often they make the wrong choices?

I take pride in my alma mater, the University of Guelph, which, through the faculty and staff of the college of family and consumer studies and department of nutrition, are dedicated to the science of nutrition and have made great contributions to the understanding of nutrition and the teaching of future teachers and scientists in that field.

It has been said, "It's too bad that youth has to be wasted on the young", but that is the way it is. There is no doubt that the greatest value in the educational program in nutrition will come from its application to this group. Many excellent school programs are now being given and the results are very positive.

I am pleased to discuss this motion regarding a national nutrition program and, in particular, a program which helps to educate children and parents as to the value of proper nutrition.

There is no doubt that the nutritional health of Canadians, particularly of children, is important to this government. We all know that during the time when a child is growing and developing from infancy to adolescence, he or she has special nutritional needs. There is a need to develop sensible eating habits which will last a lifetime. I would like to talk about some of the activities under way.

Education of children and parents about proper nutrition is a responsibility shared by many. One initiative undertaken by the federal government was a co-operative effort with the Canadian Pediatric Society to develop a position paper on breastfeeding. The paper was well received and was released in 1978 as a joint paper with the American Academy of Pediatrics. The timing was especially important because of the International Year of the Child in 1979. The Department of National Health and Welfare was represented on a national task force to promote breastfeeding established under the Canadian Pediatric Society during the International Year of the Child. The task force also included representatives from the LaLeche League, and the Society of Obstetricians and Gynecologists.

A program on nutrition was established at the educational level in order to increase the professionals' awareness of good nutrition. The government assumed a leadership role in producing and distributing an information kit called "Breastfeeding—An Awareness Program", to doctors, hospitals and public health nurses across the country. Over 55,000 copies of the kit have been distributed. The kit was enthusiastically endorsed by the federal-provincial advisory committee on community health services. It has also been endorsed by the Canadian Nurses Association, and acclaimed by international bodies such as the World Health Organization and UNICEF.

A publication entitled "Learning About Breastfeeding—A Selected Bibliography and Resource Guide" was prepared and circulated to professionals for their information. This kind of program represents a foundation for national nutrition programs because it helps us work toward a common goal. In this case, the common goal is to increase the number of mothers who breastfeed. This is a healthy way to give an infant a good start in life.

I could go on and talk about nutrition. However, I will end my discussion now so that other members who have a message to bring on this very important subject may have the opportunity to continue the debate.

Mr. Knowles: Question.

Mr. Baker (Nepean-Carleton): Question.

Nutrition

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, the mover of the motion quite rightly took his 15 minutes to speak, and the hon. member for Nepean-Carleton (Mr. Baker), with his oratorical skills and enthusiasm, spoke a good 10 minutes on this motion. It is quite fair to claim that those of us on this side who are interested in this subject should also take some minutes in order to give their view of this motion.

● (1650)

It seems to me that the hon. member for Winnipeg North (Mr. Orlikow) has brought a very fine idea to this House. Some components of his motion are being implemented in this country already. Some probably are not, but the whole thrust of his idea is more than sound, and I certainly compliment him for having taken this initiative. It is indeed a very fine one.

As just a side consideration, may I point out that in promoting the thoughts which are included in this motion, it might be helpful if each one of us in this House were to devote one newsletter to this topic when we write to our constituents. In that way we would be covering the country from coast to coast and giving impetus to some of the ideas which are inherent in the concept of a national nutrition program and in improving the quality of nutrition in Canada.

It is very timely to put forward a motion like this because we do live in a time, as a previous speaker has said, of fast food. Fast food is inexpensive, practical, can be acquired easily and certainly saves time, as the name implies.

At the same time, however, it contains additives, chemical colours and other products, the long-run effects of which we do not know. Therefore it is good for this House to stop for a moment and ponder about the trend of relying more and more on fast foods and giving up some of the good old-fashioned habits of previous times because what the second part of the hon. member's motion really implies is that we should have more faith and reliance on good old-fashioned homemade soup, homemade pasta and homemade pie and that we should rely more on milk, fresh fruit and vegetables and less on the fried food and the like which is easily available in the marketplace.

The motion moved by the hon. member for Winnipeg North raises a number of questions, and one of them has to do with how we can describe at the present time the health of our young people. On reviewing the information available, we find a publication produced by the Department of National Health and Welfare called "Nutrition Canada" which I suppose is available to everyone who wishes to purchase it at appropriate bookstores. It contains a study which brings out some interesting facts.

The study did not show instances of a real lack of nutrients in our eating patterns, but we do find some indicators of the fact that there is a need for improvement in a number of basic elements. For instance, the study shows that in the case of teenage girls, there is a need for improvement in their intake of iron. On a closer examination of food intake and nutrients consumed, we find that there is a need for an increase on the part of the general public in the intake of vitamin A, vitamin D, vitamin C and calcium.

Many of the nutrition and health problems today are considered to be also the result of our lifestyle. From that study we learn that cardiovascular diseases, obesity, some forms of diabetes and dental caries are examples of problems which have links to poor eating habits. It is as plain as that. These are the kinds of health problems we want to avoid. Somehow the motion of the hon. member for Winnipeg North addresses itself to these matters in a straightforward and positive style.

A set of nutrition recommendations for Canadians has been accepted across Canada, and they are applicable to all Canadians over the age of two.

These recommendations were designed to provide a balance between nutrient deficiencies and excesses because we also have to watch the other side of the matter. The recommendations could be summarized in the following way: we should consume a nutritionally adequate diet as outlined in the book which was mentioned by a previous speaker entitled "Canada's Food Guide". Second, we should avoid the risk of becoming overweight through appropriate food selection and increased physical activity. Third, we should limit the total amount of fat, sugar, salt and alcohol in our diets. In the case of sugar and salt there have been some frightening adjectives used by some dieticians. I do not know whether we can accept them at face value, but certainly we are being warned about excessive use of both. I found them described in a book as being the white death. I do not know why we have come to use such exaggerated descriptions. Finally, we should increase our intake of vegetables, fruits and whole grain cereals and include sources of polyunsaturated fatty acids. Apparently there is merit in our making more use in our kitchens of unsaturated fatty acids.

To improve the health of young Canadians there is evidently a need to improve the health of all Canadians. Every young Canadian eventually becomes an adult. Because there is a constant example from one generation to the next, we must talk about the total population and the total society rather than single out an individual sector in a rather unrealistic and artificial manner. To do that we must co-ordinate the activities of the federal and provincial governments, industry, professional associations and community agencies. As we all know, a child does not live in isolation. Throughout life a child is influenced by his family, friends, peers, school, what is seen on television and by other messages which are impressed upon him in his daily life.

We cannot say there is one food pattern for all adult Canadians, just as we cannot say there is one desirable food pattern for all children. Therefore, a national nutrition program is built on the need to educate people about the kinds of choices they can make for nutritional health. That is what it really boils down to. When one goes into a grocery store, restaurant or different homes, one becomes very much aware of the number of food choices which can be made.

Bringing about a change in food habits to improve health is a long and slow task. However, it can be done, and in that sense the hon. member for Winnipeg North has done us a service in demonstrating that this House also can contribute to

bringing to the attention of the public the importance of this issue.

Mr. Knowles: Question.

Mr. Caccia: One excellent example is the action the baby food industry took of removing salt and sugar from their products.

Mr. Baker (Nepean-Carleton): Watch the clock, Charlie.

Mr. Caccia: Another positive example is the fact that Canadians have increased their consumption of fruits and vegetables over the past year. Finally, one of the recent studies shows that four out of ten adult Canadians have made changes in their food patterns over the past year. The example of this age group can have a positive effect on their children as well.

Having said that, I again congratulate the hon. member for Winnipeg North and encourage him to pursue—

Mr. Deputy Speaker: Order. The hour provided for the consideration of private members' business has now expired.

[*Translation*]

It being five o'clock, this House now stands adjourned until Monday next at two o'clock p.m. pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, June 1, 1981

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

HOUSE OF COMMONS

GROWTH IN MEMBERSHIP—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise on a matter of urgent and pressing necessity. For the election of 1979, 18 new members of Parliament were added to the House of Commons, increasing the total from 264 to 282. After this week's census has been completed the House will grow by another 30 members, if the provisions of the Representation Act, 1974, are left as they are now.

Since the chamber has reached the limit of its capacity, since the cost of 30 more members of Parliament will be extremely high, and because many in this chamber feel it is already difficult enough to participate fully in the Question Period and the procedures of the House, I ask leave to move, seconded by the hon. member for Nepean-Carleton (Mr. Baker):

That the provisions of the Representation Act, 1974, be referred to the Standing Committee on Privileges and Elections, and that the government assist the committee by preparing a background paper setting out possible alternatives to the endless and unnecessary expansion of the size of the House of Commons.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE CENSUS

PRIVACY OF MARRIED WOMEN—MOTION UNDER S.O. 43

Mr. Robert Wenman (Fraser Valley West): Madam Speaker, in view of the fact that question No. 37 on the 1981 census form asks married women to reveal whether or not they have had children out of wedlock, and considering the fact that this information is readily available from provincial social service authorities, just as other information requested in the census form can be drawn from sources such as income tax returns, I move, seconded by the hon. member for Crowfoot (Mr. Malone):

That the Minister of Supply and Services put down his little red gun, strike out question No. 37 and all offensive and repugnant questions on this census form, try to get his act together with the provinces and federal government departments, and immediately serve notice to all census takers that extra questions on the long form should be gathered on a non-compulsory basis.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NORTH-SOUTH RELATIONS

FAIR DISTRIBUTION OF WEALTH AMONG ALL NATIONS—MOTION UNDER S.O. 43

Mr. Chas. L. Caccia (Davenport): Madam Speaker, I rise on a matter which may have the support of all parties in the House. It concerns the death of Dame Barbara Ward, who devoted her life to a fairer distribution of the world's resources between rich and poor nations. In view of the upcoming summit meeting in Ottawa where the North-South question might be pursued, and in view of the serious consequences that inaction will bring about for people in the developing regions of the world, I move, seconded by the hon. member for Vancouver South (Mr. Fraser):

That this House express its renewed commitment to the cause of a fair distribution of wealth among all nations of the world.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SMALL BUSINESS

NEED TO BORROW MONEY—MOTION UNDER S.O. 43

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent necessity. The Prime Minister (Mr. Trudeau) said that the present economic situation in Canada baffles him. He cannot understand why people keep borrowing money, with such high interest rates. Surely the Prime Minister could try to

understand the problems of small business. With the high rate of inflation, high rents, wages and all other aspects of small business, it simply becomes a matter of survival. They must borrow, no matter what the rate is, in order to avoid bankrukptcy a little longer, hoping that someone in government will come to their senses and help them. But either the government does not care—and I hope that is not the case—or it does not understand small business. Assuming the latter, I move, seconded by the hon. member for Cambridge (Mr. Speyer):

That this House direct the Prime Minister and the Minister of Finance to contact an organization such as the Canadian Federation of Independent Businessmen and meet with them in order to learn how it really is in small business in Canada today.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN BROADCASTING CORPORATION

MEASURE SUGGESTED TO RESOLVE STRIKE—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, I rise under the provisions of Standing Order 43. My motion is motivated by the increasing evidence of labour-management problems in the CBC, as underlined by the resignation last week of national reporter Garry Aldridge in protest over the strike-breaking tactics of CBC management. I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House request the Minister of Communications to reduce the salaries of senior CBC management to a level of that of its technicians, until such a time as these conflicts can be resolved.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1410)

THE ECONOMY

ECONOMIC POLICY OF ALBERTA PREMIER—MOTION UNDER S.O. 43

Mr. Peter Lang (Kitchener): Madam Speaker, I rise under the provisions of Standing Order 43. Despite the fact that inflation is the No. 1 problem in Canada today, the Premier of Alberta has adopted two pro-inflationary moves in the past week, the first being a cutback of oil supplies to the east and the second being his advocating loose money supply and increased spending. I therefore move, seconded by the hon. member for London-Middlesex (Mr. Bloomfield):

That this House request the Premier of Alberta to reconsider his pro-inflationary policy and join the battle against inflation by stopping his cutback of oil to the east and by ceasing to advocate inflationary spending.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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POST OFFICE

STEPS TO AVOID POSSIBILITY OF STRIKE—MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, I rise under the provisions of Standing Order 43. Once again threats of postal disruptions are being heard in Canada. At a time when the Post Office is being turned into a Crown corporation, which we are told may hopefully solve some of these problems, many small business people who rely on the postal system for their livelihood are justifiably concerned, as are millions of Canadians who are fed up with the constant labour problems connected with the Post Office. Since the labour contract expired last December and contract talks have been going on for months now, I move, seconded by the hon. member for Cambridge (Mr. Speyer):

That this House urge the President of the Treasury Board and the president of the Canadian Union of Postal Workers to settle their differences immediately, thus avoiding chaos in Canada and ensuring mail delivery to Canadians who pay for and deserve continuing service.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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VETERANS AFFAIRS

DELAY IN PROCESSING OF PENSION CLAIMS—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas the Veterans Administration in the United States processes pension claims, both new and appealed, within 90 days, and in Canada this same process takes up to 46 months, as stated in the Auditor General's report, and whereas the chairman of the Pension Commission has admitted that he is being hamstrung by the present veterans legislation, I move,

seconded by the hon. member for Nepean-Carleton (Mr. Baker):

That the Acting Minister of Veterans Affairs introduce immediately amendments to the veterans legislation to remedy this despicable four-year time lag in Canada and that he appear before the Public Accounts Committee which is dealing with his department tomorrow.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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FISHERIES

SUGGESTED STATEMENT BY MINISTER ON WEST COAST INDUSTRY—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, I rise under the provisions of Standing Order 43. Given the fact that the Minister of Fisheries and Oceans (Mr. LeBlanc) has failed to acknowledge the serious economic problems faced by the west coast fishing industry due to declining stock levels, excess fleet capacity, and haphazard management practices, together with the compounding impact on fishermen of the Liberal government's high interest rate policies, and given the fact that the government on Friday last rejected my motion under the provisions of Standing Order 43 calling for a special House order to authorize the Standing Committee on Fisheries and Forestry to visit the west coast during the month of June to investigate these serious problems firsthand, I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That this House instruct the Minister of Fisheries and Oceans to make an immediate statement on motions outlining the steps he will take to alleviate the threat of bankruptcy and vessel seizure faced by hundreds of west coast fishermen to prevent a collapse of the west coast fishing industry.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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SOCIAL SECURITY

GOVERNMENT FORM LETTERS—MOTION UNDER S.O. 43

Mr. Rod Murphy (Churchill): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the fact that a native woman in my riding has received the ultimate form letter denying her a spouse's allowance, which letter did not explain why she was turned down, it was not dated, no name or signature was attached, no telephone number and no return address was given for the government office, and it was obviously designed not to allow space for this information, although she was asked to reply to the letter by the beginning of April, I move, seconded by the hon. member for Beaches (Mr. Young):

That the government review all its form letters to ensure that in addition to containing all necessary documentation, such as names and return addresses, that the reason for the refusal of the request is given and, also, that the manner of appealing the decision is explained.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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● (1415)

HAZARDOUS SUBSTANCES

PROGRAM TO EDUCATE YOUTH ON DANGERS OF MARIJUANA—MOTION UNDER S.O. 43

Mr. Albert Cooper (Peace River): Madam Speaker, whereas the government is now considering legislation to move marijuana control from the Narcotics Act to the Food and Drugs Act, and whereas recent research indicates marijuana does have a number of serious physical side effects, I move, seconded by the hon. member for Cariboo-Chilcotin (Mr. Greenaway):

That the Minister of State and Minister of Communications in upcoming meetings with the Council of Education Ministers encourage them to co-operate with the federal government in an educational program designed to show Canada's youth both the hazards of marijuana use and the purposes of the proposed legislation.

Madam Speaker: Such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

GOVERNMENT ANTI-INFLATION POLICIES

Hon. John C. Crosbie (St. John's West): Madam Speaker, in the absence of any of the leading members of the government—as a matter of fact there are only 14 cabinet ministers here out of 32. Fourteen! That is how concerned they are about the events today. Fifteen! One just joined us. The Prime Minister is not here, the Minister of Finance is not here—

Some hon. Members: Where's Joe?

Madam Speaker: Order, please. The hon. member is to ask a question, not make a speech about who is present in the House.

Mr. Crosbie: My question, Madam Speaker, in light of this indifference of the government, is directed to the Minister of Industry, Trade and Commerce. The director of the Economic Council of Canada, Dr. Slater, spoke before the House of Commons finance committee on Friday. He said that a mix of policies is the best way to fight inflation, and that no single policy can cure inflation. He then said that Governor Bouey has been left by the government to go it alone to fight inflation with monetary policy only. The government has no other anti-inflation policy in effect.

In view of this criticism by the official economic advisory Council to the government, of the government's lack of policy, does the government plan to resign? Does it plan to ask the Minister of Finance to resign to put in a minister who will bring in policies, or does the government plan to introduce some anti-inflationary policies to help the people of this country and to help Mr. Bouey in his anti-inflation campaign?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, I think that the hon. member's question, quoting the chairman of the Economic Council, confirms that we are doing exactly what the chairman said we should do, and that is to pursue a mix of policies of an appropriate nature. This, in fact, is the approach of the government. In the last budget the Minister of Finance pointed out how, as part of an effort to restrain the forces of inflation, we are following, for example, a policy of expenditure restraint. So I think that we are doing something quite consistent with the advice of the chairman of the Economic Council, and where there are further initiatives to be announced, my colleague, the Minister of Finance, will be very quick to announce them.

Some hon. Members: Oh, oh!

Mr. Crosbie: I am glad that the minister agrees with what Dr. Slater has been saying, because Dr. Slater said the fight against inflation being waged by the government is little more than a phony war.

Some hon. Members: Oh, oh!

Mr. Crosbie: That is what the director of the Economic Council of Canada thinks. That is the mix of policies that the government has, the phony war.

INDUSTRIAL STRATEGY

Hon. John C. Crosbie (St. John's West): Dr. Slater said some of the policies which would be helpful would be an energy agreement on prices and revenue sharing, but there is nothing like that yet; a fiscal arrangement with the provinces which is in line with the present situation; and an investment strategy and program for the country.

The minister is supposed to be the author of the great investment strategy. We have not seen it yet. The deficit has not been reduced, though it is stated to be a plan. Can the minister tell us when are we going to have action in any of those areas which might help the battle against inflation? When? Specifically, if he cannot answer with reference to the rest, when is the minister's mighty mountain of an industrial strategy going to come mouse-like forward from the minister?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, through numerous announcements we have been making in the area of industrial policy, we are confirming that we are moving in the right directions for the Canadian economy when it comes to industrial policy.

Some hon. Members: Oh, oh!

Mr. Gray: Also, my colleague, the Minister of Energy, Mines and Resources, is working very hard to get the right kind of energy agreement with the producing provinces, which is something that the government of my hon. friends opposite was totally incapable of doing in spite of being in bed with the governments of the producing provinces. After listening to my hon. friend's questions, I understand very well why the Leader of the Opposition could not even get up the courage to come in and hear those questions. They certainly are not worth being present for, Madam Speaker.

TIMING OF PROGRAMS

Hon. John C. Crosbie (St. John's West): Madam Speaker, I have a final supplementary question. This government is so interested in the affairs of Canada that 15 of 32 cabinet ministers show up in the House! There is no external affairs, no defence, no finance, no Prime Minister! You are the government! If you want to give us your portfolios, we will show up.

• (1420)

My final supplementary to the minister is this. The minister and his—

Some hon. Members: Oh, oh!

Mr. Crosbie: Madam Speaker, they do not like their neglect pointed out to the public.

Some hon. Members: Oh, oh!

Madam Speaker: Order, please. Order, please.

Mr. Crosbie: Thank you, Madam Speaker. The minister has had 15 months to bring forward an industrial policy. The Minister of Energy, Mines and Resources has had 15 months to reach an agreement with the provinces and all he has done is put forward conditions that no one can accept, and it has stalemated our whole energy investment and recovery program. Will the minister tell us what the timetable is for achieving completion of these strategies and putting them into action so that the battle against inflation can start to be

successful? When are they going to have a sense of urgency? When are they going to act to help the Canadians who are suffering so badly today?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, first of all I should point out that I understand the Prime Minister is taking part in a meeting of the Council of Maritime Premiers, and that the Secretary of State for External Affairs is accompanying the Governor General on an important mission to Scandinavia. I hope that this is not something that my hon. friend would see fit to oppose, or object to.

Mr. Crosbie: He is having a sauna. Where is the Minister of Finance? He came on the plane last night.

Mr. Gray: I think the evidence is clear that we are working vigorously to achieve progress, and that we have achieved progress in the areas my hon. friend has mentioned. If he is serious about what he is saying, he would do more than he has to make sure that we get the necessary co-operation, in particular from the producing provinces, in the energy area.

With respect to the number of ministers at present in the House, I might say that those who are here are more than enough to deal with the vapid and empty questions of the opposition.

PROFITS OF OIL COMPANIES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I have two supplementary questions to put to the Minister of Energy, Mines and Resources regarding the lack of an energy policy and the impact this is having on inflation and economic growth in the country.

Government policy in Canada has contributed to a surge in profits in the refining and retailing side of the energy business, causing Canadians to pay much more than is necessary for energy in this country. Let me quote an example. As a result of the deregulation of oil prices in the United States, Gulf Oil in the U.S. went from a profit of $247 million in the first quarter of 1980 to a loss of $186 million in the first quarter of 1981. That is in the downstream side of the business. At the same time Gulf Canada went from a $55 million profit to a $95 million profit this year. In light of this, what does the minister propose specifically to remedy the situation? How is he learning from what is going on in the United States, in the evolution of his energy policy for this country?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, first of all my hon. colleague has forgotten to point out that he has at heart the welfare of consumers. He should have indicated in his question, since he likes to refer to the United States' experience, that at the present time the American consumer is paying about 50 cents per gallon more than the Canadian consumer. We in this country have tried to protect the Canadian consumer from the inflationary impact of the very high price of gasoline. In all honesty, my friend should have referred to that.

He refers to some profit situation with regard to particular firms. I would suggest to my hon. friend that his party should get their energy act together because, for the last six months, what we have heard from the other side has been that a National Energy Program was going to destroy the oil industry in this country.

Some hon. Members: It is.

Mr. Lalonde: They say it is, and at the same time their official spokesman accuses us of letting corporations make high profits. Make up your minds, fellows.

POSSIBLE CHANGE IN TAXATION

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, the minister quite rightly points out what has happened in the United States. Let me quote the consumer price index figures which show that in July, 1980, Canada had a lower consumer price index growth, 10.1 per cent, against 13.1 per cent relative to the United States. This year the whole thing has turned around. We are now 2.6 percentage points higher, for a deterioration in the inflation performance in Canada relative to the United States of 5.6 per cent in less than a year. That is what is happening in this country, and the minister should listen to that.

Let me be quite specific in my supplementary question. Part of the Gulf Canada increased profits results from the paper profits that the minister referred to in this House a couple of months ago. These are caused by the minister through the imposition of his petroleum compensation charge, the Canadian ownership charge, and the Lalonde levy which result in real price increases to the consumer.

• (1425)

Madam Speaker: Order, please. That question is a bit long. I would ask the hon. member to try to shorten it.

Mr. Wilson: I was just coming to the question, Madam Speaker. The point is that what the consumer loses, the government gains by income tax increases. Since I indicated, in a letter dated April 17 to the minister, that the problem could be remedied easily by a minor change in the method of imposing that tax, what action is the minister taking as a result of my letter to save Canadians in excess of $170 million in taxes which go to his government?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, as far as the point raised by the hon. member with regard to inflation rates is concerned, because we were able to keep energy prices at a lower level last year, in particular, we have been able to maintain our inflation rate lower than that in the United States.

An hon. Member: That is wrong.

Mr. Wilson: Last year.

Mr. Lalonde: Last year; last July. That is what I said. As far as this year is concerned, if I were to listen to the official opposition, we would have even higher inflation rates—

Some hon. Members: No.

Mr. Lalonde: —because what these gentlemen and ladies in the Conservative party are recommending is higher prices to the consumer than are in evidence at the present time. This is what we, on this side, have been fighting against. We have been trying to get an arrangement so as to continue protecting the Canadian consumer while providing adequate returns to the industry.

Mr. Andre: How do you justify the PetroCan tax?

Mr. Lalonde: As far as the last point raised by the hon. member is concerned, I have had an opportunity to discuss this issue with him. He knows that the situation is not as simple as he wants to make it appear, and as a consequence I do not intend to make changes to the present policy.

* * *

STATUS OF WOMEN

MANDATORY AFFIRMATIVE ACTION PROGRAMS— GOVERNMENT POSITION

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, moving on to the Minister of Employment and Immigration, who is also the minister responsible for the status of women, can he now confirm that he fully supports mandatory affirmative action employment programs for women and other disadvantaged groups, including contract compliance? When will the minister recommend to cabinet the immediate implementation of them?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I have indicated all along that we are prepared to take a wide variety of measures to improve substantially the equality of women in the work place. We have introduced a number of them during the past year, including new training programs, an affirmative action program in the public service, as well as the opening of new counselling centres. I have indicated that we are hoping to present in Parliament, in a matter of two or three weeks, a wide variety of recommendations and proposals dealing with changes in the labour and employment market in Canada, which will include a number of measures which will substantially benefit the working women in this country. I would ask the hon. member to restrain her impatience and see those recommendations in total so that we can have an entire strategy instead of just one or two measures.

Miss MacDonald: You always say that to women.

VOLUNTARY VERSUS MANDATORY PROGRAMS

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, that is a most disappointing answer, particularly in light of the letter I received from the minister on Friday which said that he would be approaching cabinet soon with a proposal respecting mandatory affirmative action, which is what my question was all about, not these other vague programs.

A recent document prepared for cabinet by the minister has also just come to my attention which states that what the minister is calling for is not mandatory action but voluntary action, voluntary affirmative action and voluntary contract compliance in the private sector. A memorandum last year dated May 21, 1980, from the minister's own department stated:

—four years of experience with a voluntary federal contracts program produced no results.

Why is the minister reversing himself?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the hon. member is becoming convoluted in the wealth of her own speculations. I simply suggest to her that the commitment of this government to improve substantially the place of women and the equality of women in the work place is one which is well recognized. We will continue that commitment. We will have a number of recommendations that she, her colleagues, and many other people in this country might, and I hope will, support.

• (1430)

MINISTER'S SUBMISSIONS TO CABINET

Miss Pauline Jewett (New Westminster-Coquitlam): The minister has totally reversed himself from May of last year to just the other day, as this document which was leaked to us shows. Finally, I ask the minister whether he will reconsider the key to providing greater equality in the work place, which is mandatory affirmative action and mandatory contract compliance? Will he consider taking this diluted document, throwing it out, replacing it with the one he prepared only a year ago, and presenting that to cabinet?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I want to caution the hon. member to place very little confidence in leaked documents that come by way of brown paper bags from moles they have inside some parts of the public service. The fact is that we are considering a wide variety of recommendations. As soon as they are completed, finalized and presented where all members of Parliament will see them, we can get into an honest debate.

RESTRICTIVE TRADE PRACTICES

CANADIAN COMPANIES INVOLVED IN LITIGATION IN UNITED STATES

Mr. Chris Speyer (Cambridge): My question is directed to the Minister of Justice. It arises out of an answer given by the Prime Minister last Friday when asked by the hon. member for York-Peel when the gag regulations were going to be rescinded. The Prime Minister at that time said:

There are still some cases before the courts now, some Canadian citizens and some Canadian corporations are still sought after by American law. We will protect them as long as is necessary,—

Can the minister specify what Canadian companies or individuals are involved in litigation in the United States? What are the projections for termination of that litigation and, consequently, when are these gag regulations going to be removed so that Canadians can understand the facts of this sordid mess?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I do not have anything to add to the answer given by the Prime Minister last week. The hon. member is asking for a very precise answer which I do not have at this moment. I do not know if I can make it public. The Prime Minister stated the government's policy on Friday. We have to protect Canadian interests with regard to actions carried out in Canada and not according to the laws of other nations. We must ensure that the laws which control Canadian industries and citizens are Canadian laws, not American.

REASONS FOR GOVERNMENT ACTION

Mr. Chris Speyer (Cambridge): Madam Speaker, I am surprised that the Minister of Justice does not know what litigation is in progess now because it is the underpinning upon which the Prime Minister says he is maintaining these gag regulations.

Why is the government protecting and sheltering Canadian companies potentially in violation of American price fixing laws? If the shoe were on the other foot and American companies were being protected by an American government, would this government not be complaining and screaming?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): The hon. member is asking a hypothetical question. We would have to deal with the serious situation at that time to ensure that action in Canada regarding an international situation was done according to international law. There was nothing illegal about being a member of a cartel with other nations in order to protect a Canadian industry against uncalled for action by the American government that was affecting another nation. It is an international agreement. It was completely legal. When they wanted to force Canadian companies to appear in the United States because of actions that were carried out and permissible under Canadian law, we felt it was our duty to make sure that the Canadian citizens and industry in Canada were following Canadian law rather than be subject to the laws of the Americans.

* * *

FORESTRY

RECOMMENDATIONS TO STRENGTHEN INDUSTRY

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, for the past two weeks I have been wanting to direct a question to the minister of forestry, but he is not in the House. I wonder whether the Minister of Industry, Trade and Commerce, who has a certain responsibility over some forestry matters, would answer a question. Has cabinet yet considered a document which was to come before it in June of last year entitled "Strengthening the Canadian Forest Sector"? Has that document yet come before cabinet? Is the federal government serious about asserting and reassuming its role in the Canadian forest sector, particularly in the area of forest renewal and forest protection? I ask this in light of the crisis being experienced by the forest economy at the present time.

Mr. Roger Simmons (Parliamentary Secretary to Minister of State for Science and Technology and Minister of the Environment): Madam Speaker, I am not certain whether the hon. member wants to know if a particular set of recommendations have been made to cabinet on strengthening the forest industry. I can indicate that a number of studies were authorized last year, a total of six. We have received a report on two of these, I believe, one or two. The others are ongoing. Once all six reports are completed, we will then be in a position to formalize our thrust.

PROTECTION AGAINST FOREST FIRES

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, you can understand the frustration which people in the forest sector are experiencing. Twelve billion dollars a year more than any other industry in Canada is earned by the forest sector in terms of export dollars, yet the Minister of Industry, Trade and Commerce cannot answer in this House whether cabinet has addressed itself to this serious situation. Is the federal government prepared to assume a role in the area of forest protection? I ask this in light of the drought that will again be experienced this year with a shortage of moisture and shortage of snow throughout the country from Newfoundland to British Columbia. Is there a contingency plan by which the federal government could intervene through the armed forces, or any other way, to protect our forests?

Will the government once again realize the importance of our forest industry and act in a manner consistent with traditions in this country, namely, research and development, forest protection and forest renewal, so that the provinces can make their contribution in this important area?

Mr. Roger Simmons (Parliamentary Secretary to Minister of State for Science and Technology and Minister of the Environment): Madam Speaker, the hon. member comes fairly late to the cause. We have agreements with a number of the provinces. Within the last month or so we signed an agreement with the Province of New Brunswick, and just before that with the government of Newfoundland. We have other agreements which are either pending or have been signed, addressing the various issues the hon. member has raised in terms of stimulating the forest economy, protection, and silviculture. We have programs and multimillion dollar agreements which address these issues. I welcome him to a cause we have recognized for some time and have been addressing for some time.

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[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF HIS EXCELLENCY THE GOVERNOR OF SAO PAULO, MR. MALUF

Madam Speaker: I would like to draw the attention of the members of the House to the presence in our gallery of His Excellency the Governor of Sao Paulo, Mr. Maluf.

[*English*]

PRESENCE IN GALLERY OF CHIEF OF THE NETHERLANDS DEFENCE STAFF, GENERAL C. DE JAGER

Madam Speaker: I would also like to draw the attention of the House to the presence in our chamber of General C. de Jager, Chief of the Defence Staff, The Netherlands.

Some hon. Members: Hear, hear!

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INDIAN AFFAIRS

PLIGHT OF EMPLOYEES OF INSTITUTE IN PRINCE ALBERT, SASK.

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, there are 13 employees of the Institute for Development of Indian Government in Prince Albert who have been abandoned by the Department of Indian Affairs. The institute was established by the Department of Indian Affairs and turned over to the National Indian Brotherhood some time ago. During the last month and a half both organizations have abandoned these people. Will the minister assure this House that his department will relieve the insecurity and psychological stress which these employees are feeling, by indicating what action he will be taking?

Hon John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, it is not correct to say that the National Indian Brotherhood has abandoned these people. They had some rather extensive talks with me regarding the plight of this enterprise. It is an independent federal company, not a government company. We have looked at the situation from a legal point of view. I have not yet got the legal opinion as to whether, even if I could get Treasury Board approval, we could legally pay the salaries of these people who have been waiting for their wages. I have certainly sought a legal opinion, and as soon as I get it I will then assess the situation to see if we can offer some relief. That is the way the matter stands at the present time.

• (1440)

SALARIES OF EMPLOYEES

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, I believe the Department of Indian Affairs and Northern Development is ultimately responsible since it was the funding body. However, will the government take steps to get the National Indian Brotherhood, or the department itself, to take some action so that these people are not left in the position in which they do not know where their salaries are coming from, do not know what is happening to their superannuation, and do not even know whether their withheld tax has been forwarded to the Department of National Revenue?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Yes, Madam Speaker, we have endeavoured, as a result of representations from the hon. member last week, to make this situation quite clear. It is not a happy one, and the employees know it. We are now addressing ourselves to the question of whether there is some way they can be afforded relief in terms of arrears of their wages.

* * *

RESTRICTIVE TRADE PRACTICES

PUBLICATION OF REPORT ON MARKETING OF URANIUM

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, as a result of an answer by the Minister of Justice to a question raised by the hon. member for Cambridge, he indicated that in his opinion, or at least if he had an opinion, the operations of the cartel were completely legal in terms of Canadian law. That raises a couple of questions. If the operations are perfectly legal in terms of Canadian law, why was the report that was sent to the Justice Department not released immediately? If there is something wrong with the answer, why is this investigation being undertaken? Why is this excuse for an investigation within the department being given, and why is that report not available now so the people of Canada can see it and make their own judgment as to the propriety of this?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, there are two aspects to this problem. There is the question of having an agreement with other nations involving the matter of uranium, and I have said that according to international law that is completely legal. There is the other aspect of the possibility of a cartel within Canada in relation to the Canadian consumer. This is a different aspect of the problem. I was dealing with the former, the first one. They are two different things.

POSITION OF COMPANIES IN CANADA

Hon. Bill Jarvis (Perth): Madam Speaker, I direct my question to the same minister because I do not think his answer clarified the matter. In fact I think he further confused it. Is the minister in receipt, either in the Bertrand report or from legal officers of his department, of an opinion that the action in fact was legal according to Canadian law? To avoid having to ask a supplementary question, may I ask whether it is the position of the chief law officer of the Crown that Canadian corporations, members of an international cartel which may have been in breach of another country's laws, namely, the laws of the United States, are of no concern to that chief law officer of Canada? That was very clearly the implication given in the second response to the hon. member for Cambridge.

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I replied earlier to a question about the international agreement. Canada as well as other countries, including Great Britain and France, decided to enter into an international agreement in order to set the price of uranium. The Canadian companies subject to this international agreement acted in accordance with international law and, in my opinion, in their dealings with other countries, they fully complied with Canadian law. As for the offences committed within Canada, these companies must abide by the anti-trust legislation of Canada. We have received a report from the director which we are now reviewing. If there are grounds for charges to be laid against companies or individuals, we shall act in accordance with Canadian legislation and the laws governing marketing within Canada, and there is a major distinction to be made in this regard.

[*English*]

QUERY RESPECTING LEGAL OPINION

Hon. Bill Jarvis (Perth): Madam Speaker, let me put it very directly to the Minister of Justice. He says their actions were legal, in his opinion. Is that opinion based on parts of the Bertrand report and, in addition, is that opinion based on an independent legal opinion, either within the department or outside, that the minister has received?

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I have nothing to add to what I said earlier. I made a distinction between two aspects of the problem. I spoke about an international cartel set up by several countries which Canada decided to join. Under international law, we are entitled to take such action.

As for activities within Canada, this is a different problem. We have received a report from the director, Mr. Bertrand, and we are now reviewing it to determine whether charges should be laid. As soon as my officials have completed their review, we shall decide whether or not we should take action against individuals or corporations within Canada as a result of their activities on the Canadian market.

* * *

[*English*]

GRAIN

SHIPMENTS THROUGH PORT OF CHURCHILL—REQUEST FOR INDEPENDENT STUDY

Mr. Rod Murphy (Churchill): Madam Speaker, I direct my question to the Minister of Transport. In view of the fact that the Canada Grains Council, which is controlled by the private grain trade and is subsidized by the Canadian taxpayer, has just released a report critical of the Port of Churchill, and since asking the Canada Grains Council to evaluate the Port of Churchill is similar to asking the minister responsible for the status of women to do a job evaluation of the position held by Doris Anderson—

An hon. Member: That's a joke.

Mr. Murphy: The minister is a joke, yes. Is the Minister of Transport prepared to set up an independent commission to study the Port of Churchill?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, there have been, and there are still going to be, many studies of the Port of Churchill.

An hon. Member: We can believe that.

Mr. Pepin: Yes, indeed. I am quite sure the debate will go on even after the studies. The one which is referred to will obviously make a contribution. In the meantime the Canadian government does its very best to help in the maintenance and the development of Churchill by a diversity of means I do not want to spell out.

On the subject of grain, though, I might indicate that the Canadian Wheat Board has already sold 250,000 tonnes through Churchill this year, at a price, and if the crop improves the Canadian Wheat Board says it may be in a position to increase that basic amount.

Mr. Murphy: Madam Speaker, the minister knows not of what he speaks. The 250,000 tonnes is a minimum amount. It is what we had last year. If we do not get some action by this government the port is going to close. Is the minister forcing the CPR to come to an interchange agreement in order to make sure that grain which is on CP lines can go through the Port of Churchill?

Mr. Pepin: This is being discussed at the moment, Madam Speaker.

Oral Questions

PUBLIC SERVICE

COMPULSORY RETIREMENT AT AGE 65—GOVERNMENT POSITION

Mr. Maurice Foster (Algoma): Madam Speaker, I direct my question to the President of the Treasury Board.

In view of the provisions in the charter of rights prohibiting discrimination on the basis of age, and the interest of some civil servants in continuing to work beyond the age of 65, is the minister planning to remove the compulsory retirement rule for civil servants at age 65?

Hon. Donald J. Johnston (President of the Treasury Board): I thank the hon. member for the question, Madam Speaker. This is a subject we are examining at Treasury Board. As many hon. members may know, we have already encouraged deputy ministers to examine individual cases on a case-by-case basis to determine whether prolonging of employment beyond 65 is justified. I think it will become a subject of ever-increasing discussion, particularly with the adoption of the charter of rights, and I will assure hon. members right now that we will give serious consideration to bringing forward proposals as soon as our own examinations of the subject are completed.

* * *

WESTERN DEVELOPMENT FUND

FUNDING FOR LIGHT RAPID TRANSIT SYSTEM IN VANCOUVER

Hon. John A. Fraser (Vancouver South): Madam Speaker, my question is directed to the Minister of Employment and Immigration.

As long ago as December the Minister of State for Trade seems to have indicated that federal government financing for the Advanced Light Rapid Transit system in Vancouver would come from the Western Development Fund. On April 24 the hon. Senator Perrault announced that the funds would not come from the Western Development Fund. On Thursday, May 28, the Minister of Employment and Immigration stated in the House that the funds for the Light Rapid Transit system would come from the Western Development Fund. On Friday, May 29, I was advised by the government of British Columbia that Senator Perrault had stated that federal funds for ALRT would not come from the Western Development Fund.

Will the minister tell us whether the funds are coming from the Western Development Fund, can he confirm that there is a Western Development Fund, and if there is not a Western Development Fund will the minister confirm to this House what the Hon. Ray Perrault said last week, that no matter whether there is or is not a Western Development Fund there will be $60 million for Light Rapid Transit in Vancouver and that it will not be tied to the Western Development Fund?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, what is really important in the hon. member's question is the last part. The fact is that there are funds committed by this government to help the city of Vancouver and the province of British Columbia, not only to finance the LRT system but to begin developing a basis for much broader industrial activity relating to a very high technology enterprise. That is what is critical. This federal government does have a strategy for western development to help diversify its economic base and to provide for a brand new age of economic enterprises in western Canada.

• (1450)

ADMINISTRATION OF FUND

Hon. John A. Fraser (Vancouver South): Madam Speaker, what is important for this House is to find out whether there is a western development fund. This is a serious question and I ask the minister will he confirm that the funds available for light rapid transit are going to be available no matter what may happen to the western development fund? And will the minister tell us to which department that fund is allocated, and who is administering it, because the minister certainly is not?

Madam Speaker: I am not sure that the minister should answer that question. I am not sure whether it has been addressed to the proper minister. It seems to me that this responsibility for the west is not one to which ministers in the House can respond. Probably the question could be posed to the Minister of Transport.

Mr. Fraser: Madam Speaker, I accept your invitation but I would point out that the Minister of Employment and Immigration is in charge of a 13-minister committee on western development and he has been the spokesman for the fund.

Can the Minister of Transport confirm to this House that the Hon. Ray Perrault, speaking Thursday and Friday of last week to confirm that light rapid transit funding would be available whether the western development fund disappeared or not, was speaking for the government? And my second question is: where is the western development fund?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am sure Senator Perrault would not have expressed that view unless he had solid grounds for doing so.

* * *

SMALL BUSINESS

PROMOTION OF DEVELOPMENT BOND PROGRAM

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, my question is for the Minister of State for Small Businesses and Tourism. Can he explain why there has been so little promotion of the small business development bond availability to the small business community, something that could be very beneficial at this time of high interest rates and other difficulties plaguing the small businessman?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, I am glad the hon. member asked this question, because it provides me with the opportunity to promote once again the small business development bond program. The hon. member is certainly aware that the Minister of State for Small Businesses two weeks ago published a booklet outlining the small business development bond program. Copies of this booklet will be made available to all hon. members this week, as well as to chambers of commerce throughout Canada. I have personally issued three press releases on this matter, and the Minister of Finance two. We have also asked The Canadian Bankers' Association to promote this program. I feel, Madam Speaker, that we are taking every possible step to ensure that businessmen and businesswomen in Canada benefit from this program to the utmost.

[*English*]

INFORMATION REQUIRED

Mr. W. C. Scott (Victoria-Haliburton): I want to draw to the minister's attention that there are many lending institutions throughout Canada whose branches say they know nothing about the small business development bond when an individual goes in to make an application. As the minister knows, this bond, according to the government's legislation, will expire at the end of this year, and I hope that does not happen. However, as time is going by, what measures does the minister propose to take to make sure that every chartered bank branch has the available information and co-operation for someone applying for this assistance?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, I am grateful once again to the hon. member for raising this issue, because I am personally aware of several banking institutions, especially remote from larger cities and towns, which are not very aggressive when it comes to promoting the small business development bond program. The hon. member will doubtless be happy to know—as an indication of the demand for this program—that the Royal Bank of Canada announced last Friday that it was increasing by $275 million to half a billion the funds it is making available under this program.

Also, I will gladly raise this issue with the representatives of The Canadian Bankers' Association and ask them to keep on urging their local managers to make their customers aware of this program.

[*English*]

FINANCE

ADVICE FROM TORONTO HOME BUILDERS' ASSOCIATION

Mr. John Gamble (York North): Madam Speaker, in the absence of the Minister of Finance my question is directed to the Minister of State for Finance.

When I arrived home last weekend I had waiting for me a copy of a telegram which had been sent to the Prime Minister and the Minister of Finance by Mr. F. Peter Langer, the president of the Toronto Home Builders' Association. The telegram dealt with the pressing nature of crushing interest rate increases on not only the industry for which he spoke, but on the individuals desiring to acquire the products that that industry produces. In the body of the text, however, there appears some rather cogent and prudent advice to a government designed to reduce inflation and—

An hon. Member: Question.

Mr. Gamble: —the pressure on interest rates, and these recommendations are made by Mr. Langer:

A substantial reduction in government spending and tighter control of the supply of money—

Is the minister aware of the telegram apparently received by the Minister of Finance and, if he is, does he agree with the general observation made therein in connection with the way in which inflation can be retarded and, if so, is he prepared to make recommendations to cabinet to follow the rather sage advice that Mr. Langer has to offer?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I am not aware of that telegram, but the hon. member summed up its contents for us fairly well. We have opted for, on the one hand, a more restrictive policy, as the hon. member already knows that the monetary policy of Canada aims at restricting the money supply. On the other hand, the Minister of Finance has indicated clearly how he was keeping government spending in line with the general trend in the increase rate of the national product while reducing the deficit over the medium and long term. The hon. member might wish for more stringent measures that would go to the other extreme and be far more painful for the Canadian economy, and that would, above all, go against all the representations his colleagues have been making for a while now asking special programs for home building, special programs for farmers, special programs for small businesses. I doubt that he would get the support of the members of his party in advocating even more stringent restraints.

[*English*]

GOVERNMENT POLICY ON EXPENDITURES

Mr. John Gamble (York North): Let the minister rest assured that I will put my own words in my own mouth. I have not asked for those programs. What astounds me is that these

same recommendations are apparently shared by the general population in Canada.

If the minister is not aware of the telegram, he will be aware of the recent Gallup poll taken with respect to this issue, and I ask him, having regard to that poll's results which show that 65 per cent of Canadians prefer to follow the Reagan policy of substantial reduction of government expenditures, is this the real intent of this government, and will it in fact substantially reduce its expenditures?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I have already indicated the underlying principles of last October's budget. The hon. member seems to be drawing conclusions from polls or opinions that would surely not square with those of the majority of Canadians. I believe the majority of Canadians approve the program introduced by the Minister of Finance aimed at reducing government spending and the deficit. In so doing, we are supporting the monetary policy implemented by the Bank of Canada and hope to reduce inflationary expectations and the real rate of inflation.

* * *

● (1500)

[*English*]

CANADIAN NATIONAL RAILWAYS

WINDFALL PROFITS OF PENSION FUNDS—REQUEST THAT PENSIONS BE INCREASED

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, my question is directed to the Minister of Transport. In view of the fact that Dr. Robert Bandeen, the President of CNR, in writing to CN pensioners, is encouraging them to continue making representations to all bodies who have some responsibility in solving the complex issue of retirement income, I, on their behalf, put this question to the Minister of Transport. Will he suggest very strongly to Dr. Bandeen that the windfall profits being made by the pension funds which Canadian National Railways have really belong to the people whose funds they are? Will he suggest, therefore, that those windfall profits should be used not to pay off some other debt, but to increase the pensions of Canadian National retired employees?

Some hon. Members: Hear, hear!

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I do not want to accept any of the postulates that were presented, but the other day in committee on a similar question which was biased toward an increase on an annual basis—an adjustment better than what has already been made—of CN pensions, I accepted the idea that I should talk to Dr. Bandeen very soon on that subject and report to hon. members interested in the subject.

CONSIDERATION FOR ALL RAILWAY PENSIONERS

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, I have a supplementary question. May I ask the Minister of Transport if he will not only talk with Dr. Bandeen, but will he also have words with the high-priced president of CPR, Mr. Ian Sinclair, to the effect that pension increases for railway employees on both lines should not be ad hoc—maybe yes, maybe no—but should be guaranteed annually in accordance with the rise in the cost of living?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I was in my office on Saturday and I received similar representations from other bodies, from another Crown company on that occasion. Repeatedly the government has indicated that the problem of pension was much wider than the public service, CN, CBC or whatever. That is why the government has taken a global approach to it, and report has been made on that particular approach.

REPORTED INTENTION TO PURCHASE OIL COMPANY

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, my supplementary question is directed to the Minister of Transport on the same subject. When he is speaking to Dr. Bandeen will he also ask him if the CNR pension fund will be used to purchase Gulf Oil? What guarantees will the pensioners have that they will obtain some of the benefits of this transaction? Will he report back to the House on whether Dr. Bandeen and the CNR pension fund will be purchasing Gulf Oil in the near future? It is very active on the Toronto exchange, which would indicate that something is up.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I was familiar with the rumour; I thought it had died in recent days. Be that as it may, the CN pension fund may very well have shares in oil companies at this time, but no reference has been made to me, anyway, in relation to the use of the CN pension fund for the purchase of an oil company.

* * *

POINT OF ORDER

MR. ANDRE—PROVISIONS IN MAIN ESTIMATES, 1981-82

Mr. Harvie Andre (Calgary Centre): Madam Speaker, I should like to bring to the attention of the Chair several votes in the Main Estimates, 1981-82 which I believe to be out of order and inappropriate for inclusion in the subsequent appropriations bill flowing from these estimates.

The general argument in regard to whether votes in the estimates are in order or out of order was made by myself as recently as March 24 of this year and by numerous members in the House going back to 1971. Arguments have been made repeatedly over the last decade that votes should deal only with the appropriation of funds and not seek to amend legislation. They have been the subject of several rulings by the Chair.

I do not think I am being presumptive in saying that the position of the Chair in respect to this dollar item issue, as it has been titled, is very, very clear. March 25, 1981, was the most recent time this subject came up in regard to Supplementary Estimates (C), 1980-81. At that time Madam Speaker quoted Mr. Speaker Jerome who on March 22, 1977, probably stated it as precisely as in any ruling of the Chair when he said:

—the government receives from Parliament the authority to act through the passage of legislation and receives the money to finance such authorized action through the passage by Parliament of an appropriation act. A supply item in my opinion ought not, therefore, to be used to obtain authority which is the proper subject of legislation—

So it is very clear. Therefore, in order to prove that votes should be struck down as being out of order, it is simply necessary to show that they go beyond appropriation funds and somehow seek authority from Parliament for the government to undertake action.

On the last occasion I brought this up, on March 24, the President of the Treasury Board (Mr. Johnston)—it may have been spontaneous—resorted to the argument that an appropriation act is legislation and, therefore, it is fine to use an appropriation act for legislative purposes. As I indicated, that argument has been made repeatedly over the last decade and struck down by the Speaker every time. I will not go over that ground again, but I put the caveat that if perchance the President of the Treasury Board should make those arguments in a way as to be persuasive and cause the Chair to reconsider these clearly established rulings thus far, I would ask the Chair's indulgence to participate in any such debate if it should arise.

I will not take the time of the House to go over the reasons for the Chair's rulings. I will operate under the assumption that the ruling is clear and precise, and I will bring the various votes to your attention as to their eligibility or whether or not they are in order.

First I refer the House to vote 30 in the Department of Agriculture, page 2-26 of the Main Estimates, 1981-82. This vote is tantamount to an amendment to the Animal Disease and Protection Act. In essence, vote 30 indicates that, notwithstanding the restrictions of the Animal Disease and Protection Act in respect of conditions which must be satisfied in order for compensation to be paid, payment is authorized, even when the conditions of the act are not met. In other words, vote 30 seeks to amend the Animal Disease and Protection Act. The vote comprises the following:

Contributions including compensation at rates determined in the manner provided by Section 12 of the Animal Disease and Protection Act to owners of animals affected with diseases under that act that have died or have been slaughtered in circumstances not covered by the act.

This vote would seek to extend the provisions of the act to situations not covered by the act. This is the precise language, it is clearly legislating. I would consider it to be out of order.

Next I refer the Chair to the Department of Energy, Mines and Resources, pages 7-12 and 7-14, votes 35, 40 and 45. In essence, each of these votes seeks parliamentary authority to establish new programs. Vote 35 deals with the Canadian home insulation program. In the commencement of that vote, the exact language indicates that it provides for the following:

Contributions in respect of a home insulation program in the provinces of—

Then it goes on. It talks about "a", not "the". In other words, it is establishing a new home insulation program.

Later in the description of the vote, it asks for authority to be provided to the governor in council to make regulations in respect of this program. The vote is seeking authority, on behalf of the governor in council or on behalf of the government, to make regulations in respect of the home insulation program which the vote seeks to create.

Vote 40 is precisely the same in respect of the home insulation program or the so-called HIP which concerns provinces other than those included under CHIP.

• (1510)

Vote 45 on page 7-14 deals with the Canadian oil substitution program. It seeks authority to establish this program and it also seeks authority for the governor in council to make regulations in respect to that authority. Presumably, if these programs were in existence by some legislative authority the votes would have read "contributions for the Canadian home insulation program", "contributions for the home insulation program", or "contributions for the Canadian oil substitution program". The votes go much beyond that and give authority to the governor in council to make regulations, and so on and so forth. They do not talk about the CHIP program, the HIP program or the COSP program; they talk about "a" program. The language is very clear; the intent is for Parliament to give authority to the government to do that.

In any case, I have been unable to discover any other place where authority for these programs could be obtained. To my knowledge there has been no legislation establishing these programs, nor is there any existing legislation which would give the government authority to undertake these programs. I have not been able to discover that, but perhaps I could be enlightened to the contrary if that is the situation.

I next refer the Chair to votes L45, L50, L55 and L60 under the "External Affairs" estimates found at pages 9-30 and 9-32. Each of these votes seeks authority for the governor in council to issue certain debt instruments, namely, non-interest bearing, non-negotiable demand notes. For example, the Chair will note in vote L45 it is stated:

—to confirm and ratify the issue of non-interest bearing, non-negotiable demand notes to international financial institutions for international development assistance in previous years in an amount of $169,177,325.

In other words, this vote seeks to confirm and ratify the issuance of these debt instruments. The other votes, vote L50, L55 and L60, are, in fact, for one dollar. They are in the classical one dollar mode, if you will. A vote for a dollar is clearly not seeking funds but the authority to undertake certain action. Your Honour's predecessors, and perhaps Your Honour as well, have ruled that a dollar item may be appropriate in amending previous appropriations acts, that is, transferring money from one vote to another which may have been authorized in a previous appropriations act. But a dollar item

is not appropriate for granting legislative authority to the government. The dollar items here mention no such previous appropriations act. They are not an attempt to transfer funds from one vote to another; they are an attempt to grant the government authority to undertake certain actions.

The reason the authority is needed to undertake what is being undertaken arises from the Financial Administration Act. Section 80 of the Financial Administration Act states:

> Except as provided in this act or any other act of the Parliament of Canada,
>
> (a) a Crown debt is not assignable and
>
> (b) no transaction purporting to be an assignment of a Crown debt is effective so as to confer on any person any rights or remedies in respect to such debt.

Section 79 of the Financial Administration Act defines "Crown debt" as any debt for which the Crown is or may become liable.

In each of these votes the authority is sought to issue a demand note, which is a Crown debt. It could confer on the Crown or impose an obligation on the Crown to make payment on that note when it is demanded by the holders of the note, which are various international agencies. The Financial Administration Act says that can be done only with legislative authority, authority from Parliament. Hence, these votes in the estimates for a dollar seek that authority. That authority is not permissible under the rulings made by Your Honour and Your Honour's predecessor. Therefore, I submit all of these votes are out of order and should be struck down.

I refer the Chair next to the Department of Finance estimates on page 10-28, vote L15, which is precisely the same as the votes I mentioned previously. It is a dollar vote to authorize the minister to issue non-interest bearing, non-negotiable demand notes in such form as the minister may determine. In other words, all of the arguments I provided with respect to the votes under the Department of External Affairs estimates may be applied to the votes under the Department of Finance estimates. That is to say, the Financial Administration Act would prohibit the government from doing that without legislative authority. The government should not seek legislative authority through the appropriations bill to do that through a dollar item.

I next refer the Chair to page 23-64, Department of Public Works estimates, vote L70, which again is a dollar item. On examination of the vote it becomes clear that the intention of this vote is to amend legislation. It is merely for a dollar; therefore it does not seek funds. The purpose of the vote is to amend sections 34.14(2)(a) and (b) and section 40(5)(a) and (b) of the National Housing Act.

I next refer the Chair to page 29-12, Department of Supply and Services estimates, vote 5. It is stated under vote 5:

> —an amount not exceeding $3,020,000 in respect of the costs of free and subsidized publications shall not be taken into account in the calculation of the expenditures referred to in subsection 29(3) of the Adjustment of Accounts Act.

In other words, this vote clearly seeks to amend subsection 29(3) of the Adjustment of Accounts Act, which unamended would prohibit the government from undertaking this activity. I submit vote 5 is also out of order.

Finally, I refer Your Honour to vote 110, Department of Transport estimates, page 30-90. I would like to quote from line six of that vote:

> —provide that subsection 6(2) of the Atlantic Region Freight Assistance Act shall not apply in the case of the payment of assistance in the current fiscal year to truckers pursuant to subsection 6(1) of that act.

This vote clearly seeks to amend the Atlantic Region Freight Assistance Act, something which is not permissible. According to the rulings of the Chair, votes cannot be used to amend legislation.

Those are the only votes I intend to seek a ruling on. I humbly submit that each of the votes I have mentioned is out of order, given the clarity of the Chair's decisions in respect of what can or cannot be included in an appropriations bill arising from the estimates. I have the suspicion, Madam Speaker, that there are a great number of other votes in the estimates which may also be out of order. To be frank, I lack the resources to do the research necessary to confirm one way or another whether this is so. I do not have the back-up staff which the President of the Treasury Board has to make that kind of assessment.

After ten years of raising this point of order I am astounded that this same question has come up repeatedly year after year. The Chair has not been ambiguous but, rather, very precise and proper in its rulings, yet year after year when the main or supplementary estimates are before us they contain items which are clearly out of order to any fair-minded person. Frankly, it is bordering on contempt of Parliament. In fact, the regularity of the Chair's decisions in respect of the order of propriety of these items are just dismissed. The Chair's rulings seem not to matter one whit when preparation is commenced in terms of the next set of estimates. They just carry on. If some get struck down, that is just too bad; they just put in a new set the next go around.

● (1520)

It is getting to the point where I am wondering whether we perhaps should not entertain a new procedure of handling this. Heretofore, the responsibility, if you will, has rested upon the opposition to examine these estimates and to make our position known to the Chair; the Chair has examined the arguments and ruled one way or another. I do not mean in any way, shape or form to be critical of the Chair. I think the Chair has been quite lenient toward the government in the past by saying that though it has been suspicious about certain items, it would leave them there for now, but in the future it would have to be shown that they are in order. That kind of warning seems not to have had any effect.

I am therefore going to offer the suggestion that we might look at another arrangement whereby members of Parliament can raise points of order in respect of votes, and they will be deemed out of order until such time as the government proves, to the satisfaction of the Chair, that they are in order, rather than the reverse. I agree that that opens the possibility for abuse; but we have had ten years of abuse of Parliament from the government by its total neglect and disregard of decisions

and rulings of the Chair in respect to what is appropriate for an appropriations act and what is appropriate for legislation.

I would ask the Chair to give this some consideration. It would be an awful lot easier for all of those people in the Bell tower to present argument justifying their actions than for some of us on this side to have to rely on our modest staffs to go through this horrendous document to find out whether, in fact, the votes are appropriate or merely a sneaky manner in which to try to obtain legislative authority for undertaking their actions.

Madam Speaker, I do not want to take up any more time of the House. I would ask Your Honour to give serious considerations to those votes and, perhaps, to the suggestion as to how we may handle this in the future, because ten years is enough time for anyone to learn, even the group opposite.

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, in presenting his point of order, the hon. member makes much of the fact that this has been going on for ten years, with regularity, he suggests. I point out to him that, if anything, the objections have been ruled inapplicable with regularity, and in very few instances have there actually been deletions of items. In a moment, I would like to review with the House some of the instances in which such deletions have taken place.

The hon. member also very wisely, I might say, anticipated an argument which he is clearly incapable of answering; that is, the fact that what we have here is an appropriation act, an act of Parliament. He tends to reject that argument out of hand, and yet that has been the basis of many of the decisions by Speakers in the past. When this act is approved, it comes into force like any other act. While appropriation acts themselves are not subject to debate in this House, in accordance with the Standing Orders, they nevertheless cover the non-statutory items contained in estimates which are scrutinized by the standing committees of the House.

In the case of main estimates, as we all know, the period of time for committees to review the spending plans and to call witnesses is three months. I suggest that those three months should provide ample time to discuss the items, particularly those items which may be of concern to hon. members, such as the $1 items to which the hon. member has made reference.

The second point I would like to make relates to the types of votes. My comments concern those types of votes which have been questioned by hon. members over time, and which have resulted in some items being disallowed by Your Honour's predecessors from time to time. In reviewing those items, I noted that the votes which were disallowed contained requests to amend provisions of other acts, particularly where those changes were of a continuing nature and would not appear in the Statutes of Canada. I agree that estimates should not normally be used to change the basic purpose or intent of existing legislation. However, it should be appreciated that these proposals are not always straightforward. In many cases, this is the reason for debate.

I believe we have made every effort to follow this general guideline, and I suggest that we have been successful in this respect. The items which were allowed by previous Speakers were financially related and provided for expenditures of money, which is the purpose of appropriation acts.

Turning to a third point concerning the $1 votes objected to by the hon. member during the review of supplementary estimates (C), they contain requests for deletion of debts, which Your Honour may recall you disallowed, for loan guarantees and for authority to invest in international development banks, which Your Honour allowed to stand.

With regard to loan guarantees which are included in appropriation acts, it should be noted that they are one time in nature, financially related; hence, on the basis of previous rulings, the estimates would appear to be the proper vehicle for obtaining parliamentary approval. In any case, if there is default, the resulting expenditure will appear in estimates and public accounts.

With respect to investments in the International Development Bank, there are four such votes in the 1981-82 Main Estimates. These votes would authorize the Minister of Finance (Mr. MacEachen) to sign notes for a one-year period within a total commitment made by the government. In most cases, the cash requirements of the notes signed in a specific year fall due over a number of years, with the results that the cash requirement in the same year from the authority requested for a specific note is less than the note to be signed. The cash requirement for this note and from previous notes signed are displayed in estimates as "statutory" so that the government's spending plan contains the cash outlays for the fiscal year in question. I would also like to point out that these items are specifically defined investments which make them truly financial in nature, and that they are similar to other non-budgetary loan and investment votes.

In conclusion, I would like to say that I appreciate the concerns of the hon. member; but I would reiterate that the items contained in the Main Estimates which he has attacked, are financially oriented. They do not change the essence of other acts and, in my view, they are proper items to be included in these estimates and the resulting Appropriation Act. The hon. member makes specific reference, for example, to certain votes of Energy, Mines and Resources, certain program votes. Of course, legislation will be introduced with respect to these programs.

In summary, where authority is given through an appropriation act, then it would seem entirely appropriate to amend that authority through another appropriation act. Where there is an amendment effectively to other statutes, then I suggest, provided it does not go to the intent or purpose of that statute but simply to the financial provisions or a change in financial provisions, then that would also be an appropriate way in which to effect that change; namely, through an appropriation act.

Point of Order—Mr. Andre

● (1530)

Madam Speaker, I draw your attention for a moment to the disallowance of some items in supplementary estimates (C), in order to indicate the dilemma in which I find myself and to seek your guidance with respect to what steps you would consider appropriate.

You will recall, Madam Speaker, that eight items in supplementary estimates (C) cancelled debts and you ruled that they were pure legislative item seeking to amend section 18(1) of the Financial Administration Act. You ruled "that they should be and are hereby deleted from supplementary estimates (C) 1981-82". That was your ruling on March 25, 1981, Madam Speaker.

In the past we have always used these $1 items to delete such debts. Section 18(1) of the Financial Administration Act provides as follows:

The governor in council, on the recommendation of Treasury Board, may make regulations authorizing deletion from the accounts, in whole or in part, of any obligation or debt due to Her Majesty or any claim by Her Majesty that does not exceed five thousand dollars.

You can see, Madam Speaker, that it is not necessary to resort to legislation but simply to regulations to effect a deletion of debts up to $5,000. The question is, then, what procedures should the government adopt to delete debts which exceed that limit? I suggest, Madam Speaker, that this requires legislation and it occurred to us that the appropriate legislation would be an appropriation act. If not an appropriation act, Madam Speaker, I ask what kind of legislation would be appropriate? Perhaps an omnibus bill of some kind but it is clearly important that these come to the attention of members of the House and that is precisely why they are provided as one dollar items.

I would conclude, Madam Speaker, that the precedents we have followed in the preparation of the main estimates fully justify the items which have been attacked by the hon. member. I would hope that you would confirm that the main estimates have been properly prepared in accordance with precedent.

Madam Speaker: Indeed, this matter is a complicated one on which the Chair has had to rule quite often and one about which the Chair has suggested that some way of handling this particular problem should be devised by hon. members. I have a feeling that when I rule on the point of order that has been brought up, I will end up suggesting that again. However, the matter being complicated as it is, I thank both hon. members for their interventions and I will take the matter under advisement.

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,722, 2,296, 2,303 and 2,320.

[*Text*]

RESEARCH AND DEVELOPMENT—GNP

Question No. 1,722—**Mr. Stewart:**

1. For each of the past ten years, what percentage of the gross national product has been spent on research and development in Canada?

2. What were the contributions in (a) dollars (b) percentages by the (i) government (ii) universities (iii) private sector?

3. What figures, expressed in percentages of the GNP, are available indicating the degree of gross expenditures of R&D in other western industrialized countries?

4. What, if any, tax credits or incentives are available to the private sector for expenditures on R&D?

5. What effect would an increase of (a) 1 per cent (b) 2 per cent of GNP in gross expenditures on R&D have on (i) jobs (ii) total new manufacturing sales (iii) total new jobs in R&D laboratories?

6. What effect would each succeeding increase of 1 per cent of GNP in gross expenditures on R&D have on (a) jobs (b) total new manufacturing sales (c) total new jobs in R&D laboratories?

Mr. Roger Simmons (Parliamentary Secretary to Minister of State for Science and Technology and Minister of the Environment): In so far as the Ministry of State for Science and Technology is concerned:

1. The data requested are as follows:

R&D Expenditures as a Percentage of GNP in Canada, 1970-79

Year	per cent	Year	per cent
1970	1.24	1975	1.01
1971	1.24	1976	0.94
1972	1.13	1977	0.96
1973	1.03	1978	1.01
1974	1.01	1979	0.96

Source: Statistics Canada Economic Review 1980, Department of Finance.

2. The figures requested are as follows:

Direct Funding of Canadian R&D Expenditures by Government, Universities, and Private Sector

Year	(i) Government	(ii) Universities	(iii) Private Sector
	(figures in $ millions)		
1970	$ 554.9 (52.2 per cent)	$141.3 (13.3 per cent)	$345.3 (32.5 per cent)
1971	593.2 (51.3)	153.4 (13.3)	383.3 (33.1)
1972	625.4 (53.0)	145.7 (12.4)	378.7 (32.1)
1973	679.2 (53.5)	146.4 (11.5)	409.1 (32.3)
1974	743.3 (50.6)	183.2 (12.5)	507.7 (34.6)
1975	785.0 (47.4)	235.1 (14.2)	591.9 (35.7)
1976	847.3 (47.6)	260.8 (14.7)	624.6 (35.1)
1977	945.4 (47.4)	284.9 (14.3)	708.9 (35.5)
1978	1,074.2 (47.5)	305.1 (13.5)	821.0 (36.3)
1979	1,137.9 (47.6)	333.5 (14.0)	851.2 (35.6)

Source: Statistics Canada

Notes: — 'Government' includes federal, provincial and provincial research organizations.
— Private Sector includes business enterprises and private non-profit organizations.
— Percentages in brackets give proportion of total R&D expenditures in each year. Funding contributions from foreign sources, both government and private, which generally amount to less than 3 per cent of annual totals, are not included.

3. The major source for the data requested is the OECD. The latest figures readily available are as follows:

R&D Expenditures as a Percentage of GNP in Selected Industrialized Countries

Countries	1969	1971	1973	1975	1977
			per cent		
Canada	1.2	1.2	1.0	1.0	1.0
Belgium	1.1	1.3	1.3	1.2	1.2
France	2.0	1.9	1.8	1.8	1.8*
Germany	1.7	2.1	2.0	2.1	2.0
Italy	0.8	0.9	0.9	0.9	0.9*
Japan	1.4	1.6	1.7	1.7	1.7
Netherlands	2.0	2.0	1.8	1.9	1.9*
Sweden	1.3	1.5	1.6	1.8	1.9
United Kingdom	2.3	2.1	—	2.1	—
United States	2.8	2.6	2.5	2.4	2.4

*1976

Source: Directorate for Science, Technology and Industry, OECD.
Statistics Canada

4. There are three forms of tax incentives available to the private sector for expenditures on R&D.

(i) The 100 per cent write-off

Since 1961, firms have been able to write off against income 100 per cent of current and capital expenditures on R & D, less government grants and tax credits applicable to such expenditures. This is an incentive since all R&D expenditures are of a capital nature (i.e., designed to yield future income) and the normal treatment would be to capitalize such expenditures and depreciate them over the economic life of the assets acquired.

(ii) The investment tax credit

Since March, 1977, current and capital R&D expenditures have been eligible for the investment tax credit. This now stands at 10 per cent except in the Gaspé and the Atlantic Provinces, where a 20 per cent rate applies, and 25 per cent for small business anywhere in Canada.

(iii) The research allowance

Since April, 1978, firms undertaking R&D expenditures have been eligible to deduct from income 50 per cent of the amount by which the present year's current and capital R&D expenditures exceed the average of the past three years.

5. Research and development as an activity is a complex process whose outcome is subject to varying degrees of uncertainty. R&D by its very nature is best viewed as an investment which has an expected pay-off mainly in the longer run and, for the individual company or industry, these pay-offs may not be realized for ten to fifteen years. Hence, the relationship between any given level of increase in R&D expenditures and its impact on the economy is both indirect and imprecise. Nevertheless, the results of various studies undertaken both in Canada and other industrial nations indicate that the contribution of R&D to economic growth and productivity is positive, significant and high.

Studies have shown that the returns from R&D investment have also been significant. At the industry or company level, some typical rates of return that have been calculated for specific industries are: chemicals, 30 to 50 per cent; petroleum, 40 per cent; and food, apparel and furniture, 15 per cent.

Moreover, those industries which purchase goods embodying innovations developed by others also benefit from R&D activities. This diffusion of technology serves to strengthen the economy generally by increasing the over-all level of productivity, thereby contributing to increased standards of living.

It is now generally recognized that the expanding industries of today tend to be those industries in which the rate of investment in R&D is relatively high. A recent MOSST study for example confirmed that, for the period 1961 to 1974, research-intensive industries significantly outperformed low-research-intensive industries by recording a higher rate of growth in output, employment and productivity and a lower rate of price increases.

6. Same as reply to question 5 above.

Order Paper Questions

EMBASSIES AND CONSULARS IN CANADA

Question No. 2,296—**Mr. Flis:**

1. What is the number of embassies and consular posts in Canada for the Soviet Union, Bulgaria, Roumania, Yugoslavia, Poland, Hungary, Czechoslovakia and East Germany?

2. Were personal estates of deceased East Europeans residing in Canada confiscated by officials from these countries and, if so, in what number for the years (a) 1970 to 1975 (b) 1976 to 1980?

Hon. Mark MacGuigan (Secretary of State for External Affairs):

1. Soviet Union:	1 Embassy, 1 Consulate-General (Montreal)
Bulgaria:	1 Embassy, 1 Consulate-General (Toronto)
Roumania:	1 Embassy, 1 Consulate-General (Montreal)
Yugoslavia:	1 Embassy, 2 Consulates-General (Toronto, Vancouver)
Poland:	1 Embassy, 2 Consulates-General (Toronto, Montreal)
Hungary:	1 Embassy, 2 Consulates-General (Toronto, Montreal)
Czechoslovakia:	1 Embassy, 1 Consulate-General (Montreal)
German Democratic Republic:	No Embassy or Consular post in Canada

2. Departmental files have revealed no conclusive evidence of the confiscation of personal estates of deceased East Europeans residing in Canada by officials of the above countries in the years in question. Estate transfer is a matter under provincial jurisdiction and the Department of External Affairs does not have detailed information on this subject.

SATELLITE TELEVISION BROADCASTS

Question No. 2,303—**Mr. Beatty:**

1. Were protests made by the United States government to the government over Canadian reception of American satellite television broadcasts and, if so (a) on what date (b) by whom (c) in what form?

2. (a) What percentage of the (i) population (ii) geography of Canada can receive moderately clear signals from American satellites by TV R.O.s (b) what is the estimate of the number of (i) licensed (ii) unlicensed earth stations in operation in Canada?

3. (a) What percentage of the (i) population (ii) geography of the United States can receive moderately clear signals from Canadian satellites by TV R.O.s (b) what is the estimate of the number of (i) licensed (ii) unlicensed earth stations in operation in the United States?

4. (a) Does the government object to American reception of television signals from Canadian satellites (b) were protests made by the government to the United States government over American reception of Canadian satellite television broadcasts and, if so (i) on what date (ii) by whom (iii) in what form?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): In so far as the Department of Communications is concerned, the reply to the above question is as follows: 1. No protests have been made.

2. (a)(i) The strength of satellite signals is not uniform. Satellite antennae are designed to provide a certain pattern on the ground, and the strength of the signal diminishes in moving from the centre of the pattern outward. The U.S. satellites generally cover all of southern Canada and reach the majority of the population, some 20 million people.

(ii) U.S. satellite coverage of Canada reaches the more southerly portions of the country with what might be called a reasonable signal, and can be received on a larger more expensive earth station at points farther north.

(b)(i) The number of licensed earth stations in Canada, of all kinds, was 604 at the end of March, 1981.

(ii) An estimate at that time of the number of unlicensed earth stations in Canada places the figure over 200.

3. (a)(i) Canadian satellite coverage of the U.S.A. reaches well over 100 million people there.

(ii) Anik A and B cover the majority of the U.S.A., although the more southerly portions receive much weaker signals.

(b) It It is understood that there are over 4000 TV ROs licensed to cable companies. As the U.S.A. does permit operations of a TV RO without a licence, the number of unlicensed earth stations is not known.

4. (a) In 1972 there was an exchange of letters between Canada and the U.S.A. whereby each country agreed that their respective domestic satellite systems would not be used to serve the other country apart from exceptional, specified circumstances. This agreement still stands although informal discussions have been held concerning the revision of this arrangement.

(b) No protests have been made by this government to the U.S., concerning the reception in the U.S.A. of the signals of the domestic satellites of Canada.

REGIONAL NEWSPAPERS OF QUEBEC

Question No. 2,320—**Mr. Herbert:**

Did the Department of the Secretary of State finance projects to provide a profile of the clientele to be reached by regional newspapers of Quebec and, if so (a) how many were financed in the past five years (b) for each project (i) what amount was granted (ii) to which regional newspapers were the profiles provided?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications):

(a) The Secretary of State financed two projects dealing with the clientele of regional newspapers in Quebec in the past five years.

(b) (i) The first, entitled "English Community Newspapers in Rural Quebec" was completed in March,

1978, by the MacDonald Journal which received $4,805 in grant moneys under the Official Language Minority Groups' Directorate; the second, entitled "Survey of Readership of Anglophone Rural Press" was completed in the fall of 1979 by the English Community Newspapers Provisionary Committee which received $29,230 in grant moneys under the Student Community Services Program. (This project employed ten students during the summer months.)

(ii) The results of both studies were made available to all the regional newspapers, namely:

Name	Region Served
The Aylmer Reporter	Aylmer and district
The Equity	Shawville, and municipal county of Pontiac
The Gleaner	Chateauguay Valley (Valleyfield, Cornwall, Northern New York)
Hudson Gazette	Hudson and area
The Low Down to Hull and Back News	Low, Hull (Gatineau River Valley)
The Post	Buckingham, Gatineau, Thurso, Val des Monts
Quebec Chronicle Telegraph	Quebec City (Ste Foy, Sillery), also Shannon Val Cartier (Camp Val Cartier, CFB), Stoneham, Levis, Loretteville, Ste Anne de Beaupré, St Etienne de Lauzon
Rouyn-Noranda Press	Rouyn, Noranda
The Sherbrooke Record	Eastern Townships
Spec	Gaspé Peninsula
The Stanstead Journal	Stanstead, Rock Island, Sherbrooke, Lennoxville, Stanhope, Magog
The Townships Sun	Southern Quebec
The Val d'Or Star	Val d'Or
The Victory	St Eustache, Ste Thérèse, Deux-Montagnes, Rosemère
The Watchman	Lachute, Hawkesbury (S), St Emile-de-Suffolk (W), Lac Manitou-Sud (N), Ste Adèle, Lafontaine, St Jérôme (E)

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 2,393 could be made an order for return, that return would be tabled immediately.

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Is it the pleasure of the House that question No. 2,393 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

ABORTIONS

Question No. 2,393—**Mr. Flis:**

1. What number of abortions were performed in each province during each year 1975 to 1980?

2. For the same period in each province (a) what was the percentage of these abortions in relation to (i) population (ii) births (b) how many abortions took place in hospitals (i) with (ii) without abortion review boards and what are the names of the hospitals?

Return tabled.

[*Translation*]

Mr. Collenette: I ask, Madam Speaker, that the remaining questions be allowed to stand.

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

[*English*]

Mr. Cossitt: Madam Speaker, I would like to refer very briefly to certain questions that have gone unanswered for a great length of time. I refer to question No. 30, which I put on the Order Paper approximately two years ago, if my memory serves me correctly, and I have renewed it on successive Order Papers. It seems to me that it is a very simple question that could be very simply answered. It asks for the names of the Canadian Transport Commission members and/or their wives who have passes on Air Canada. That question has been outstanding for a long time, which leads one to think that there must be some type of cover-up going on.

Another question is No. 93, which simply asks for the list of executive assistants and special assistants to cabinet ministers. That should not be a national secret. It also asks, and this may be the touchy part, for the names of those who are under contract to cabinet ministers, what the contracts are for and what the amounts are.

Question No. 136 has been on the Order Paper for over a year. It deals with the fact that in the May, 1979 election I asked about the Liberal party renting an aircraft from Air Canada and when the following election came about in February, 1980, the aircraft still had not been paid for. It was confirmed to me by people in Air Canada about three months ago that the answer had been prepared for the government and would no doubt be tabled in the House within a week. As yet, absolutely nothing has happened.

There are four other questions, Nos. 775, 776, 777 and 1,057, all concerning a Lionel Martin, a freelance broadcaster with the CBC, I understand, who was broadcasting from Havana. I asked if the government would confirm that he had said certain things on the air in great praise of the Castro regime, to the point where in a matter of two hours he was

able to determine that 10,000 refugees in the Peruvian embassy were nothing but a bunch of thieves, prostitutes and criminals. This was pretty fast work in two hours.

The last question that I would like to ask why it has not been answered is one for which I do not have the number in front of me but I am sure the parliamentary secretary will be familiar with it. This is a question about the Prime Minister (Mr. Trudeau) going to Jamaica and accepting as a host Sir Harold Mitchell, chief executive and director of Luscar Ltd. a large coal enterprise in western Canada. I asked if the Prime Minister had followed the guidelines that he and his government set down, namely, that any benefit of a value exceeding $200 must be reported. That question has been on the Order Paper for one year and one month and is unanswered. It would seem to me that it would be a simple thing to answer that. Apparently the Prime Minister has gone back and accepted such hospitality again.

He drew up the guidelines, Madam Speaker. None of us can do anything, if we are over there in the seats of the mighty, over $200, yet he is apparently not following his own guidelines. I want to know why. Why will he not tell us? Obviously it is embarrassing or it would not have taken over a year to get an answer.

Those are the questions that I would like to draw to the attention of the parliamentary secretary. If he could possibly tell us now when some of them will be answered, it would be helpful. I hope he will not give us the percentages of how many he has answered of mine and how many come through every day, how wonderful everything is and how they are trying their best and that the questions will be answered soon. The government's definition of soon, unfortunately, does not correspond with what most of us think soon really means.

Mr. Collenette: Madam Speaker, the hon. member for Leeds-Grenville (Mr. Cossitt) seems to have answered his own questions and has left me very little to say. Perhaps for clarity I could underline the fact that I have made a note of the questions he has brought up and I will do my best to get the answers.

As he knows, a number of questions are placed on the Order Paper every week. I think the hon. member for Leeds-Grenville is probably the greatest user of the Order Paper and that, of course, is his privilege. It requires a lot of time to get these answers, however, and it is a lot of expense.

The hon. member failed to mention that we have answered many of his questions recently, some of which are of long standing. I am sure he would not want to convey the impression that he is ungrateful that those answers have been tabled in the House, so therefore I bring that up.

Finally, I would like to point out that over 80 per cent of all questions on the Order Paper have been answered. I hope that we can answer the balance by the time the session ends.

Madam Speaker: Orders of the day.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—EFFECTS ON AGRICULTURE INDUSTRY OF HIGH INTEREST RATE POLICIES

Mr. Bert Hargrave (Medicine Hat) moved:

That this House condemns the government for its failure to help alleviate the harsh and harmful effects on Canadian agriculture of its deliberate high interest rate policies, for its failure to honour its responsibilities to the Canadian agriculture industry during the present time of economic crisis, and for its failure to take other positive steps to assist the Canadian agriculture industry such as:

1) extending the small business development bond to unincorporated farmers;

2) amending the Farm Credit Corporation Act, the Agricultural Stabilization Act, and the capital gains tax to ensure that Canadian farmers have access to necessary and sufficient funding; and

3) redirecting its spending priorities to positive agricultural programs which would benefit Canadians as a whole.

● (1540)

He said: First, Mr. Speaker, I would like to welcome our Minister of Agriculture (Mr. Whelan) home from his world travels. I hope the minister will stay in the chamber long enough, not only to participate in this debate but also to listen to some of the words of wisdom that I am sure will emanate from this side of the House. In any event, I say welcome back to our minister.

I think the motion we have just heard read is most appropriate in that it touches on and deals directly with a number of issues which are currently of tremendous importance to agriculture all across our nation. For that reason, I am pleased to lead off in this debate.

Over recent years, this House of Commons has not turned its attention to agriculture very often in an opposition day debate. Most of us would agree that it is important to turn our attention to this subject more often if we truly recognize the unquestioned importance of agriculture and the production of food to our nation. Our Canadian agricultural industry shares a disproportionately large amount of capital and operational costs when compared to most other industries. This is due mainly to the enormous amount of land required that at present day capitalized values, is completely impossible to justify in terms of agriculture production. Present day interest rates and escalating inflation are major contributors to this situation.

A recent feature story in *The Globe and Mail* pointed out that in Ontario debt service is now close to being the largest single farm cost. For 1980 it shows that cost to be $436 million, up from $374 million in 1979, an increase of 16.5 per cent in just one year. Feed costs in 1980 at $588 million were the highest. The story pointed out that by 1985, which is four years from now, Ontario farmers will owe $8 billion. It is fair to suggest that this same situation exists in most other farm areas across Canada.

In southern Alberta, one of our irrigation districts, irrigation farm costs have gone up this year by $6.14 an acre due to the

increased cost of natural gas alone. This is the natural gas used for fuel and manufacture of fertilizers. That is direct consequence of the two natural gas taxes, about which we are hearing so much in Bill C-57. It is tragic and most unfortunate but right across Canada we are now witnessing a very significant increase in farm bankruptcies and bank foreclosures, surely a discouraging situation for younger farmers and those who are about to start farming.

Since the Easter recess, we have been encouraged by public remarks of the Minister of Agriculture to the effect that he was truly aware of the extreme financial hardships in agriculture; that he was fully aware of the inequity and unfairness of present monetary and fiscal policies toward agriculture; and that he was most surely aware of the government's loan guarantees to the troubled Chrysler and Massey-Ferguson corporations.

The minister expressed support for the widespread and popular suggestion that the small business development bond should be modified and broadened in its application to agriculture. Surely there is a genuine need for this financing device to apply to unincorporated farmers and that its provisions include farm operating expenses as well as capital expenses.

After recent comments from the Governor of the Bank of Canada and from the Minister of Finance (Mr. MacEachen), most of us have to conclude that this government has no plans other than to sit out the situation and follow the trend line of the United States Federal Reserve Board's interest rates. Yet in spite of this dismal outlook, there seems to be a feeling—indeed, it is the expectation of all sides in this House—that the small business development bond approach will be modified as so many members and agricultural groups have suggested. That is the very least the government can and should do.

I want to pause a moment to say that I am sure most of us have already noticed a letter from the Minister of Agriculture on this subject which appeared in today's Ottawa *Citizen*. I want to read into the record two short paragraphs so that we can all be conversant with it. In part, this letter reads:

> Under consideration is a change to the small business development bond section of the act to allow unincorporated farmers and businessmen to qualify for up to $500,000 in low-interest loans.
>
> That section restricts banks to interest charges of no more than 10 per cent.
>
> I am also considering changing the lending policy of the Farm Credit Corporation by instituting a moratorium for three years on payments of interest and principal on corporation loans.

I was very glad to see that letter, and I hope there will be a follow up very shortly.

I want to come now to a subject which is a little closer to my heart, but nonetheless just as serious, namely the Canadian beef cattle industry. I have a few remarks to make about it. Our Canadian beef cattle industry is presently struggling with the economic situation that I outlined in my opening remarks which applies to agriculture as a whole. As cattle producers, we are seriously concerned about the future of our Canadian industry in both the short term and the long term. We suffer from a lack of confidence in the long-term future direction and development of our cattle industry.

In spite of a 2 per cent increase in beef-cow numbers in 1980, according to a Statistics Canada figure, we are still probably at the bottom of the numbers cycle because of the fairly high rate of female slaughter in 1980. In my opinion, because of industry uncertainty we are essentially still at the bottom of both the breeding cycle and the beef supply cycle. Several other situations combine to add to our current cattle uncertainties.

Starting about a year ago, cattle feeders have consistently lost money for at last ten of the last 12 months due primarily to high interest rates, high corn and barley prices and abnormally high levels of live fat cattle imports from the United States over the last five months, a situation which still continues.

Another area of concern is the aftermath of three separate drought years across the western prairies in 1977, 1980 and 1981. I hasten to point out that recent good rains, mostly in Alberta, have changed the current drought picture rather dramatically. However, there are still large areas in southern Saskatchewan that are still very dry and where grain and grass prospect are still very poor.

In spite of good rains, even in Alberta there remains a critical shortage of surface water because of winter drought over the last two successive winters resulting in no snow run-off water for both stock water and the many local, individual spring flood, forage feed projects. That is where the drought is hurting, even where we have had wonderful rains. There is no surface water because there was no snow for two years in a row. The significance here is that for the second year in a row forage feed supplies for cattle will be poor, and carried over reserves are almost non-existent after the previous severe winter for feed stocks.

• (1550)

Another significant drought development was the movement of an indeterminate number of feeder cattle to feedlots and cows with calves at foot to market this spring. There was a serious movement of this kind of cattle in both Alberta and Saskatchewan and maybe Manitoba, although I am not sure of that. In spite of our cattle industry's position at the bottom of the number and supply cycle, 1980 total meat supplies were at a record level of 218 pounds per capita, with beef and veal at a total of 90.9 pounds, pork at 71.3 pounds—an all-time high for pork—poultry at 51 pounds—also an all-time high—and lamb and mutton at 2.5 pounds per capita.

On April 15 the Minister of Agriculture announced there would be no stabilization payments for slaughter cattle sold in 1980. The announced 1980 support price was $75.88 and the national average market price was $76.37, just half a cent per pound above the support price.

In view of the state of the industry, as I just outlined, and the point that we are at in the cattle cycle, and in view of the potential proliferation of balkanizing provincial stabilization programs, discretionary pay-out for beef above the required minimum would have seemed appropriate by the minister this year. The minister has already established a precedent for

moving above the mandatory minimum support level of 90 per cent of the previous five-year average market price. He moved it up to 95 per cent and even to 100 per cent on other occasions. Why not this year when it is needed so desperately?

I now want to make some comments about the very recent hog stabilization payment announcement on May 21. Agriculture Canada announced a stabilization program of approximately $9, a few cents below it, per finished hog marketed during the fiscal year ending March 31. However, provincial hog stabilization payments will be subtracted from the amount payable under the federal plan. This is inconsistent with last year, when there were no penalties to discourage provincial subsidy programs and provinces now are actually being encouraged to get into some form of provincial subsidy. For example, Quebec has its own subsidy on weaner pigs and still gets the full federal payment while other provinces with subsidies at market hog level get no federal payment. Similarly, the British Columbia hog plan is not penalized because of the manner in which their program operates.

Over recent years the minister has been highly critical of the obvious balkanizing impact of the various provincial hog programs, and quite properly so. In this new announcement, not only is he inconsistent, but he is actually encouraging more balkanization of the Canadian hog industry. Moreover, many farmers, especially cattlemen, will now feel their concerns about stabilization are justified in that the government can manipulate the stabilization program in several ways, depending on the politics of the day and the money available.

Now some comments about the subject of beef imports. I am aware that the new meat import legislation will begin detailed examination in our standing committee tomorrow. I am very glad that we are getting to that stage of discussion; therefore, I do not intend to discuss that important bill in this opposition day debate. However, there are certain related matters pertaining to the guaranteed minimum access levels of beef imports that were negotiated during the Tokyo round of GATT negotiations that must be mentioned now.

I feel very strongly about the lack of incentive and confidence in the future of our Canadian cattle industry, as I have already indicated. This, referring to the GMA levels that came out of that Tokyo Round, is perhaps the single most important factor contributing to that negative and depressing feeling aobut our cattle industry.

It poses this key question: Is it worth while to spend 20 years or more becoming established in a beef cattle operation at the cow-calf-yearling level, on the grass, only to realize that our offshore competition will continue to get an ever-increasing share of our domestic beef market because of an overly generous guaranteed minimum access quantity base negotiated three years ago at the GATT, and that includes a human population growth factor to guarantee the growth of that offshore import share? That is the most depressing factor of all. It is discouraging cattlemen across Canada today. They are saying bluntly there is no future in beef cattle.

There is no question that our GMA level was set too high. This situation is more obvious now that our per capita beef consumption is lower than when the negotiations took place. As a result of that human population growth factor, those offshore imports will make up a larger and ever-increasing share of our market relative to the U.S.A. since the United States did not agree to a similar human population growth factor in those negotiations.

I now come to another topic, which is very important to the cattle industry today because it addresses some of the serious concerns in which we are involved. I refer to it as a deferred income averaging trust proposal. The minister is well aware of this program. He has heard a lot about it in recent years.

Recently the Minister of Agriculture has been making suggestions with respect to some form of livestock, especially cattle, insurance program, probably to be patterned after the crop insurance program if that is possible, and I rather doubt it. A much more appropriate proposal is the concept of a deferred income averaging trust account that has been put together by some provincial governments and the Canadian Cattlemen's Association, supported by a large number of its component members across Canada.

The plan is actually a form of personalized stabilization that would be applicable to any farmer. Essentially, the proposal would require changes in the Income Tax Act to allow individual farmers to set aside farm income into interest earning accounts in good years, for withdrawal as taxable income in low income years. Such accounts would be similar to RRSPs, but with a much higher ceiling. This personalized income averaging trust would deal directly with at least two inherent characteristics of agricultural production, especially in the cattle industry. They are not presently recognized and accommodated by our tax structure.

First, the cyclical nature of livestock production, especially beef cattle, results in quite dramatic changes in income. There are two aspects to this, the approximate ten-year duration of the cattle numbers cycle and the beef supply cycle, as well as the four-year individual production cycle of the cow-calf-yearling producer.

● (1600)

No other major agricultural commodity is subjected to such extremely long cycles, making planning, management and forecasting so difficult and even impossible. I made that statement several years ago and was challenged by an orchard man, a fellow raising apples. He told me how long it took to get an apple tree into production. That is probably true, but when talking about a major agricultural commodity I suggest that my remarks of the time still stand.

Weather and climatic conditions have a more profound and direct impact on agriculture than on most other enterprises, and I am sure that is an understatement. This climatic impact bears directly on net farm income whether localized or more general. Recent droughts—and I will cite three of them; 1977, 1980, and this year up to this stage—are good examples of this situation. Cattlemen learned long ago—I go back now to the lessons of the 1930s—that the prudent course to follow during a drought is to make your cattle numbers fit your available

grass and hay. This means cutting your cattle numbers sometimes very drastically. For the second year in a row I have had to do that very thing in my own operations.

An income-averaging trust would allow drought cattle sales, which would be well above normal because you would be selling off many more numbers in a given drought year, to be exempt from tax in that year. Surely it is illogical and without understanding for governments to tax disaster situations, but that is what has been happening under the present tax structure. We sell additional numbers of cattle in the face of a drought, the proper thing to do, and then have to face the consequences of a much higher taxable income.

Better pasture management would evolve and the income from such drought-induced forced sales would be left earning interest if we could use this income-averaging trust concept. That same income could be withdrawn in a subsequent low-tax year and used for restocking or for operating funds during a pasture and feed recovery stage. I would point out that that recovery stage of ranges that get eaten down to a point where cattle must be removed can sometimes take two, three or four years, before the grass comes back, assuming, of course, we have adequate rainfall.

With respect to additional supplies of forage hay needed for wintering the basic cow herd, I have always reasoned that, in the event of needed government assistance, such as in 1980 when the government brought in its herd maintenance program, the criteria should be based on the amount of such feed necessary over and above the long-term average requirements which are produced on the individual cattle unit.

This concept is based on the assumption that most cattle units have developed their own forage feed production systems over many, many years which would see them through two or three average winters. When one bad one comes along as a result of a drought, they would have their own reserves to carry them over. When that feed supply does not grow, this becomes another matter.

Our present tax laws work against these longer term cyclical, climatic and unpredictable aberrations I have already discussed. It is well known that farmers for years have attempted to defer and average their incomes through very destructive and wasteful year-end purchases of livestock, machinery and other production inputs. We are all familiar with that. In the month of December you size up your situation having regard to possible income tax and look at the merits of sometimes buying significantly large numbers of cattle or machinery. This is simply not good business but it becomes necessary under the present tax structure.

Let me hasten to add that the five-year tax averaging provision presently available to farmers is much less than adequate due to the extreme cyclical nature of the cattle industry. Many of our situations, as I already indicated, last much longer than five years.

I suggest that the obvious merits of individual, self-managed stabilization accounts make this trust account proposal much less costly to the government and more efficient to administer by the government. The proposal has the support of the Canadian Federation of Agriculture and most provincial governments.

Before leaving this very important topic there is a related matter worthy of comment dealing with the Farm Credit Corporation. I am sure most of us are aware of the shortage of funds in the FCC. It has been an almost annual occurrence in recent years during the last quarter of the fiscal year. Most of us would quickly agree that additional funding is necessary, and necessary now, either from government or the private sector.

In this latter respect, why not use the individual averaging trust fund I have been talking about as a source of revolving funds for the Farm Credit Corporation? The FCC could administer the fund and it would be a continuing source of their financing needs. Among other advantages, the plan would be well received if only because of the concept of well established farmers helping young farmers get started, and that is a very necessary thing these days. I have never seen conditions more difficult for new farmers to get out on their own and get started.

Before concluding these remarks, Mr. Speaker, I would like briefly to assess the prospects and the challenges of the decade we are beginning, not only for agriculture generally but, perhaps more particularly, for our Canadian cattle industry.

First there is a developing challenge for Canada, especially western Canada, to help supply a growing beef deficit in the United States west coast market area. That deficit is presently 30,000 head of cattle per week, and that amount is about one and one half times Alberta's present production. This deficit in the U.S. west is presently supplied from the mid-west states which are considerably farther away from that market area than is the province of Alberta and most of the province of Saskatchewan.

With ever-increasing pressure on disposable income, consumers will be even more price conscious, especially of the more expensive foods, usually led by beef. All meats will become more competitive and consumers will be demanding a leaner grade of beef. This is, or will be especially true in the United States.

Rising production costs, such as fuel, fertilizer and much higher costs for transportation and distribution, will tend to keep cattle on improved forages longer, and cattle feeding and processing will tend to locate near the point of origin of those live cattle, and by that I mean, at least in Canada, in the black soil zones of the western provinces.

Our livestock transportation problems will worsen. Our railway stock cars are becoming obsolete very rapidly, and both railways have clearly indicated they have no intention of replacing them.

There is an urgent need for interprovincial truck licensing agreements to facilitate long-haul trucking.

• (1610)

The Crow rates and domestic feed grain pricing policies remain key deterrents to real progress in beef and pork production. The government should find ways of encouraging the two groups in the west, the western agricultural conference and the commodity coalition, to continue their negotiations which are now reasonably close to a compromise on this entire debate. I think some appropriate urging on the part of the government in its own way might help to bring this serious problem to a satisfactory conclusion.

Various provincial incentive programs in both cattle and hogs, some with top loading features, not only will eventually make federal harmonization more difficult but will impose an increasing risk of denial of access to United States markets for cattle and hogs. That is a very serious situation that could develop over the current decade.

Our Canadian meat market development plans must ensure that our quota allocation policies enable us to expand sales into the United States. Right now there are some factors working toward actually reducing those quotas, which is a situation we should never allow to happen because, after all, we are sitting next door to the biggest and highest beef market in the world and should take advantage of it.

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, it is a pleasure to speak to this motion today and I congratulate the member for Medicine Hat (Mr. Hargrave) for initiating this debate. I know him as a person who sincerely believes that the government must show concern for the farmer in these desperate times and must do something about high interest rates and the high debt load. I am also glad to see the Minister of Agriculture (Mr. Whelan) here today. In my approach to this debate I am going to cover a lot of points besides that of cash flow.

I do have some difficulty in supporting some of the positions that the hon. member for Medicine Hat takes in many areas, although the first two points of his resolution could be adopted as a very helpful policy. We have heard much in this House and elsewhere about the sanctity of the family farm. All parties in this House agree on that. However, there the consensus seems to stop.

In order that food production can be maximized for Canada and the world we must give priority to the policy of security of farm income. Canadian farmers have always been eternal optimists, so much so that they continue to lose money year after year and still go on attempting to produce. Much of this optimism has been the result of minimal personnel requirements for running a farm and because those who work on the land are, in the best sense of the word, survivors. To survive, farmers have learned to make the most of as little as possible. The prairie farmer, and I speak mainly of grain farmers, for many years ran on what my father used to call haywire and horse manure. Haywire was used to repair almost everything, to keep the farm tied together. Horse manure was part of the basic fertilizer and kept the crops growing, and the horse was the main source of power.

In those days the farmer accepted whatever he got for his produce and very often received nothing for his labour. However, things have changed. Security costs more now. There is much more input into all types of farming these days from outside the farm, and most of these inputs must be purchased for cash. The farmer must have that cash to operate; therefore he must be paid enough for his produce to provide that cash. He needs that money to buy fuel, the price of which is going up daily; he needs it to buy power. A tractor nowadays can cost anywhere from $50,000 to $80,000. The cost of fertilizers and chemicals, which are closely related to fuel prices, are increasing very quickly. He has to have money to buy machinery and the increases in the prices of that machinery over the years has been fantastic. A machine costing somewhere around $500 before the war now costs $10,000, a twentyfold increase. The farmer needs to pay for labour, his own as well as others. Again, the cost has increased considerably. He also has to pay for transportation and for land.

Farming has survived as a way of life because many people find it so appealing that they continue to stay on under very adverse circumstances. But farming should be treated as any other business which must be nurtured and protected to survive. The family farm way of life has many natural enemies and the motion we are debating points many of them out. Surprisingly, the hon. member's motion and speech point out a number of suggested solutions. I say suprisingly because in his appeal he suggests that the government should intervene in farming more and more often. I am puzzled by that because what we have here is a free enterprise Conservative party asking the free enterprise Liberal party to intervene more often and more fully into the free enterprise area of farming. However, agriculture must have this kind of intervention to survive.

This crisis in farming that we are faced with right now is not new, nor is it unique. It is but another chapter in a 70-year period of instability of markets, fluctuation of prices and depression of incomes.

• (1620)

There are two basic problems facing agriculture today which must be considered. One is the cost of production and the second is the related question of prices, markets and incomes. The hon. member for Medicine Hat zeroed in on the problem of cash flow and the effect of the monetary policy of the government on the cash flow of farmers. The effects of the high interest rate policy and the monetarist policy on farmers have been greater than on most other industries. The government should not be asked at this time to deal only with problems of money. It should look at all the factors which are part of those two basic suggestions—the cost of production and the related question of prices, markets and incomes.

We need to establish as quickly as possible some kind of income security for farmers. I hope the minister agrees with this position. We can do this only by establishing producer control boards which have some effect on the supply of products on the market. We must prevent the dumping of agricul-

tural products on the Canadian domestic market. Some changes in the Meat Import Act will possibly start to control the dumping of agricultural products on the Canadian market.

Also we must establish market prices for all farm products at a level which will cover the cost of production. In the past this was part of the reason for the establishment of the board, but generally it should be a policy of the government right across the country. The farm is the only place where the free market is expected to work. One would not expect General Motors to produce cars by the thousands, put them on the market and then say, "How much can I get for them?" They start out knowing how much the cars will cost and add on a substantial profit; this becomes the price of the cars. However, farmers and other primary producers are forced to produce, put their products on the market, and hope they receive good prices for them.

Also we must establish some kind of insurance for that income, such as crop insurance, a stabilization policy or some type of insurance for all producers. We should look at some basic guaranteed income for farmers.

I should like to deal with the area of grain marketing because it brings into Canada a major portion of our foreign exchange. We must establish an initial price for grain going overseas or being sold domestically at a level which covers the cost of production. We must expand the jurisdiction of the Canadian Wheat Board so that all grains come under such a ruling. We should guarantee farmers some return on their grain, even in those years when the market is not large enough to handle the entire crop.

Now I would like to turn to the cost of production with which farmers must deal. In the last few years a major concern has been the cost of land. There is a myth that if farm sizes are increased, the total number of producers declines and the efficiency of farms increases; the larger the unit, the more efficient. If we compare a prairie farm of 2,000 acres which is being farmed by one farmer with two farms of 1,000 acres each, we will see which one produces the most grain. Size does not necessarily mean efficiency. The process of attempting to increase farm size has resulted in sharp competition and inflated prices. Therefore, we must do something about limiting the size of farms; this should be looked at as an area of concern.

We must prohibit foreign and corporate takeovers of farm lands, again to limit the size of farms and increase the possibility of family farms surviving. Also we must look at interest rates which allow farmers to buy.

The other day I was interested to hear the hon. member for St. John's West (Mr. Crosbie) speak about the cross of gold which was being pressed upon Canadians. I think he referred to a speech of William Jennings Bryan who was running as the Democratic presidential candidate in the United States. At that time Mr. Bryan became the champion of the emerging west by saying that the west must be protected from eastern bankers and protection-minded Americans who wanted to retain the gold standard. Perhaps the hon. member for St. John's West is attempting to become the champion of the emerging west this time around. Mr. Bryan talked about the need for cheap money, the need for funds for farmers to break their land, equip their farms and harvest their crops. These are the same requirements which farmers have today.

We can all agree that the high interest rate policy of the government has the same effect now as it had back in 1896. I think the motion which is before the House should be accepted, since it condemns the government for not doing anything about this particular area of concern.

• (1630)

What we have seen in the past 30 months is the death of the cheap money policy for agriculture. This destruction by the Bank of Canada, conducted by Governor Bouey, aided by the hon. member for St. John's West when he was finance minister and by the hon. member for Cape Breton-Highlands-Canso (Mr. MacEachen), continues. Their policies may suit the bankers. They may be worth while as far as money and finance are concerned, but they do not suit the farmers in Canada today any more than they suited the farmers in the United States in Bryan's time, 1896. I wonder what we can expect the Canadian farmer to do when he is faced with an interest and money policy which is based on beggar thy neighbour interest rates and which are designed to keep the balance of payments of the country at bay while farmers and other working people are offered a sacrificial lamb because of mortgage payments and the interest which they must pay. I also wonder what the farmers are supposed to make of the gradualism of the monetarist doctrine which is supposed to cut inflation while increasing everyone's interest costs substantially. If the government's policy is anti-inflationary, then thousands of Canadians have yet to find any evidence of it in their mortgage payments.

In addition to wanting the government's policy changed, as advocated by the hon. member for Medicine Hat, we want to put before this House the kind of policies which will change the structure of farming and agriculture in this country, to make it possible for a farmer to feel secure in his production.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Winnipeg North Centre (Mr. Knowles)—Social Security—Query Respecting Aid for Senior Citizens; the hon. member for Algoma (Mr. Foster)—Energy—Exports of National Gas to United States; the hon. member for Vancouver South (Mr. Fraser)—Western Development Fund—Future of Program.

Agriculture

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—EFFECTS ON AGRICULTURE INDUSTRY OF HIGH INTEREST RATE POLICIES

The House resumed consideration of the motion of Mr. Hargrave:

That this House condemns the government for its failure to help alleviate the harsh and harmful effects on Canadian agriculture of its deliberate high interest rate policies, for its failure to honour its responsibilities to the Canadian agriculture industry during the present time of economic crisis, and for its failure to take other positive steps to assist the Canadian agriculture industry such as:

1) extending the small business development bond to unincorporated farmers;

2) amending the Farm Credit Corporation Act, the Agricultural Stabilization Act, and the capital gains tax to ensure that Canadian farmers have access to necessary and sufficient funding; and

3) redirecting its spending priorities to positive agricultural programs which would benefit Canadians as a whole.

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I listened with eagerness to the previous speakers to find some new suggestions which I had not heard before on how to overcome some of the problems facing agriculture today in Canada.

First, I would like to say to the hon. member for Medicine Hat (Mr. Hargrave) who led off the debate that he might have left the House with the impression—an impression which I am sure he did not wish to leave—that I was on a vacation travelling around the world. In order to be back here for this important debate today, I travelled steadily for 24 hours yesterday.

I also wish to say to him that I was not leaving a luxurious place but, rather, we were in a rather humble country called Yugoslavia, at the World Food Council meeting. I had discussions with the minister of agriculture there with regard to signing a memo of understanding to exchange scientists, technicians etc., between our two countries.

I was very eager to hear some new ideas, but I must say that I have not heard one so far. I hope the rest of the speakers in this debate from the party opposite will be more progressive, if you will pardon the pun, as time goes on.

The hon. member for Medicine Hat is very interested in the cattle business. He has been saying the same things about the cattle business for many years. He will probably say that I have been saying the same thing about it, too, for many years. We have known one another for quite some time.

The past ten years in the cattle industry has brought more change than in any 70 previous years of its history. I remember when I was first Minister of Agriculture my advisers told me that I could expect one bad year out of five. Then when we had two bad years they said they had never seen anything like it. Then when we had three bad years they said they had never seen anything like it and that something must be going wrong. They had not been taught the economics to show three bad years could happen out of five. Then when four years out of five were bad in beef economy they did not know what to do because they had never been taught that kind of economics in school. It was something which they needed to develop a new theory about.

When we look at other areas of production we see some which are very healthy, regardless of what has been said by both hon. members who spoke before me. They left the impression that the whole of agriculture was economically unsatisfactory. They know that is not true. There are many sectors in agriculture today which are very healthy. For instance, the grain producing sector is pretty darned healthy when you look at the advance demand for payments which are interest-free.

By the way the two previous speakers spoke one would think there would be a tremendous demand for that money. This year those payments have been slightly more than the year before but less than $100 million. I have said that we would use over $100 million in interest-free payments to farmers who could not deliver the grain, but the reason we did not have to give that money to them was because they were delivering their grain. The transportation system was handling that grain better than it ever did before. It handled a year and a quarter's supply of grain in 12 months, which is a phenomenal thing for that terrible, dilapidated transportation system which some people say we have.

Maybe we have some problems in our transportation system, but we still have the best one in the world, and that includes the United States of America. It includes the railroad transportation systems in Japan and West Germany where there are tremendous economic theories. You can read articles about what tremendous giants these countries are but their railroads have tremendous deficits every year. Those countries do not do very much about trying to overcome that deficit either.

When the hon. member for Medicine Hat talks about offshore beef affecting our markets, he is talking through his hat. That beef did not affect our markets at all last year—he knows that because they did not even fill their quota. We saw the largest depression ever in the price of beef last year. Why? Because there was overproduction of domestic red meats in Canada and North America which depressed the price of beef more than anyone imagined. There was unrestricted production of pork which took away from the beef market. Consumers swung over to the depressed prices of pork and discontinued eating beef. In turn, beef prices went down. That was the free market system working to its maximum, Mr. Speaker, causing hardship, heartache and economic disaster, the likes of which we have never seen before.

That system just does not work in 1981. The economic theory that the market will take care of its own needs is wrong and cruel. What I am saying, when I talk about supply management, is that other people have agreed with those kinds of measures. They are the people who are not writing me letters about going bankrupt and they number about 70 per cent of the producers in Canada. They are involved in provincial boards which provide marketing contracts. If they are efficient producers they produce high quality products and

receive a certain return, which is negotiated at the start of the year. The province the hon. member for Medicine Hat comes from has some of the strongest provincial marketing boards in all of Canada.

• (1640)

I do not understand why they do not want something better for beef, because under supply management one does not have the problems that he worries about, such as offshore beef or any other beef coming in from any other part of the world. Under GATT, the supply management type of system, imports are controlled that way. One does not have to worry. When beef took over 24 per cent of the market in Canada this year, was it for one week or for two weeks? No, it took over the slaughter market for more than nine weeks in Ontario, 24 per cent of it on average and 9 per cent all across Canada.

When I met the secretary of agriculture, Mr. Block, the other day, I said to him: "What would you do in your country if, say, we could take over your market that long?" He said: "Oh, you could not do it." He knows we cannot do it. We could ship all our cattle in Canada and only take over 10 per cent of his market for a few weeks, and he would never have to worry about us again. Then we would bring in all our meat from some place else in the world. We would do the same for coffee or anything else we do not produce: we pay according to the tune that the piper plays.

Coffee in Costa Rica costs $1 a pound, but we pay $4 for the same coffee in Canada because it is not produced here. We pay what the importers tell us that we will pay. I get so sick and tired of hearing about dreams that we are going to have this system work so good that everyone will be economically stable, prices will be stable, and economic conditions will improve.

However, when we see the other groups in Canada which are surviving, are doing a good job, are paying their bills and making investments, is there something wrong with that? If one reads the history of poultry production in this country, it used to be that a poultry producer was one of the worst risks that any bank, financial institution, or credit union could take on. Now when a poultry producer goes by, they wave and say: "Come on in; we have some stocks and securities that we want you to buy". The dairy farmers are not running around the block to get out of their way, nor are the poultry producers. Most of the horticultural producers in Canada are not doing that either. A strong agricultural economy has been built. The agricultural economy is very strong except for those two sectors which produce red meat, both pork and beef, because they are destroying one another as a result of overproduction, and hoping that the free market will solve their problems.

The hon. member for Medicine Hat said I was destroying the principles of stabilization in our country. The principles of stabilization are designed to provide equity among producers and equitable income in a fair manner. It says that in the act. A rich province might put in an expensive support program and then expect me to give it federal money, just as I do with a poor province which does not have the treasury to afford that kind of system. That is not what the act says and that is not what it is for. It is to provide fairness. Read what the act says and you will have a better understanding.

Six years ago we proposed harmonization of stabilization to the provinces. Some of the farm organizations said: "No way, we do not want it." The provinces said: "Whelan and his government are wrong in providing that kind of organization", that kind of economic stability in agriculture. One of the provincial ministers was at the meeting. He went home and in six weeks implemented it in his province. The province was British Columbia, which is not a huge agricultural province. The federal government actually spends double the money in that province that the province does. However, he went home and put that plan into force for beef producers in British Columbia. Even some of the beef producers who objected to the income insurance plan joined it just as soon as it became law. I said to one: "Does it work?" He said, "You want to bet it works!" I said, "Does it cause inefficiency?" "You want to bet it doesn't cause inefficiency; it gives me an incentive to produce." It is the only province in the country which increased beef production when the rest went down. Some of them went slightly down, and some even went down more than that.

In different parts of Canada it is said they have such a tremendous program for beef in Quebec, they are going to take over the market for beef. They say they have increased production of beef in Quebec 100 per cent. A hundred per cent of what? It was hardly producing any beef before and it is hardly producing any now. It would take another 40 years at the rate it is increasing production, but it is guaranteeing 95 cents a hundred weight on the hoof for beef cattle. Is there something wrong with that program?

Let us make a comparison with rich Ontario alongside Quebec. Quebec spends $400 million plus on its agricultural economy. Rich Ontario, the largest agricultural province of all of Canada, produces 28 per cent of the agricultural worth of the whole nation, but spends only a measly $200 million for its agricultural schools and every other program. We spend more in Ontario than the province does. However, one would swear by what they are saying on the unfairness of hog stabilization, etc., that we are not doing anything for them. Did hon. members see what they did in eastern Ontario? The hon. member should be aware of that.

Mr. Baker (Nepean-Carleton): Who?

Mr. Whelan: He is on the list to speak later in the debate. I hope the hon. member mentions how they cut back the tile drainage grant in eastern Ontario.

Mr. Baker (Nepean-Carleton): You just wait!

Mr. Whelan: I hope the hon. member will flail them in Toronto for doing that. Tile drainage assistance is being cut back. That great farming government down in Toronto, the one that thinks so much of everyone, says, "You are not doing anything."

Mr. Baker (Nepean-Carleton): They do their farming on the Gardiner Expressway!

Mr Whelan: The old program of interest-free advance payments for grain has been there for a long time. As I said, this year it is not being used a tremendous amount.

An hon. Member: One has to have grain on the farm to get the advance payment.

Mr. Whelan: The farmer can get it if he is not a member of Parliament. I hope the hon. member is not applying for it because he is not entitled to it. A member of Parliament is a Queen's representative, and it is illegal for a Queen's representative to enter into a contract with the Queen. However, farmers can get up to $45,000 interest-free if there are two sons and a father or three brothers or three members running a farm. They can receive up to $45,000 interest-free. We have given money to the horticultural industry in Canada this year. We have advanced loans to those organizations which can prove that they will have the capacity and the ability to repay, in case some of the producers do not, to the tune of $50 million, interest-free also.

Mr. Baker (Nepean-Carleton): What about the small business development bond?

Mr. Whelan: We have done this for the producers, yet we are told we are doing nothing. We pay up to $500,000 for controlled atmospheric temperature storage and cold storage and jacketed storage for storable products. For instance, the B.C. tree food growers of apples, pears, cherries, etc.—and the hon. member over there is waving. He is so happy with the program that I initiated.

Mr. Chrétien: Give him a standing ovation!

Mr. Whelan: They received $11 million interest-free so they did not have to sell their crops in a distressed fashion. The hon. member knows that the industry in the province of British Columbia is probably in the healthiest state it ever has been in. Parts of that industry in Ontario have taken advantage of that same program.

Then we can move into the western grain stabilization program where we put in $2 for every $1 that the producers put in. How much did they pay out? They say we never did anything, but how much did we pay out? We paid out a total of about $360 million since that program has been in force. It was not totally federal money, but over two thirds was federal money which was paid out. That fund is building up rapidly because they did not have to make a payment last year. I doubt if they will have to make a payment this coming year either because there is a demand for grain and the prices will be good, as hon. members know. That is one of the reasons land is still as high priced as it is in western Canada. If the agricultural economy was so bad, would anyone pay a reasonable price, or even, some might say, an unreasonable price, for land?

The agricultural industry is healthy and can become even healthier with some of the things we need to do. These farmers should organize and run their own businesses. For instance, where are the most successful pork producers in the world? In Denmark. The distance from one end of Denmark to the other is equal to the distance between Toronto and Windsor. How many hogs are produced in Denmark? Twelve million hogs. How many hogs do we produce in Canada? With over 4,000 miles from sea to sea, we produce 12 million hogs. Who markets the hogs in Denmark? The farmers market 99 per cent of them. Who markets the hogs in Canada? Everyone does. There is a hodgepodge of marketing systems. The poor Americans are beings subsidized to the tune of some $30 a hog, yet it is one of the richest economies in the world. The same thing is being done for Japan. The same thing is being done for the people who send satellites around the earth and spaceships to the moon, the U.S.S.R. They are buying that product below the cost of production.

It is said that stabilization is the answer to the problem. The hon. member for Medicine Hat has heard me say that stabilization is not the answer, because I do not believe, if we run an efficient system, that we should have to use taxpayers' dollars to subsidize the United States of America, the rich economy of Japan or the U.S.S.R. in any fashion or form with such a high quality product. For instance, in Denmark the pork producers control the production of pork, how many sows, or hogs go to market, and so on. They run the processing plants and they run their world market selling system also. It is an efficient system.

• (1650)

Our pork producers are some of the most efficient in the world. They are not going broke because they are inefficient; it is because they become too productive. We hear economists and politicians say that the problem is that our society is not productive enough and that is why we have inflation. Do they mean that you have to be overproductive, that you have to go broke because you are so efficient in order for the economy to work properly? I say that is a cruel system, one that is unnecessary in the year 1981. It is time that some of the theories on those things were destroyed, just as some of our old farming techniques were many years ago.

The hon. member for Medicine Hat and the hon. member for Prince Albert (Mr. Hovdebo) said that this day is a good thing. I say it is a bad thing, Mr. Speaker. The opposition has ten or 11 more of these days in June. If the opposition really wanted to do something they would give up five of them and we would bring in some legislation which could be passed through the House for the benefit of agriculture.

Some hon. Members: Oh, oh!

Mr. Whelan: All they will do is talk, as I am doing at the present time. They have a list of speakers today who will not say one thing that is new or one thing that we have not heard before. It may sound good and it may be politically wise but it will not be new.

Mr. Baker (Nepean-Carleton): A point of order, Mr. Speaker. I wonder if I might ask the hon. gentleman a question?

The Acting Speaker (Mr. Ethier): Would the hon. minister permit a question from the hon. member for Nepean-Carleton (Mr. Baker)?

Mr. Whelan: Yes, I will, Walter, for you any time!

Mr. Baker (Grenville-Carleton): The hon. minister mentioned that his department had legislation to put through. When is he going to put it on the Order Paper? We would be delighted to see it. Perhaps we could make some arrangement, if he would put his legislation on the Order Paper.

Mr. Whelan: Mr. Speaker, I put the Meat Import Act on after I had begged, as he knows full well. I thought it would have been rushed through but they talked about the agriculture estimates and all kinds of things. Now we are finally getting to the Meat Import Act after it has been on the Order Paper for more than six weeks. We have plant breeder's rights on the Order Paper and we could bring that in and put it through in half a day. I can bring in Canagrex legislation and put it on the Order Paper. I can bring in amendments to the Farm Credit Act if hon. members would agree to sit 24 hours steady. I travelled 24 hours steady yesterday to get back here for today. If we can sit in the House 24 hours steady and pass that kind of legislation, I will bring it in for sure.

Some hon. Members: Hear, hear!

Mr. Whelan: They have legislation before them but have not done anything with it at all. I will give them all they want, a whole wagon load if they want.

Mr. Munro (Esquimalt-Saanich): Have you got a spreader?

Mr. Whelan: I want to say a couple of words about interest rates. I do not think any of us are happy about interest rates being 20 per cent and up, but I recognize that the issues are complex. Even if I were Governor of the Bank of Canada, I probably could not deliver 15 per cent interest rates tomorrow, as some of us would like to see. What I want to do is discuss the impact of high interest rates on agriculture and lay out for you my analysis of the current situation.

Interest rates are a significant cost of doing business for the farmer because the modern scale of agriculture requires a good deal of short, intermediate and long-term financing. Many people today do not realize that in a lot of cases $100,000 short-term credit is not enough; in some farm operations $200,000 is not enough. Some bankers are saying, "Sorry, old boy", or young man, or young lady, we are not going to let you have any short-term financing this year, even though you paid us $50,000", or $80,000, or $92,000, "in interest last year". Letters which I have received from farmers show how much they paid to the banks in interest last year, but some of the banks are saying that they will not go along with them this year. This is my main concern about high interest rates. The banks can do some of the things that members of this House have suggested within the act under which they operate. We do not have to do what the House leader of the opposition suggested and bring in special legislation. They can provide longer-term money if they want to and they can give them moratoriums on their loans.

Some people try to put across the idea that the interest that banks charge is for handling the money. It is to cover the risk they take. Some people are under the impression that banks must have a dollar on deposit for every dollar they lend.

I have a letter from someone who has worked for one of the banking interests of this nation for many years. He said that in some instances they lend on a ratio of 100 to one. Imagine if I could sell eggs that way, Mr. Speaker! A farmer must have the produce but in many instances all the banks do is change paper. When interest rates increase suddenly and unexpectedly by almost one third as they did last December, and that high level is maintained over a period of months, there is the clear potential for an unacceptable degree of financial failure due to short-run cash flow problems. There has been a significant increase in the number of farm bankruptcies, and the situation bears close watching. I can assure you that the provincial ministers of agriculture and I are monitoring developments very closely.

It is my judgment that the problem at the present time is not serious enough to warrant the sweeping measures which are being proposed by some critics. It would be irresponsible to ignore the fact that realized net income of farmers is expected to be some 15 per cent to 20 per cent higher in 1981 than in 1980, even though interest charges are forecast to go up to 30 per cent.

It is obvious that while all farmers are paying higher interest charges, they are not all being forced to the wall as a result. For example, I am sure that if grain farmers in the west—I have already touched on this—had a hard run, more of them would have applied for interest-free advance loans.

The information I receive indicates that financial failure among farmers—and I am not just talking about bankruptcies— is concentrated among hog producers and beef feedlot operators, according to 90 per cent of the letters I receive. A market problem has clearly existed in these segments of the industry for some time.

I have explained to the hon. member for Medicine Hat that he is living in a dream world if he believes in the free market system where they move cattle across borders and across oceans. For instance, the cattle that came into this country and took over the slaughter market did not come by themselves. Some good corporate citizen of Canada bought them and brought them home and took over the Canadian slaughters market. He was able to make a few dollars on it and that is why he did it. That is the name of that game.

At that time I could have given interest-free money to farmers and they still would not have made a profit because those cattle depressed the market more than the money that would have been given to them interest-free. As the hon. member knows, the price of slaughter cattle dropped as much as 15 cents per pound as a result of the glut of big fat

American cattle that came here because they had no home to go to in the United States. Sooner or later I hope farmers in these segments of agriculture, pork and beef, will take to heart what I have been saying about the need for orderly marketing and better management of supply.

When high interest rates were added to the problems faced by hog producers and feedlot operators, who were basically in a loss position anyway, the inevitable exit of producers from the industry in a process of market adjustment was reinforced and made more painful. To say that high intererest rates have caused the farm bankruptcies, foreclosures and forced sales we have observed is to oversimplify the situation.

I took the initiative in April of requesting a meeting with The Canadian Bankers' Association. As a result of that meeting, the association agreed to convey to the top management of the chartered banks my view that, under present circumstances, the banks should be taking a more flexible and considered approach in dealing with farmers who are defaulting on their financial commitments. I am meeting with them again this week. The association also agreed to forward to the chartered banks, for reconsideration, cases of individual farmers which had come to my attention and which I thought deserved a second look.

My staff has been actively involved in talking to individual farmers and their bankers in an attempt to reach agreements that are satisfactory to both parties. In addition, the Farm Credit Corporation is giving special attention to hardship cases in which it is involved as a lender, either alone or jointly with the banks. To the extent that its resources permit, the Farm Credit Corporation is open to refinancing existing indebtedness when this promises to make the operation viable, and where it is necessary to make it viable.

• (1700)

I am not suggesting that this action on my part will put an end to bankruptcies and foreclosures among hog producers and feedlot operators. There are a lot of cases where there was a little equity in the operation to start with. The cumulation of losses in the last two or three years has produced a level of debt which would be unmanageable, and no matter how strong the recovery in the hog and cattle markets, it would be very difficult for them to recover.

However, I have no doubt that many of the farmers who are now defaulting on their financial commitments can have viable operations if they can just be tided over for a few more months, or even for two or three years, until markets turn around and they have time to readjust their operations. My message to the banks is that these farmers should be provided with the additional credit they need to carry on at a normal scale of operations for the next few months. My suggestion is that the banks should get away from the "rule-of-thumb" mentality that anyone who defaults is a bad credit risk and should not be given additional credit. Nor should the banks get too concerned about recent declines in the value of their security, associated with lower selling prices for hogs and cattle. When hog and cattle prices strengthen, it will not take long for the value of the banks' security to climb back to earlier levels.

I am pleased to see indications that the top level managers of the chartered banks are already aware of the special nature of the problems facing hog and cattle farmers, in particular, and are taking a sympathetic and understanding approach to farm customers who are having difficulties. I think this is a case where the banks can do a great deal to help, simply by considering their long-run commercial interests and the special nature of the agricultural industry which gives them so much business.

Farmers last year paid out $1.5 billion in interest payments and this year they will pay out more like $2 billion. Do you realize, Mr. Speaker, that that figure is more than double the budget which the Minister of Agriculture has? My budget for all of Canada hardly reaches the $1 billion figure. We participate in all regions of Canada in support of agriculture. We do more in support of agriculture than do the provinces, something which a lot of people do not understand.

If hog and cattle markets do not develop in line with current projections, measures specifically directed at these segments of agriculture might be required to maintain the basic core of our productive capacity in these areas. It is a situation which requires close monitoring, and that is exactly what I will be doing.

In this context, I think it is important to keep the farm bankruptcy situation in perspective. There were 222 farm bankruptcies in 1980, up 77.6 per cent from the 1979 level. That is something which makes you angry when you hear that something has gone up 79 per cent; 79 per cent of what? It is just like beef production in the province of Quebec.

Our latest information indicates that there were 93 farm bankruptcies in Canada in the first four months of this year, up 40.9 per cent from the same period last year. If you check small business, you will see the phenomenal comparison. We talk about 222 farm bankruptcies, but nearly 7,000 small businesses went bankrupt at the same time. One has to bear in mind that the bankruptcy rate is less than one tenth of 1 per cent of the farmers in Canada.

A lot has been made of the fact that there never used to be bankruptcies to any extent among farmers. The fact that we now have a greater number of financial failures among farmers in part reflects the fact that farming is run more as a business now than used to be the case. More and more farmers are using borrowed money to finance expensive machinery and equipment and increasing outlays for fertilizer, top quality seed and other purchased inputs.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. minister but I must advise him that his allotted time has expired.

The hon. member for Red Deer (Mr. Towers) on a point of order.

Mr. Towers: Mr. Speaker, would the minister permit a question?

The Acting Speaker (Mr. Ethier): Because the minister's allotted time has expired, unanimous consent of the House in necessary. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Towers: Mr. Speaker, no doubt there is an oversight on the part of the minister or he had not reached a certain point in his speech. However, I understand he has been recorded on tape as saying that the government was going to change the Bank Act in order to facilitate certain benefits to small business people and farmers. Could the minister tell us when the legislation will be presented to change the Bank Act?

Mr. Whelan: Mr. Speaker, it is not the Bank Act but the Income Tax Act which would require amendment. We think this aspect has some possibilities and it is under serious consideration at the present time.

Mr. Hargrave: Mr. Speaker, may I ask a short question of the minister?

The Acting Speaker (Mr. Ethier): Again the hon. member may ask his question if there is unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Hargrave: My question is with regard to a figure which the minister mentioned. We on this side distinctly heard the figure 30 per cent mentioned with reference to an interest rate. Could the minister clarify that? I am sure we heard the figure 30 per cent.

Mr. Whelan: Madam Speaker, I did use that terminology. I said some people are forecasting that interest rates could go that high. In fact, some economists are forecasting a 30 per cent interest rate.

In the World Food Council we discussed interest rates as they pertain to poorer countries, poorer than Canada; for instance, the Philippines. In some of the South American countries the interest rate is over 30 per cent at the present time. I don't know how countries can produce food under those circumstances. Some Canadian banking institutions are lending money in those areas. I am told that in some parts of Asia interest rates can be well over 50 per cent. We abhor that kind of thing.

I also pointed out that interest rates were not the only bad thing. For example, when you go to world price for energy the impact will be even worse than interest costs. Some people on the other side may be advocating higher energy costs, but people earn $1 a day in places like Tanzania where diesel fuel and gasoline cost $5 a gallon and eggs cost $2.50 a dozen. These are the things we see happening with the high cost of energy and the input costs of agriculture.

Let me tell members from Saskatchewan that the cost of potash has increased over 200 per cent. I know the potash corporation in Saskatchewan last year had an increase in profit of 150 per cent. I guess that is what you call social democracy. That is the staff of life for many people. Potash fertilizer produces food. Economically millions of people in the world are being starved to death by interest, energy and fertilizer costs.

Mr. Pat Nowlan (Annapolis Valley-Hants): Mr. Speaker, I want to congratulate the hon. member for Medicine Hat (Mr. Hargrave) for introducing this motion. I have to express my extreme disappointment with the minister because he did not address his mind to the main part of the motion, let alone to the remarks of the hon. member from Medicine Hat which included some very instructive comments and objective thoughts to help the farming community in this country who are faced, in the terms of the motion, with the "deliberate high interest rate policies" of this government. For the first three-quarters of the minister's speech we heard that we may not have increased beef production in Canada to service the American market, but we certainly increased the bull production in Canada which could have more than serviced the United States. A lot of the ministers remarks were not even relevant to the motion.

I like the minister. He is a genial fellow, but he has had his chance to speak. I have only 20 minutes, which is even less time than the minister, but I intend to say a few more relevant things, with respect.

The minister seems to thrive on appellations, but there is one which goes back to storybook fame. It is "Old Thunder". It is lots of noise, lots of thunder but no fire in the old system. This minister with his orations, diversions and camouflage in terms of real problems in the agriculture industry will be known as "Old Big Thunder" or "Soft Thunder". Like summer lightning, he has some flashes in the sky but does not produce any heat.

• (1710)

One of the reasons I am speaking today is because the farm community is faced with high interest rates. We are talking about the farmers of this land. We are not talking today about the small businessman and the pensioner caught in the inflationary spiral. We are not talking about the Denmark hog grower, who is not suffering from 22 and 24 per cent interest rates. We are talking about Canadians.

The minister criticized the hon. member for Medicine Hat by saying: "Oh, well, you always say the same old thing." Of course the farmer, the small businessman and Canadian citizens always say the same old thing. This minister should come down from the clouds and get back into the fields of Canada and deal with Canadians. He will find that the farmer in the east, in the west and in Ontario, where bankruptcy is high, is saying the same old thing, that 23 per cent interest on loans for short-term capital is too high to be able to run a productive farm.

The rate of bankruptcies, which were not even heard of in earlier days, is now very high. As the minister said, last year 222 farms went out of production and already in the first quarter of this year there were 93. Those are farms that are

out of production and will not come back into production for some time.

In Nova Scotia there is a farm loan board which provides substantial short-term help to farmers caught in this squeeze. Therefore, we do not have at the present time this horrendous bankruptcy situation. In Ontario, which used to be the heartland of Canada, I know of two cases where the farmers just walked off the land. They could not afford to pay 22 per cent on short-term money. They could not do what the hon. member for Medicine Hat suggested in terms of reducing in an immediate way farm credit procedures in order to get short-term help.

Of course people are saying the same old thing. They will continue to say the same old thing as long as this government sits on its derrière and tries to camouflage the fact that the farm community is faced with insurmountable problems as a result of interest rates that have never been so high.

I have no sympathy for the minister today, who outside the House is a genial fellow. I have no sympathy for the fact that he had to fly for 24 hours in order to get back here to participate in this debate. If the debate has done nothing else, it has at least brought the minister back to Canada to talk about Canadian problems and deal with the thoroughly irate farming community from coast to coast.

The *Toronto Star*, that pillar of journalism which is the masthead of the Liberal party, says day in and day out that the interest rate policy of this government is folly. The Canadian Federation of Agriculture has asked for short-term help to the tune of $200 million to assist farmers to renegotiate loans or who are caught in a mortgage vise. They want help now, not down the road.

We cannot accept the policy of gradualism of the Minister of Finance (Mr. MacEachen). It will lead us right into the financial sink and down the tube if we follow that minister who does not bring in any policy. The Minister of Agriculture is monitoring the problems. All you have to do is look at the farm digest and farm papers to know that the farm community is in dire straits. Obviously some parts are stronger and healthier than others.

This minister comes back, moans and groans, rubs his tired eyes and talks about the sacrifice he made by travelling 24 hours to be here in the House of Commons to talk about something that is basic and important to every Canadian from coast to coast. That is the problem of the farm community having the productive capacity to produce food for all Canadians. Instead of talking about our potential to expand, all we received from him this afternoon was claptrap.

Every farmer in this country has sacrificed more than the Minister of Agriculture in trying to meet unconscionable interest rates. I hope they were watching television today to see the Minister of Agriculture try and camouflage the real problems. He did not even address the motion of the hon. member for Medicine Hat. It is not a highly provocative, partisan motion.

The speech by the hon. member for Medicine Hat was most even and objective. That member, a past president of the Canadian Cattlemen's Association, is one of the most respected members of the farm community of this country and was so long before he became a member. We are thankful he is now a member so that he can bring to the floor of this House some of the concerns of the farm community, let alone his special knowledge and interest in the cattlemen of this country. I am glad the minister was in this House to hear some of the hon. member's positive proposals. However, the minister did not even address them. The motion reads:

> That this House condemns the government for its failure to help alleviate the harsh and harmful effects on Canadian agriculture of its deliberate high interest rate policies, for its failure to honour its responsibilities to the Canadian agriculture industry during the present time of economic crisis, and for its failure to take other positive steps to assist the Canadian agriculture industry such as:
>
> 1) extending the small business development bond to unincorporated farmers;—

The hon. member for Medicine Hat referred to a letter in the paper which indicates that the minister may be moving after he monitors a little more. The motion continues:

> 2) amending the Farm Credit Corporation Act, the Agricultural Stabilization Act, and the capital gains tax to ensure that Canadian farmers have access to necessary and sufficient funding; and
>
> 3) redirecting its spending priorities to positive agricultural programs which would benefit Canadians as a whole.

That is a fairly even motion in view of the crisis facing Canadian agriculture today. The Science Council of Canada stated that if we develop our potential in agriculture, we can double our production by the year 2000. We must redirect some of our interests, energies and priorities into the farming community. However, all we got today was the same old camouflage evasion from "Old Thunder", except for the very last part of his speech.

I am glad the hon. member for Medicine Hat asked about the 30 per cent interest rate. From listening to the minister, I thought he was relating to what people were saying was going to happen in Canada, not in the Philippines or Chile. In any event, the minister clarified that in part. Let us hope there will be no more talk about 30 per cent interest rates. The 20 and 22 per cent interest rates are too high for the farmer to pay.

The minister complained that we are saying the same old thing. Interest rates have been going up on a monthly basis with a few little blimps downward every so often. However, the farmer is locked into a year contract or demand note, and a longer contract if it is a mortgage. Co-ops do not change that quickly. The farmer cannot readjust his planning to conform with these unconscionable interest rates. That is the fundamental problem affecting the farm community across the country.

I was going to compliment the minister before I listened to his oration. There are areas where we can move very positively in agriculture and where we can redirect expenditure and produce more. The hon. member for Medicine Hat talked about an averaging indexing proposal. The minister did not reply to that. It seemed sensible and logical. In good years the farmers could salt some away and use it in poor years. Because

the minister did not reply to that, I am a little hesitant to compliment him.

Two weeks from today the minister and I will be at the official opening of the research station at Kentville, in Annapolis Valley in my constituency. That agricultural research station is for all of Atlantic Canada. There is no area of agriculture in this country where there is more potential than in research and development. I am certainly glad that we are going finally to have the official opening of this research station.

I could cite chapter and verse some of the problems there are now. I am sure the minister is aware of them. Unless we plan now for the future, some of the smaller markets in terms of dollars will be lost to Atlantic Canada. We are not like the big people from the west and we do not have the wealth of Ontario. Our low-bush blueberries in Atlantic Canada account for something like $18 million to a lot of farmers who need that income, yet right now, because of developments in high-bush blueberries in Michigan, New Jersey and the Carolinas in the United States, we in Canada are becoming very uncompetitive. Unless research is done now in terms of more mechanical means of harvesting blueberries to cut down on high labour costs and in terms of pruning these bushes rather than burning them with high cost oil and things like that, we will lose these specific benefits in Atlantic Canada from this industry. Obviously, they are very small, at the start, but when you count up all those blueberries and you find you lose $18 million, you realize that this is something very valuable to many farmers in Atlantic Canada.

● (1720)

I see that my time is almost up, but I was bothered by the minister's remarks today. I would have respected him even more had he come in and said he knows there are a heck of a lot of problems in the agricultural industry. Anyone who is confronted with these interest rates, whether he is a businessman or a millionaire, particularly farmers with crops that have to be planned on a seasonal basis, is obviously facing tough times.

I compliment the hon. member for Medicine Hat for bringing forward this motion. Those are my points about the small business development bond program and some of the proposals by the hon. member. I would really have appreciated the minister giving a considered reply to the speech by the hon. member for Medicine Hat, or at least responded to his motion, rather than giving us utter garbage for the first three quarters of his speech.

The minister knows more about this industry than his remarks indicate. From time to time I believe he really does have a sincere interest in agriculture. But I think my appellation of "Old Thunder", "Big Thunder", or whatever you want, is unfortunately too accurate. While the minister may have, and does have when he is not so tired, a sincere interest in agriculture, I am afraid that often the sound he makes in cabinet does not provide results. That is certainly the case with the sound he makes outside, but how much weight he carries in cabinet councils I am not sure. With his interest in agriculture he knows better than I that more research and development with a shift into higher spending has to be accomplished if we in Canada are to stay competitive in many areas.

There are many problems facing agriculture now in Atlantic Canada. Somebody earlier referred to GATT. Let me talk about research and development. We are at a lower level in Canada in terms of research and development than the United States and Russia. I have read several interesting articles on this subject and I intended to quote from one at quite some length. The agricultural reporter from Alberta, Mr. Schmidt, reports in a very interesting way on the comparison between the United States, Canada and Russia in terms of expenditures for research and development. Canada is at the bottom of the list. I understand that the minister's officials and Science Canada suggest that a dollar spent on research will in effect produce $7 in return.

I know the minister has been pretty busy and may not have had a chance to digest the traditional annual brief from the Agricultural Institute of Canada, but I hope his officials have considered it. It was presented to all the party caucuses in the Parliament of Canada, the government, Conservatives and the NDP. On page 1 of the brief there is a most interesting section on research and development which shows, in effect, the returns you get when you really spend money on research and development. Some of these facts apply very much in my riding because of the enhancement and development of the broiler industry. On page 2 of the brief, among other things, appears the following:

> The benefits accruing from agricultural research have been well documented. The safeguarding of wheat from the ravages of rust provided a benefit to cost ratio of 482:1; research leading to the reduction of fallow acreage in Manitoba provided a benefit to cost ratio of 278:1 but the benefit should continue to accrue for decades ahead; a benefit to cost ratio of 260:1 was estimated for R and D on chicken broilers; in Ontario input cost of $32 million for the improvement of corn provided additional returns of $2.6 billion or an investment return of 80:1.

I think my time has just about run out, but the second short paragraph on this page shows the Canadian picture in relation to that of the United States. It states:

> Ten years ago (1970), the Canada Department of Agriculture expenditure was 3.7 per cent of total Canadian Government expenditure. By 1978, agriculture expenditure had dropped to 2.4 per cent of total government expenditure and in 1979, agriculture expenditure was reduced still further to only 1.9 per cent of total government expenditure. Of this, only 10.9 per cent was expended on agricultural research.

There were many proposals and positive recommendations, many of which have been made before. Frankly, I think Socrates said a long time ago that there has not been a new philosophic or perhaps agricultural thought that has never been advanced before by man. These ideas are framed in different ways. A lot of these things have been said before. There is a problem in terms of research and development. Anyone can play with figures, including politicians, farmers and certainly financiers. If we are to plan for the future and look down the road ten years—and it often takes that long to do the work and see the results—instead of a declining budget for research and development within the agricultural budget we must have lead money and lead time. We must have a

surplus of funds for research and development in agriculture. If we are to have the same budget, let alone a declining budget, the inflationary factor will mean we will be spending all the money and time on research and development just to maintain the status quo or to plug the holes in the proverbial dike wall of research and development, with no plans for new holes in that wall down the road. We must spend more money in order to develop better apple, potato, wheat, soft wheat and hard wheat crops, you name it, to say nothing of the low-bush blueberry crop that must be competitive so we do not lose our markets.

I do not want to trespass on time as I know other hon. members want to speak. We should perhaps have two days' debate on this subject, one for western agriculture and one for eastern agriculture. There are very real problems and I know the minister is aware of these. I certainly hope his officials are aware of problems in relation to the GATT negotiations and the potentially adverse effects of valuation procedures and freight rates in border states. If we are not careful we may be in greater difficulty because of valuation procedures and freight rates for imports. Valuation is supposed to be neutral and freight rates are supposed to be taken into account, but in terms of Canadian markets and producing areas adjacent to border states we could find ourselves in the position of having a real flood of imports.

There are many things one could talk about in the field of agriculture. I could even refer to the veterinary college in Atlantic Canada, the matter of feed grains in eastern Canada, the effect of marketing boards on price stability and production, and interest rates to consumers. There is so much to be said about agriculture, but I think the bottom line of my concluding remarks about agriculture is that I just wish that "Old Big Thunder" would not thunder so much from time to time—

The Acting Speaker (Mr. Ethier): Order, please.

● (1730)

[*Translation*]

Mr. Marcel Ostiguy (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I too would like to comment very briefly on today's opposition motion concerning interest rates. Mr. Speaker, I listened to the speeches of two opposition members, the hon. member for Medicine Hat (Mr. Hargrave) and the hon. member for Annapolis Valley-Hants (Mr. Nowlan), but neither of them came up with constructive suggestions. They criticized the 10 per cent segment of agriculture which may be in the doldrums, but they forgot to point out that 90 per cent of Canada's agricultural community is operating at full capacity.

Mr. Speaker, it is a fact that Agriculture Canada and the minister are aware of the problems caused by recent hikes in interest rates, particularly to young farmers who are just starting out in the agricultural business and to a few specialized producers involved in hog and beef production. Naturally, one cannot remain indifferent in the face of bankruptcy reports, as the minister said earlier, because in certain areas the bankruptcy rate is as much as 70 per cent higher than at the same time last year. Still, although interest rates do create serious problems for all farmers, the number of bankruptcies in Canada has always been very low. As I recall, a few moments ago the minister gave us a few statistics to show that last year 222 farm operations went bankrupt as compared with over 7,000 small businesses. Of course there are fewer bankruptcies in agriculture than in any other field. However, in most instances we are not in a position to find on our own the corrective measures to problems whose scope extends far beyond the jurisdiction of the Department of Agriculture. In the field which concerns us, namely assistance to farmers, the existing programs coupled with certain measures which have already been taken by our department contribute to lighten the farmers' financial plight.

Last week, when regional development deputy minister Couillard appeared before the Standing Committee on Agriculture, I heard opposition members belittling the new reorganization in the Department of Agriculture. And yet that reorganization was carried out to meet the needs of farmers and enable them to improve their efficiency and their productivity. It follows that when they raise their productivity they can lower their production costs. Throughout the debate, during an hour and a half last week, they harassed the deputy minister before the Standing Committee on Agriculture, telling him they did not understand why the Department of Agriculture has made changes within that service. Yet it was quite simple, and today members opposite blame the Department of Agriculture for doing nothing. It was precisely measures like those taken by the Department of Regional Economic Expansion that allow farmers to improve their production.

Of course, Mr. Speaker, as a result of recent increases, interest rates of chartered banks in Canada have reached almost 20 per cent. While everybody is clearly affected by those increases, farmers are especially hard hit, because they need short-term and long-term loans to purchase inputs such as the machinery, the seed, the fertilizers, etc. required for their annual production and to improve their operations. A while ago, the Minister of Agriculture pointed out rightly that some products such as chemical fertilizers from Alberta had increased by 200 per cent, that potash products had substantially increased. We did not hear the members opposite, especially those from Alberta, refer to such increases. Pork producers, of course, like all those whose prices are not controlled by marketing boards, are especially affected by rising interest rates. If we compare them with dairy producers who have a National Marketing Board, quotas throughtout the country and indexed increases for industrial milk and fluid milk.

In my own constituency of St. Hyacinthe, there are a lot of farmers in just about every type of production. I can assure you that the dairy producers are not complaining because they

come under a marketing board. There are of course many farmers in my region who are pork producers. Since there was no pork marketing board until quite recently, when the Quebec producers voted for a board about four to six weeks ago, these producers have known fluctuating prices and they have certainly overproduced, which has brought about a fall in prices. Of course, decreasing prices and increasing interest rates do not help this industry. Not only must the farmers obtain bank loans at rates between 18 and 20 per cent to maintain costly operations and improve their buildings and equipment, but market prices are too low to allow them to get a sufficient income from their product. As I have just explained, Mr. Speaker, marketing boards make all the difference.

It is a known fact that, at the present time, financing costs represent approximately 15 per cent and can even reach up to 30 per cent of operating costs. However, the situation is perhaps of greater concern for young farmers and new operators who have to bear the costs of big mortgages in addition to the burden of those costly productions. These young farmers who want to make a start on our Canadian farms are the backbone of our farming sector and they are often forced to give up without any hope of being able to reintegrate the farming sector on the short term. We know, Mr. Speaker, that a disproportionate number of pork producers are now defaulting on their farm loans. The minister met recently with the Association of Bankers. We shall be meeting the association again this week.

I have personally met several bankers in Quebec. We are simply asking them to be a bit more indulgent toward hog producers. Several small processors also have problems because they have to support very large stocks from one crop to the next at current interest rates. Last year, farmers paid $1.5 billion in interests, and this figure will probably reach $2 billion this year. I am speaking about what action we intend to take, I have just mentioned that there have been meetings with The Canadian Bankers' Association. The Minister met them at the end of April and we shall be meeting them again this week. The Minister has pointed out that the banks and the government have a shared responsibility to consider the long-term interests of Canadian agriculture and our society as a whole during economically difficult periods.

The Minister has asked the bankers to consider refinancing agricultural loans now due over a longer period. I believe that it would be physically possible for the banks to do so to help the farmers who are now going through a difficult period, like all the other industrial sectors. As a result of this meeting, the association agreed to recommend a more flexible policy for the management of agricultural loans to its members, to the bank branches, in view of the high interest rates. The association has agreed to discuss with its members the possibility of paying particular attention to those who are facing real problems, such as pork and beef producers. The farmers have just completed their sowing, and they have had to invest large amounts of money in fertilizers and seeds. And considering the current low prices in the pork industry, it is my feeling and my conviction that the banking system will act on the request made by the minister just recently.

● (1740)

Of course, borrowers from the Farm Credit Corporation pay much lower interest rates than other borrowers. On April 1, 1981, the rate was set at 14 per cent. I would like to point out to opposition members that this is only 2 per cent more than last year, when they were the government, and this indeed was more than a year ago because they had raised the Farm Credit Corporation's rate to 12 per cent. And since that time, we have raised it to 14 per cent, which is only 2 per cent more charged on loans from that corporation.

The flexible repayment facilities offered by the Corporation are based on the nature of the borrowers' farm production and last year, when pork producers faced difficulties, each case received special attention and was dealt with fairly. There have been time extensions to repay farm loans. Four thousand five hundred long-term loans were granted in 1980-1981. Currently, the government is seeking as a priority a way of making more funds available to the corporation. As stated earlier by the minister, if the various pieces of legislation on the Order Paper can proceed—and there are now five or six in the name of the Minister of Agriculture—we will be in a position, hopefully within a reasonable time frame, to amend the Farm Credit Corporation Act so that farmers may obtain bigger loans. It must be kept in mind that both in Ontario and in Quebec farmland worth $500 per acre hardly 15 years ago is now worth $1,500 and $2,000 per acre. And as far as I am concerned, I can say that the family farm, my father's 100 acres, was sold for $1,500 an acre in 1960, and on resale just a month ago, it brought $2,000 an acre, which clearly shows the high increase in farm prices. What this means, Mr. Speaker, is that although the farmer must face high increases in interest rates like all other industries, his farm property has increased in value. The example I have just given is very typical.

Farm improvement loans granted between January 1, 1980, and March 31, 1981, totalled over $49 million. The maximum interest rate charged cannot exceed the chartered bank prime rate by more than 1 per cent. In addition, over the weekend I met people involved in the selling of farm equipment, seed grain and other input supplies. All of them told me that in recent months they have had at least a 20 to 25 per cent increase in sales. In connection with the hog stabilization program which is intended to help producers, the minister recently announced stabilization payments of $8.96 per head marketed between April 1, 1980, and March 31, 1981. This means that the total cost of the program could reach or even exceed $100 million. That, Mr. Speaker, is yet another move by the Department of Agriculture and the Canadian government to help out the farmers in Canada. I can say that in the province of Quebec which accounts for 38 to 40 per cent of all of Canada's hog production, approximately $40 million will be spent to help Quebec hog producers.

There have also been improvements with a view to processing applications more quickly and we have so advised the

organizations with whom we have met recently. I was accompanied by a group of hon. members at that meeting with representatives of the UPA, the Coopérative fédérée and the Association des meuniers. We promised them that all correctly filled forms would be given special attention and that within four to five weeks of their being received farmers, precisely because of those high rates of interest, would receive their hog stabilization payments. The Agricultural Stabilization Board and the Department of Agriculture have introduced these stabilization payments in order to provide Canadian producers with fair and average support and income.

Agriculture Canada and the federal government have established many other programs designed to help producers increase their production and avoid disaster in periods of hardships such as the one we are now experiencing. For instance, there are the research programs. Over $155 million of the over-all departmental budget have been earmarked for research. In the riding represented by the hon. member for Annapolis Valley-Hants (Mr. Nowlan) a new research centre is soon to be opened. Earlier, the hon. member spoke of Canada's fourth veterinary college. One has to understand the reasons why this college is not yet under construction. There are four provinces each striving to get it. Once they are agreed about a site, Agriculture Canada will assuredly abide by the recommendations of the Howell report submitted over two years ago.

The crop insurance program is a cost-sharing program where federal and provincial governments each contribute 50 per cent. The bill setting up Canagrex, an agency specifically entrusted with exploring for new markets, will soon be introduced and will hopefully be supported by the opposition. Only last week, I replied to a question put by the hon. member for Beauce (Mr. Caron) concerning maple syrup overproduction in that area. It is in instances such as these, Mr. Speaker, that Canagrex, which is to be responsible to the Department of Agriculture, will be involved in finding new offshore markets. This could work for maple syrup as well as pork, eggs, chicken, beef, or cheese. We know that Canadian producers are increasing their production considerably each year, which means that there is overproduction in many areas. As far as food supplies are concerned Canada is definitely not an importing but an exporting country. We need an agency like Canagrex, which the Minister of Agriculture (Mr. Whelan) wants to set up, to help our producers.

We also have programs for drought-stricken ranchers. I would say that Agriculture Canada did everything possible last summer to help those western farmers who were severely affected by the drought. As far as stabilization payments are concerned, I just referred to them in connection with hog producers. We have had them for hog and potato producers and we will probably have them for apple growers. The Agricultural Stabilization Act provides for nine areas of production where, whenever the market price does not match production costs the Agricultural Stabilization Board steps in, which means of course the Department of Agriculture. As the Minister of Agriculture mentioned earlier, over $3 million were paid out to Canadian producers since the legislation was enacted.

Bill C-46, to regulate the importation of meat, that the Standing Committee on Agriculture will start considering tomorrow, is another major piece of legislation designed to help Canadian farmers. I hope members opposite will make sure it is adopted without delay. Bills C-32 and C-33 as well as several other bills now on the order paper are all pieces of legislation put forward by Agriculture Canada and the Canadian government to improve farm products. I should like to deal now with the Feed Freight Assistance Program of the Canadian Livestock Feed Board. When the chairman of the Canadian Livestock Feed Board appeared before the standing committee a few weeks ago, members of the opposition dared say to him: "You should call it the Eastern Canada Livestock Feed Board."

It is not with such remarks that we are going to help our farmers, Mr. Speaker. I suggest that our hon. friends should reconsider their position from time to time. To conclude, Mr. Speaker, we do not intend to take extraordinary steps just now. Our agricultural industry is sound and the changes already made to existing programs should adequately help Canadian farmers through this critical period. This situation is very likely to be temporary; should it persist, however, we would then consider more drastic measures. We deplore the problems now facing Canadian farmers, but we feel that we should not be the only ones to help them. The provincial governments should do their share too. Agriculture Canada is aware of its responsibilities and we intend to prove it.

The Acting Speaker (Mr. Ethier): Order, please! I regret to interrupt the hon. member, but the time allotted to him is up.

• (1750)

[*English*]

Mr. G. M. Gurbin (Bruce-Grey): Mr. Speaker, I think one of the most frustrating situations is to have to sit and listen to a member such as the Parliamentary Secretary to the Minister of Agriculture (Mr. Ostiguy) discuss some of the government's measures in a relatively nonchalant—I will not say an uncaring—way, an unfeeling way for a whole sector of our economy, which is in a great deal of difficulty right now. Indeed, it is in a crisis situation today.

Before the parliamentary secretary leaves I would like to address a specific point which he mentioned. I think the frustration I feel must be shared by the agricultural community across this country. I know that he will agree with me when I say that there is a large segment of the agricultural economy right now which is in big trouble—if he will admit that. One thing which must happen is that there must be a federal-provincial understanding of the problem. He is proud of the record he has. He says that it is the provincial governments which must come to the assistance of the farmers. The provincial government of Ontario came to the assistance of the hog producers just last week with a $10 million subsidy. Do you know what the federal Minister of Agriculture (Mr. Whelan) did? He said that the $10 million would be taken off

the stabilization program. That is the kind of co-operation we receive from the federal minister at a time when the province is trying to provide some assistance to the industry. I guess that is the kind of response we can expect to receive from the minister if the attitude of members opposite remains the same.

First, I do not feel the government has identified the problem.

Mr. Ostiguy: It is fair for everybody.

Mr. Gurbin: There is a long discussion about that.

At this point in time, with several sectors of the agricultural community in severe difficulty, particularly the hog and beef sectors, an effort on the part of the provincial government to provide direct assistance which, at the same time is offset by the federal government, is not the kind of measure which will help the agricultural community. There must be some understanding and some co-operation. There should not be this passing the buck back and forth, trying to take advantage of the situation.

Yes, there are measures which have been taken by the federal government to assist agriculture in the past. There should have been a great many more measures taken. The key point is we are in a crisis situation today—not three months down the road, but today. It is at this time that we need some direct involvement from the federal government in a way which will assist the people who will end up, if not in bankruptcy, at least out of the farming community. This is happening daily and it will be exaggerated by the time fall arrives.

I would like to talk about the impact that agriculture has on the economy of our country. It may not be clearly understood by members opposite, but they should know that in Ontario alone there are 700,000 people who are directly and indirectly involved in agriculture. In the entire country 25 per cent of our people are involved in the food chain in some way or another. Agriculture is a vital link in the health of our whole economy. It is a vital link which is related to energy. It is linked in such a way that there must be a clear understanding between the ministers who are involved in each of these sectors. To my mind, this is something which is not clearly addressed nor clearly understood. The impact which the Minister of Agriculture has on the Minister of Finance (Mr. MacEachen) and the Minister of Energy, Mines and Resources (Mr. Lalonde) must be said to be negligible. That is one of our handicaps. There is not the understanding that agriculture is at the base of our economic health and that if it does not survive that our economy will falter. How can agriculture survive in a milieu where we have 19 per cent interest rates, where the agricultural community is looking at rates of 20 per cent and 21 per cent and where inflationary input costs are at 12 per cent? This is true across the whole community. Whether or not one sector is in more difficulty than another, the whole agricultural community must face these kinds of interest rates, these kinds of inflationary pressures.

In my area there is a concentration of beef farmers and hog producers. These people are the ones who are most severely affected right now. As the hon. member for Cambridge (Mr. Speyer) and I were discussing earlier, his area is much the same as mine. The people who are in those commodities face the same kind of distress. They need an answer now, not tomorrow or three months from now, if the number of bankruptcies is to stop increasing. We know that farming bankruptcies nows are up to 91 per cent as compared with last year. I do not know whether the Parliamentary Secretary to the Minister of Agriculture understands that or not. He thinks it is all right; he is smiling. But it is not funny for the people who are looking at bankruptcy.

The bankruptcy figures for the agriculture community are really not the whole story. I do not think the government understands that. Those figures are just figures which reflect the people who had to get out because of severe financial pressures. The real story is how many people are getting out because they see their equity eroding, they see themselves in a position where, if the situation continues, they will have nothing left of this grand improvement in the cost of land which the parliamentary secretary was talking about. That improvement in the cost of land was to be the farmer's retirement fund. What the farmer faces now is the realization that the equity which he built up will pay off just his debt and the interest on his debt which he has accrued over the past several years by reason of not being able to realize a return on his product according to the costs he had to bear.

I do not know whether the government is in a position right now, or whether it ever will be, to respond to this situation. I have heard discussions about it and a great deal of talk. We have been addressing questions like this one for the past several weeks in the House of Commons. But I have seen no indication that the government is prepared to move. I have not even seen any indication that it totally understands the nature of the crisis we are facing. One of the first points which must be made is that the government must identify the problem and the clear impact that problem will have on the agricultural community. It is a situation which threatens to change the whole character of agriculture, if not in specific areas then at least in specific commodities.

Another aspect to which the parliamentary secretary pointed very proudly was the idea that agricultural research was doing its job and helping to improve the situation. Every time I hear the government talking in this way I become very concerned, since it is talked about in the context of a global community. Certainly we are in a global community; but we will be in no position to address the opportunities we may have in exports down the road, we will be in no position to develop a meaningful relationship with the third world or other industrialized nations, if we do not look after ourselves at home first. The kind of research which is going on in terms of economics in agriculture right now is really not adequate. The government does not have any figures. It has an agriproducts group division of the Department of Agriculture which is addressing this matter. But they do not know what is happening at the farm level. They do not know how many farmers are on the verge of collapse. They do not know the specific finances of individual farmers across this country. That is too bad,

because it seems to me that that should be one of their first concerns, not to look outside the country when we have a situation where—

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, I do now leave the chair until eight o'clock p.m.

At 6 p.m. the House took recess.

• (2000)

AFTER RECESS

The House resumed at 8 p.m.

[*English*]

Mr. Gurbin: Mr. Speaker, before the dinner adjournment I was trying to identify one of the major difficulties of the government in dealing with this problem. The simple fact is that there is a lack of understanding of the difficulties involved in the basic farm production unit simply because research, the complete orientation toward marketing and the whole agribusiness are devoted to looking at international events and at things which are happening in other countries. At the same time, we do not have in place any specific way of determining what is happening to an individual farm unit.

I certainly hope that as we start this debate again, the fact that there are so few hon. members present on the opposite side is no indication of the sincerity of the government on this issue. I think that the few who are now present are really part of the problem. We will not resolve the difficulty until they start to face the situation and appreciate that it is truly a crisis, not something which is going to go away as long as they do not react too strongly in one way or another. I want to assure them that this is a real crisis. The situation is very real. At the local level, the basic farm unit, particularly the beef and pork production sectors, is in severe difficulty today.

If we look back a little, we find that in 1941 there where 3.2 million farmers in this country. That is an indication of what is happening in the agricultural sector. There has been a gradual decrease in the number of farmers. Each year in Ontario alone there are 1,000 fewer farmers. This will result in a reduction of the basic farm unit. Even though individual farms are becoming more productive, we are seeing the concentration of the agribusiness in the hands of fewer and fewer, to a point where I think we must decide whether we are going to maintain this very economical and important basic unit which has given Canada what is really a very cheap source of food. Unless attention is paid to that factor, we are all going to suffer significantly in the end.

Another point that I would like to make is that these are people who are probably friends and neighbours of some of the hon. members opposite, people who probably voted for their party as well as ours, and people who may have even voted for the NDP party. However, the fact is that all of these people now find themselves in situations similar to the farmer who spoke to me yesterday for about an hour. He had been in the business for ten to 12 years, had built up his whole herd and put together a farming operation including machinery and significant land holdings. He came to a situation where he had to sell his basic farm unit to a foreign buyer. He must now find some way of recovering his financial losses and regaining a sound economic basis. He was a good manager. This is a farmer who knew the business, who had grown up on a farm and who understood agriculture. Through no fault of his own, he had to accept the prices which were being offered for his commodity over the past two or three years. Eventually he found himself in a position where he had to decrease his total production significantly. Lately this has happened to many people.

• (2010)

A number of things have taken place. One of the most significant groups to offer proposals for solving the problem is the Canadian Cattlemen's Association which has identified the difficulties in the beef sector. It has mentioned high interest rate costs, the inflationary increases in a lot of farm input costs, high energy costs, the importation of live fat cattle from the United States, and the difficulties experienced in 1976 when there was no import law. All of these things are balanced by the fact that farmers still have to accept poor prices for their commodity at the farm gate. They cannot see any way of recovering those losses in the reasonably near future. A number of factors are involved in that but I shall not dwell on them now.

What this amounts to in concrete terms is that in my constituency alone, the area of Bruce-Grey, this year the cost to beef producers will be $20 million. That represents the subsidy that those farmers are giving to the consumers of Canada. It is the cost to that one segment of the agricultural industry, and I think that is going to spell gloom for the whole industry, particularly in Ontario.

The Ontario Federation of Agriculture has made some specific proposals regarding interest rates and in conjunction with these, the Conservative party has made several significant proposals as well. These have been put before the House on other occasions and I am sure the Minister of Agriculture is aware of them. They deal with things like the Farm Credit Corporation and the possibility of increasing its funding by perhaps $150 million or perhaps reconsidering the interest rate it is charging now of 14 per cent instead of the 10 per cent it was years ago.

We are also considering whether the Farm Credit Corporation would be able to provide access to funds from regular banking or lending institutions which could be of more advantage to the farming industry. In addition, we are examining the stabilization program to see if improvements can be made to it so that the return to the farmer could be increased to the point of enabling him to survive. We are also examining relationships between the federal and provincial governments. Some provincial governments have offered to set up review

agencies to deal with farmers who are in distress. Perhaps a mechanism could be set up to review specific cases of farmers in trouble and to find ways to assist them. This would be a valuable contribution by both the federal and provincial governments.

At the moment there is an offer from this side of the House, which I believe has the support of the New Democratic Party, regarding the small business development bond. In this House this afternoon we heard the Minister of State for Small Businesses (Mr. Lapointe) speak about a program to let people know what the bond is all about. That is fine, but perhaps it should have been done a year ago. What we need now is an improvement in this bonding mechanism so that it can be used by unincorporated small businesses and farmers for operating capital and inventory. Perhaps it could be extended beyond this year. Those things could be done now and we on this side have offered to have a one-day extended debate. I think the government should accept the offer.

In 1980 the Minister of Agriculture promised that he would do something for the farming community, but that promise has not been kept. I think that the will to do something is there, on the part of some hon. members opposite at least. Unless action is taken now, we know that by the fall of this year the number of farmers in trouble will not just have doubled or tripled but will have increased by five or ten times. There will be an increasing number of farms for sale and the entire agricultural economy will be on the verge of collapse. In the end, not only the farmers but consumers will suffer because of the lack of a constant and secure source of reasonably priced food.

Mr. Garnet M. Bloomfield (London-Middlesex): Mr. Speaker, I should like to speak for a few moments tonight on the role of agricultural research in the Canadian economy. The attainment of the present success of the Canadian agrifood sector, developed under many natural disadvantages, has depended upon an expanding base of research and technology. The Canadian agrifood system is, I suggest, basically sound both technically and economically. During the post-war period productivity increased to almost double that of the other non-agricultural sectors. The system provides more than the equivalent of Canadian food requirements, and export sales amounted to about $8.0 billion in 1980 plus $95.0 million worth of food which was made available to the world food program. The system supplies Canadian consumers with adequate, high quality food at a cost of 17.8 per cent of consumers' disposable incomes, which is close to the lowest percentage of any country in the world.

Agriculture Canada, under the leadership of this government, has continued to develop strong mission-oriented, agricultural research and development programs which are making important contributions to crop and livestock improvement, to the efficient utilization of Canada's agricultural resources, and to market development. Such programs are accomplished through close federal-provincial co-operation, particularly in technology transfer, and are committed to the following specific areas of research and development.

Basic research is a prerequisite to achieving advances. Our programs in a number of promising areas, such as nitrogen fixation, genetic engineering, somatic hybridization, and cryopreservation are progressing and have provided some interesting practical results. The opportunities offered by biotechnology and especially its impact on the food processing industry, are currently being investigated.

Because of climatic and soil limitations, the improvement of crop production is particularly critical in Canada and a number of major programs are committed to this effort. Hardier varieties, better adapted to short, cool seasons, higher yielding capacity and of better quality are being produced. Resistance to crop pests is also important. This year alone, 46 new varieties have been licensed for every major crop and area of this country.

Columbus, a new hard red spring wheat variety developed at Winnipeg, will make a major contribution. It is the first wheat variety to possess resistance to sprouting and weathering. These characteristics will make it suitable for export even in bad years when other wheats would be downgraded to a level of food grain, meaning a significant difference in income for the producers.

Gordon, a new soft white winter wheat for Ontario, was licensed in 1980. It represents a yield improvement of close to 7 per cent over Frederick and combines better winter survival and pastry quality. Columbus and Gordon then, are two major achievements in wheat breeding.

There has been progress in the breeding and improvement of other crops also. Eight new corn hybrids were released. Grain corn has become a major crop in Ontario because of research which has produced better adapted hybrids and better cultural practices. Through research, corn, basically a warm-climate crop, has been grown in more and more northern latitudes and is now an important crop for Quebec, Manitoba, some parts of Alberta and the maritime provinces.

The soybean crop is one that could not have been grown in Canada to extent without research. Again, the production of a warm climate crop has been expanded because of better varieties and better cultural practices developed by the research branch of Agriculture Canada over the years. This year, Nattawa, a new variety of soybean in the intermediate maturity group, which matures up to five days earlier and yields about 10 per cent more than a standard variety, has been licensed.

Perhaps the greatest success in Canadian agricultural research is that of rapeseed. Rapeseed is an oilseed crop presently grown on more than two million hectares in Canada. It used to be grown on very limited acreage to produce a lubricating oil. Because of research it is now used to produce an edible oil and a protein supplement feed for livestock. It accounts for 40 per cent of the vegetable oil consumer in Canada.

• (2020)

Originally all the rapeseed varieties contained high levels of toxic materials that prevented their use in human and animal

nutrition. Through research, the level of these toxic materials was dramatically lowered and rapeseed became suitable for use in food and feed. A new crop and a new industry have been introduced in Canada. Edible rapeseed oil is now known as canola oil. Canola oil is used domestically and is also exported, thus improving our balance of payments.

The research bureau has been the leader in rapeseed research and has collaborated closely with universities and the industry to make rapeseed a success story. Tobin, a new canola variety, is the latest variety developed by the research bureau of Agriculture Canada. It will be licensed shortly.

In 1980 the potato breeding program at the Fredericton research station was strengthened by the addition of five professional person-years because Agriculture Canada wants Canadian potato producers to take advantage of market opportunities. I am sure the member for Chicoutimi (Mr. Dionne) will be interested in that. Two new potato varieties were released in 1980.

With respect to animal production, research in progress on animal production will provide the basis for additional farm and processor incomes. Animal disease and insect control and improved feed efficiency are examples of practical problems which research has contributed to alleviating.

The foreign cattle breed evaluation program has produced interesting results in the search for faster growing, better adapted and more feed efficient beef cattle. An eight-year study demonstrated that the Hereford can be crossed with the Highland cow exceeded either parent breed in calf performance and cow productivity and proved to be an excellent range cow. Knowing there are 20 million hectares of range land in Canada, this new crossbred cow can make a significant contribution to beef production in Canada.

Land and water resource are the two natural resources on which agriculture depends. Because the food production capability of Canada's vast land mass varies so greatly, multidisciplinary teams of experts collaborate to provide information on how to make the best use of our land and how to improve its productivity. Thanks to the efforts of research branch scientists, we now grow crops on land that was part of the dust bowl of the "dirty thirties".

Water is vital to crop and animal production. In western Canada, research on the irrigation of drylands has led to increased productivity and economics in water consumption as well as to reduced salinity problems. In the east, research on soil drainage problems has permitted earlier planting and expansion of production into areas normally too wet for many crops. Plant and animal wastes are potential water polluters, but continuing research has provided practical solutions to the problem and led to the development of effective systems of waste disposal and utilization.

Energy conservation is a major concern of the research branch. Engineering research in this area covers a wide range from farm building insulation and temperature control, frequency and depth of tillage, irrigation practices and the production of fuel from animal or crop wastes. Other energy-oriented programs and biological research on the trapping of solar energy by plant and on the processes by which some plants convert nitrogen from the air into ammonia to nourish the plant. This research could result in earlier maturing plants and in savings in chemical fertilizer use.

With regard to food processing, its distribution and retailing, we find that challenging areas for research are ingredient technology, enzymology and fermentation, single cell protein, improved efficiency and waste utilization. In the area of food processing, research is directed at improving efficiency and at conserving energy. A new blancher which was scaled up from a pilot prototype developed at Kemptville, an Agriculture Canada research station, has been tested by industry. The potential energy saving is in the order of $100 per ton of processed product, a significant contribution of research to industry. Still in the food processing section, a vacuum essence concentration system designed at Summerland by Agriculture Canada has been sold on the international market. Technology transfer of a rapid continuous process for manufacturing candied fruit has resulted in the installation of a new processing line with annual capacity of 3.4 million kilograms of finished product in British Columbia. Research in the food processing sector is done in co-operation with and for industry, and it pays off.

In the area of international programs, Agriculture Canada continues to increase its contributions to international agricultural research. Being the major Canadian source of agrifood scientific, professional and technical expertise, Agriculture Canada plays an essential supportive role to the Canadian International Development Agency's activities. Canada's involvement is linked to the expectation that, in the long run, it will lead to mutually beneficial commercial relationships. Third world trade from such countries as Algeria, Nigeria, Mexico, Brazil, and others, which are giving top priority to the development of their agrifood sector, represent a medium and long-term opportunity for significant growth in Canadian sales of agricultural food and agricultural technology. Aid can promote this growth directly by the provision of Canadian goods and services which may lead to follow-up orders, and indirectly by making recipients more aware of Canadian agricultural capabilities. The expertise, knowledge and technology that Canadian scientists provide in developing countries has been developed in Canada for the use and benefit of Canadian producers and in support of Canadian industry. This excellence is recognized and used by other nations of the world.

Examples of aid programs staffed by the research bureau include wheat production in Tanzania; cereal breeding in Zambia; wheat breeding in Brazil; and fruit processing in Columbia. The India dryland project, for example, has been considered as an outstanding effort of which all Canadians should be proud.

I bring these examples of international aid programs to the attention of hon. members of this House to prove the excellence of the work of the research branch of Agriculture Canada. The expertise, knowledge and technology that

Canadian scientists provide in developing countries has been developed in Canada for the use and benefit of Canadian producers and in support of Canadian industry. This excellence is recognized and used by other nations of the world.

In closing may I say that research has contributed to the development of a strong agrifood industry in Canada. The research bureau is organized to solve current and anticipated agricultural production problems in all regions of Canada. Having qualified professional and technical staff available at short notice proves an immeasurable value in times of emergency, be it caused by a new pest or a drought.

Last year's drought for example did not cause a major disaster, even though it did cause severe problems in some areas. New tillage methods, soil conservation practices, hardier plant varieties, more experience as to which crops to plant under varying soil and climatic conditions contributed to successful farming that would have been impossible in the past. The research branch personnel compiled, and published within a few weeks, information on livestock feeding under drought conditions. Soil moisture conditions on the prairies are monitored throughout the year and advice is given on moisture reserves under stubble and fallow by crop districts as additional information in support of farmers' decisions on farming operations.

Agriculture Canada must continue to play a lead role in research and must ensure that research helps farmers in the long run through difficult times in the future.

Mr. Fred King (Okanagan-Similkameen): Mr. Speaker, on previous occasions I may have brought to the attention of the House that the hon. Minister of Agriculture (Mr. Whelan) and I have appeared at various farm group banquets, the minister to bring the straight word, as written from Ottawa, and I to provide the comic relief. I think it somewhat ironic that our role should be reversed today.

• (2030)

Mr. Whelan: You have your right to your opinion.

Mr. King: One learns a few things just by being in this House and observing the events of the day. For example, I learned on Friday from the hon. member for Edmonton North (Mr. Paproski) that members do not offer personal greetings to family and friends from the floor of the House. I am particularly sorry because my son Gordon is in the gallery and my father Billy will this month celebrate his ninety-second birthday, a rather noteworthy occasion. It is good clean farm living that has kept him so long.

I also learned in my brief time here that 20 minutes is never as long as one anticipates. It therefore happens that much of importance that members would say is left in speech notes because time runs out. It is my intention to first list some of the positive things which this government could do for agriculture so that this government and this minister, who is so attentive to opinions of members of this House, particularly opposition members, will benefit and the nation will benefit from the advice and the direction which I offer.

Some government actions which are essential to both the short-term and long-term health of the agricultural sector of the Canadian economy, particularly the farmers in the area of Canada I represent, are as follows. Additional substantial financing of the Farm Credit Corporation could be part of a program of relief from the effects of extremely high interest rates. We can provide more adequate funding for agricultural research. We need relief from the proposed excise tax as it applies to the wine industry which directly affects the returns to grape growers.

We need the co-operation of all departments of government in helping to resolve the farm labour problem, particularly as it applies to itinerant and foreign labour opportunities. We need an extension of the small business development bond to unincorporated farmers, as is mentioned in the resolution. In the Okanagan we need additional funding to service the growing number of applications for cold storage construction assistance.

These are but a few of the steps, positive in nature, which this government could undertake specifically on behalf of farmers. Farmers are Canadians first and foremost and as such have a vested interest in every aspect of national policy. They would urge this government to a quick resolution of the dispute with Alberta and a radical change in attitude and policy by this government in its National Energy Program which, as constituted, is so damaging to the Canadian economy and the Canadian spirit of unity.

With world population expected to move to 10.5 billion persons by the mid point in the twenty-first century, agriculturalists world wide will be forced to make significantly greater progress in increasing food production than has ever before been previously demonstrated. In the next 70 years, to the year 2050, Third World nations must produce much more of their own food to satisfy the hunger of this expanding population whose numbers will come mainly from those countries least able to feed present populations.

In this circumstance, farmers in North America will be called upon to triple their present production over the next 40 years. The market will be there. The mouths of millions or billions of new inhabitants of this world will be opened. The challenge will be to put current know-how and future technological advances in food production into effect.

In the generations to come politicians, economists and farmers will be required to employ all of their ingenuity and skills in preventing global famine, in preventing the increased incidence of children with stomachs extended from malnutrition and to minimize the necessity for Mother Theresa, World Vision and other such selfless persons and groups to provide havens for the emaciated, starving poor of Calcultta's ghetto and other equally condemning sores in this world.

The challenge of this next century is that of a compelling necessity to return to basics in a world that has in the last century become preoccupied with more exotic pursuits. Food, clothing, shelter and water will become the imperatives superseding space exploration, armament development and transportation modes development. The imperative will be

simply to eat. Competition for food will replace the present world struggle based on the distribution of earth's energy supply. It will represent an exciting opportunity for Canadian agriculture.

We in Canada are fortunate to live on a continent which has prospered and developed through encouraging initiatives and ingenuities of her people. It has been the effort and skill of the individual talented and experienced farm population of Canada, not the state, which has made North America the productive empire that it is.

With less than 3 per cent of the total population of North America active in farming, each farmer today produces enough food to feed 75 persons. By the year 2000, through enhanced technology alone, individual farmers will be producing food for 200 persons. This in itself will not be sufficient. The capacity to increase total production which is available now must further increase dramatically.

In addition, expanded and improved food storage, processing and transportation methods must be developed to avoid the type of wastage presently experienced. Water storage, distribution and conservation must be improved. Research into more efficient use of water in agriculture is an absolute necessity, even in water rich Canada.

This is a primary essential in the Okanagan valley, a fruit producing area with an average rainfall of only ten inches annually. Even in metric measure that is dry. However, we can meet the challenge in Canada. It is simply a matter of improving farm economics and the provision of a rational political climate in which to operate, both of which are jeopardized by the attitude of this government.

The family farm is basic to B.C.'s fruit and grape production. The family farm has proved to be a more efficient producer than either the corporate or the collective farm under any political jurisdiction. One need only compare the entrepreneurial family farm concern concept with its continued increasing productivity to that of the U.S.S.R. Under the collective farm system, communist nations have gone from net exporters to net importers of foodstuffs. Poland's current problems are largely a result of that hard fact. Collectivity stifles productive enterprises and inhibits progress. The role of the state is to encourage, not control productive unions. A stable farm income is the prime goal. The most prominent income problems facing Canadian farmers today are financing the acquisition capital and financing the cost of production, or paying for farm and equipment and then paying for its operation.

● (2040)

The minister is quoted as having stated recently in a speech that debt charges are the second largest farm cost, and the cost of money has gone up 2.5 times faster than any other commodity farmers have to work with. The question is, knowing that, what is the minister doing to help the situation which he describes?

The minister today in his speech pointed with proprietary pride to the buoyant nature of B.C. agriculture. I think that is a dangerous generalization. Without attempting to minimize the federal contribution made to the B.C. farming community in the form of ARDA, cash advances, cold storage construction grants, crop insurance, stabilization, etc., I must note that the chief distinction which marks B.C. agriculture is the B.C. government farm income insurance program. It is this provincial program which has created the optimism and vigour presently being experienced in B.C., and for this neither this minister nor this government can claim credit.

The compounding effect of high inflation and high interest rates is the foremost deterrent to farm efficiency and management at a time when farm production needs to be encouraged and strengthened. A 10 per cent annual inflation rate results in cost increases of more than 2.5 times in ten years. A 15 per cent inflation rate equates to a fourfold increase in cost inputs in that same period. This is the circumstance imposed by this government, and with this reverse incentive how will the farmer possibly be able to meet the demand for greater production?

Officials of the Housing and Urban Development Association of Canada recently called on government to moderate interest rates, reach an oil pricing agreement with Alberta, to reduce government spending, and restore consumer confidence. Similar advice has come from the Canadian Chamber of Commerce, representatives of small business associations and farmer groups.

David Slater, chairman of the Economic Council of Canada, told the Commons finance committee that Governor Bouey is having to go it alone in the fight against inflation because the government has no other anti-inflation policy in place. Mr. Slater said that a combination of policies might allow inflation to be dealt with and at the same time the real performance of the economy to be improved; advice offered to unhearing ears.

This government shows no sense of real restraint in its spending. Waste and neglect are its marks, patronage and self-aggrandization its tools. It is irresponsible government within Canada that is the root cause of inflation and high interest rates. We are captive of U.S. interest rates only because the government opposite chooses short-term political expediency over national well-being. That is why farm bankruptcies have increased by 77 per cent. That is why the younger generation of orchardists in the Okanagan are finding they cannot pursue their chosen vocation, some losing substantial investments. We are witnessing the destruction of hopes, the burying of ambition, the demoralizing effect of financial disasters created by careless and irresponsible action beyond the farmer's control.

Farm and Country headlines today read "Foreclosure rate soars", "Cruel interest rates take bigger toll than ever". Inside it states:

> That is the problem we have now: an horrendous 12 per cent inflation rate, and an even more horrendous interest rate of 19 per cent. You see, gentle reader, no one has confidence in our ability to handle money.

Later it states:

The only possible answer is tough federal action to bring about a balanced budget. Not this year, not next—because the sudden dislocation would cause too much hardship—but over the next three to five years.

That is what the *Farm and Country* says.

In the riding I represent, the Keremeos Co-op Growers Association and Similkameen United Growers Association are closing down their fruit packing facilities. At the present cost of borrowing, the move to keep abreast of modern technological advances in fruit handling is beyond the growers' financial capacity. As a result, the town of Keremeos with a population of only some 2,000 people is about to lose its major payroll, an annual loss to the business community of more than $1.5 million. This is the impact on only one community, a community which can ill afford such a knock.

We on this side of the House have been saying repeatedly that the need is to set proper and productive priorities in spending, not increase spending as the Minister of Finance (Mr. MacEachen) so frequently states. Why in the name of nationalism spend $1.5 billion, sending it out of the country to purchase a string of service stations which add not one barrel of additional production to Canada's oil capacity? It would be much better for Canada to have put that $1.5 billion, raised from long-suffering Canadians, into aspects of research and development, into cold storage assistance, into helping the Naramata irrigation district and others in equal distress to finance the upgrading of their water works. By all means, why not use the $1.5 billion to improve the role of the Farm Credit Corporation in helping Canadian farmers to meet the challenges in food production which Canada and this world face now and in the future?

The May 30 issue of *The Financial Post* front paged the story of a $2 million ultramodern hog farm within 20 miles of Ottawa which will be bankrupt by this weekend. The article elaborates:

The federal government has been taking it on the chin over the outcry at the rising tide of farm bankruptcies—

It goes on to state:

But there are indications from federal officials that Whelan put up a tough fight in cabinet for some sort of interest rate relief. He lost—

That is clout for you. It goes on to state:

But there's ample pressure on MacEachen to give ground.

Later it states:

The normally diplomatic and staid Canadian Federation of Agriculture has come out with a tough statement asking the government to use the federal Farm Credit Corp. to solve the problem.

It then states:

The FCC argues that the money should not detract from MacEachen's economic gradualism because it ought to be seen as an investment. The farmers would be paying it back. Treating it as expenditure in the federal budget is incorrect, says CFA Executive Director David Kirk.

It goes on to state:

—Ontario farmers are asking the Crown corporation to take over short-term and medium-term debt held by the banks and count it as long-term.

—FCC dislikes doing this, but has always had a policy allowing it in extreme cases. And there's no question that some farmers need that help now—

There is a positive suggestion for the minister. Spare some farmer the trauma of bankruptcy by long-term refinancing of present short-term debt through the Farm Credit Corporation.

The Canadian Federation of Agriculture has asked that additional funding be put into the Farm Credit Corporation to broaden the funding base immediately, and in light of the fact that farm bankruptcies have increased dramatically, time is of the essence. Additional funding is imperative.

● (2050)

On another matter, I would ask through you, Mr. Speaker, that the Minister of Agriculture get together with the Minister of Employment and Immigration (Mr. Axworthy) to come to grips with the problem of temporary worker permits for farm workers visiting from other countries. The British Columbia Fruit Growers' Association and the Canadian Horticultural Council requested such, and while the minister expressed sympathy while attending the BCFGA convention in Kelowna last January, the Minister of Employment and Immigration has said no.

I have many more things that I would like to say but I will leave the matter of the excise tax until the debate on that subject later in the week.

[*Translation*]

Mr. Marcel Dionne (Chicoutimi): Mr. Speaker, we are debating a motion censuring the government for failing to stop the increase in interest rates which have now become unacceptable to farmers. I agree that high interest rates may temporarily put farmers in a financial strait-jacket, but I suggest that we should have a look at what the minister and the Department of Agriculture are doing for Canadian farmers to protect them, and perhaps also at the level of productivity recorded in recent years by the farming community in Canada. Mr. Speaker, I am a front line advocate of the interests of our agricultural producers. This is why at the sittings of the agriculture committee I had asked how our taxation system applied to agricultural producers as compared with Canadian industrialists. At that time I had even suggested that the more dynamic producers in Canada be given an option to benefit from a farm loans accelerated repayment plan. Here is an example: I had then proposed that a farmer with a $200,000 loan repayable at the annual rate of $10,000 over a 20-year period, plus interests, be allowed to pay back $1,000, $2,000 or up to $5,000 a year without considering that additional repayment as an income so as to prompt the farmer into speeding up his payments to the Farm Credit Corporation, in turn making it possible for the FCC to have the funds required to make accelerated repayment loans to other agricultural producers. There is a shortage right now. The Farm Credit Corporation is already strapped for funds and we have hardly gone through six months of operations this year.

Mr. Speaker, that is perhaps a very significant factor. We might examine even further what would be the consequences of such a proposal. True, the interest rate went up 2 per cent lately. I am convinced that this additional 2 per cent will not push Canadian farmers into bankruptcy since the market value of a farm has already jumped by 18 per cent this year. Hon. members will agree with me that the agricultural producer's goodwill is growing ever higher.

I think we should all consider together the tools the Canadian government could provide the farmer with in order to improve his efficiency in these difficult but hopefully temporary times we are now going through in this country. I, for one, Mr. Speaker, wish the farmer was urged to modernize his operation and even use computers which would allow him, through a terminal, to keep constantly in touch with his accountant. Let me explain. The data would be transmitted to an accounting and management centre where complex accounting, feasibility and other data would be collected. On a technical level, crop rotation, work schedules, and irrigation, fertilization, selection and even feeding tables could be established. Even environmental or weather fluctuations could be programmed. A great deal of information which is very time-consuming to record could be regularly updated. Also, since our greatest weakness in agriculture has always been marketing, the information expert could keep the farmer daily informed of market fluctuations. The computer could even be used to monitor various things, for instance, to program animal feed or fertilization. This could allow a stricter control of the major and the minor components. Such expert programming could even result in a decrease in acreage, resulting in energy savings.

Mr. Speaker, I have this past year spent many hours sitting on the Committee on Agriculture. Recently, when we were considering the goverment's agricultural and food policies, I realized that several members, mostly from the opposition, did not understand how modern agriculture should develop in this country. While we were reviewing financial papers, we realized that many members asked serious questions, for instance, if the money spent on the agri-food industry actually benefited the farmers. The modern farmer must have up-to-date tools at his disposal. And I believe that the best tools are marketing and the development of new varieties, since marketing is a weakness in several sectors of agriculture in Canada. I have noticed this weakness in several productions, for instance western beef, which is world famous and which is certainly not marketed properly in eastern Canada. I believe that no money was ever spent to market or promote this excellent Canadian product and praise its nutritional value, which could increase sales on the Canadian market.

Take, for example, the dairy policy in Ontario and Quebec. I remember that a few years ago we had a surplus of millions of pounds of powdered milk and millions of pounds of butter, which meant millions in storage costs. Because of a firm policy and the establishment of quotas in 1975, which nearly caused a small revolution among Canadian producers, some restraint was put on dairy production. The producers decided jointly with the provincial and Canadian governments to launch a national publicity campaign to promote the merits and the sales of dairy products. Believe it or not, sales of dairy products in Canada have increased by 4 per cent this year. This is what I call a modern tool. Experts are hired to promote Canadian products in the country.

Another example is Canadian pork, which has the reputation of being the best in the world on international markets. The proof of this is that we export for about $200 million of pork to the United States every year. I am proud, Mr. Speaker, to underline these positive achievements of our Canadian producers. A while ago, I was listening to the hon. member for Okanagan-Similkameen (Mr. King), who blamed the government for its bad policies and for causing concern among farmers. I have doubts about this. If we had implemented the opposition's energy policy and paid world prices for our oil, I am convinced that it would have been much more harmful than the 2 per cent interest we are now paying, because farm loans amount to approximately $300,000 on the average in Canada, and if I am not mistaken, at a rate of 2 per cent, this means $6,000 in interest, and energy costs on a specialized farm would be much more than $6,000 at current world prices.

Mr. Speaker, I would not want some people to spread fear among our farm producers. For the informaiton of my colleague opposite, I also note that when I was in the opposition, the government removed the subsidies for building vegetable storage facilities. Canadian producers should thank the Minister of Agriculture for having reinstated these subsidies in order to help them take a greater share of the market instead of importing farm products as we did for so many years in Canada.

I should also like to mention all that is being done in agriculture with regard to quality, inspection, processing, storage, and as I have already said, research on pesticides. I had the opportunity of looking closely at the general research division whose general terms of reference were as follows:

To work toward the establishment of efficient, stable and profitable agriculture in Canada.

I am sure all hon. members in this House agree on the basic principles of the general research division.

To ensure that the essential natural resources of agriculture are wisely explored conserved, used and managed.

I also feel, Mr. Speaker, that all hon. members should make it their duty to study carefully what the general research division is doing for our Canadian agriculture. I am sure that many doubts would thus be dispelled from their minds.

● (2100)

Now Mr. Speaker, with your permission I should like to deal with stabilization programs. We saw the government act to stabilize potato prices during two consecutive years, because producers were selling their potatoes below the average cost. We recently saw the Canadian government stabilize pork prices to the tune of some $112 million. Of course, Mr. Speaker, the government cannot do everything alone, and perhaps the Canadian pork industry may not have such influ-

ence on the global price of pork as some may believe. But although the Agricultural Stabilization Act does not meet the expectations of Canadian producers 100 per cent, I feel the program is very generous, and having talked with a number of pork producers in Quebec, I must indicate they all agreed that such an offer from the Canadian government was very acceptable and very welcome.

There is something of interest to me which we might discuss together, namely the valuation of quotas. Clearly it will be recognized that the matter of quotas is very important to farmers, and there is an increasing need for farm product quotas to stabilize production. There is, however, a question I would put to every member in this House. It is whether we are going to give some value to that quota, because young people wanting to become farmers are already complaining about the excessive price of farms. It will be recognized that if quotas are valued at some $100,000, $150,000 or $200,000, it is almost impossible for any farmer to return to farming, or for young people to get into farming. I therefore feel that this matter should be very closely examined by everyone who shares an interest in Canadian farming. And in any discussion of the dairy policy, a good look should be taken at what Canfarm has accomplished, because Canfarm has been a very modern tool which made it possible for producers to monitor their milk production very closely through a computer program. We know that tremendous progress was accomplished in that area, and all Canadian producers in that industry should be commended for having been world pioneers.

Now, Mr. Speaker, I do not want to conclude without referring to prospects of food prices. In that regard, we should give credit to our Canadian farmers for their efficiency. Most Canadians are unaware that on average, in spite of inflation, today they are not spending a larger percentage of their income to buy food than ten years ago. Indeed, their personal income has increased more quickly than food prices during the last decade. In addition, Canadians spend a lesser percentage of their disposable income for food than people in any other country in the world, except the United States which, it must be stated, is the only country in the world where food is produced throughout the year. As indicated in the following table, in 1979 Canadians have devoted an average of 13 per cent of their disposable income, necessarily after taxes, to purchase food to be consumed at home and 4.3 per cent to meals taken outside for a total of 17.3 per cent against 17.7 per cent in 1971. However, it must be recognized that our low-wage earners or individuals on fixed pensions pay a higher percentage. American consumers alone spend a lesser part of their disposable income on food, that is about 16.1 per cent. In 1979, according to the Department of Agriculture of the United States, taking into account our more limited market and our shorter farming season, Canadian farmers, producers and food distributors had an outstanding performance. According to two international studies, food prices in Canada are lower than in most other countries. A study carried out in April, 1980, by the United States Department of Agriculture indicated that, expressed in Canadian dollars, a food basket with 18 items cost $50.85 in Ottawa, $45.32 in Washington, $66.89 in London and $82.17 in Paris. A study by the Bank of Switzerland confirmed the Canadian consumers' favourable position and indicated that a basket with over 39 items cost $134 in Montreal, $149 in Toronto, $191 in Brussels, and $223 in Geneva. Mr. Speaker, I am satisfied Canadian producers will maintain their effectiveness, provided they keep on getting from our Department of Agriculture the tools they need so badly. Although I may recognize that the current high interest rates may hurt our farmers temporarily—a 2 per cent increase, for instance—I am sure Canadian producers will fight back and demonstrate their effectiveness as usual.

● (2110)

[*English*]

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I wish to commend the hon. member for Medicine Hat (Mr. Hargrave) for putting forward this motion which we are debating today. I believe agriculture is one of the topics we do not discuss enough in this House. We do not give a high enough priority to it. I also believe that agriculture is the No. 1 industry in this country and the most important industry in the world. It is one that is undergoing very rapid change in technological devices, as the hon. member for Chicoutimi (Mr. Dionne) has just finished saying. It is one which will be very important in the years ahead as the world population continues to explode. What we need at this time, Mr. Speaker, is some long-term thinking about where we are going as a nation, where we are going as a world and what we will do for our farmers to ensure we feed the world's people. I believe that some of today's problems were caused by the shortsightedness of the people who guided our policies in yesteryear.

When I hear the Minister of Agriculture (Mr. Whelan) get up and speak, as he did today, I am a little bit disappointed because he uses the line that everything in this country is the greatest, that we have the greatest policies in agriculture, that we have the greatest this and the greatest that, and the greatest minister of agriculture. To listen to the minister you would think the panacea is here, that he has reached Utopia and that the milennium is here. I find that thinking a little bit dangerous, because when someone thinks that everything is being done, then that person ceases to be useful in the function he is supposed to perform. It reminds me a little of Mohammed Ali, the old fighter who used to say, "I am the greatest." That worked for about 15 years when, suddenly, he stepped into the ring and met Larry Holmes, and he was out on the eleventh round. Maybe it is about time the Prime Minister (Mr. Trudeau) reassessed the Minister of Agriculture and placed in that position someone who would think innovatively, someone who could think of some alternatives with regard to where we are going.

It is all right to boast a little. We have a lot to be proud of in this country. I disagree with the minister when he never ceases to boast, and when he never seems to come up with any new ideas We have a great many productive farmers in Canada, farmers who have done a great deal for our nation over the

years, farmers who have increased their productivity faster than any other sector in the country, whether it be the workers of Canada, the manufacturing sector, or what have you. They have provided a base. I believe that we are now at an important crossroads. We must ask ourselves where we are going. We must ask ourselves where the farm community is headed. I believe the farmer needs some protection in terms of the price he receives for the commodity he sells. We need to improve our stabilization plans so that a farmer knows in the spring what he will receive for his product when he reaps it at harvest time. We need more marketing boards. Earlier today the hon. member for Prince Albert (Mr. Hovdebo) said that the farmer is the only person left in our society who is supposed to live by the so-called free enterprise system—and it is not working. It is not free. It is the small farmer who suffers. I suggest to you, Mr. Speaker, that the farmer needs similar protection to the worker through unions or through professional associations such as doctors and lawyers have, or through such organizations as the Manufacturers' Association. They need similar protection to the groups I have mentioned by banding together to form marketing boards which are producer-controlled. In this way they will receive for their product a fair value for the work they put into it and for the capital they invest in it.

In this country we have four good examples of national marketing boards. They are the chicken, the turkey, the milk and egg marketing boards. Even though these marketing boards are not perfect, and I have many criticisms of them, such as the price of quota—

[*Translation*]

My friend the hon. member for Chicoutimi (Mr. Dionne) has already indicated that the price of quotas in Canada is already too high for ordinary people, and I fully agreed with him when he said that we need a review of our quota policy in Canada.

[*English*]

Despite that we can learn a great deal from these national marketing boards. We can extend them to have them producer-controlled for all products in Canada. I believe that should come about when the producers want it, through their own democratic elections in their own organizations.

In terms of prices, the government must back up the Crow rate. It must preserve the Crow rate in this country which the farmers fought for over so many years. This rate has benefited the Canadian wheat farmer for decades.

I turn now to the question of expenses. Earlier today the hon. member for Prince Albert mentioned many of the problems farmers have when it comes to high interest rates, the cost of farm machinery and the cost of land. I have before me a couple of letters I received from two farmers, and I think they tell the story. One is from a dairy farmer in Ontario who says that in 1980 the interest on his loan was $26,000. In 1981, on that same loan, the farmer will pay some $58,000 in interest. The second letter is from a farmer in central Saskatchewan. Last year he had a loan on which he paid interest at 10 per cent, or $16,000. This year on the same loan the interest rate has doubled, it is 20 per cent. He will be paying some $32,000 in interest to the financial institutions of this country. This same farmer says that to meet his interest alone on 80 acres of land—half of a quarter section which he has in seed this year—the price of wheat would have to fetch $8 a bushel to finance the interest on a $60,000 loan. The price of a bushel of wheat now is about $7. Aside from the interest, he has fuel costs, living expenses, repairs, clothing and food for his family and everything else a farmer needs to live.

When I see statistics of this kind, Mr. Speaker, I wonder why the government is not more humane, why it does not place some controls on the banks to ensure that in this country we have a two-interest rates policy, a lower rate for the necessities of life, such as housing and farming, and a higher rate for unproductive borrowing for non-essentials such as television sets and the like. I have no idea why the Minister of Agriculture, who pretends to speak for the farmers, is not able to persuade the Minister of Finance (Mr. MacEachen) and the Prime Minister to introduce such a policy, to force the banks to roll back interest rates for the necessities of life in our country. Instead, under the leadership of the Minister of Agriculture, farmers see less and less money being lent to them by the Farm Credit Corporation. In 1980-81, some $516 million was available to farmers. In this year, 1981-82, the sum is down to $500 million. In 1979-80, $628 million was available to farmers. So instead of making more money available to farmers at lower interest rates and putting it at the disposal of people who are productive, who produce goods which will go into the collective value of goods and services for all the people of Canada, we see the government doing the reverse of what I call sane and putting aside less money, despite the fact that farmers are in a severe financial pinch.

The other costs about which I think we must do something very shortly are the costs of land, the price of land and the size of farms. How large are we going to allow farms to become before we finally say, "Stop it. It is big enough"? It is big enough because large farms are not necessarily more productive. It is big enough because large farms mean fewer farmers and the destruction of a rural and family farm way of life. Bigger farms mean that there will be fewer and fewer villages and towns in the rural parts of this country. The time is going to come when we will have to make some pretty tough decisions in this country about the size of farms. It is about time that this House and the farmers of Canada started to put some thought toward an answer to that very difficult question.

● (2120)

The other matter is the price of land. A farmer the other day bought a quarter of a section of land near Regina for $60,000. A bit farther away, another farmer purchased a half section of land for $130,000. I ask you, Mr. Speaker, when is it going to stop? When is the wild and mad speculation in land going to stop, or are we going to have a crash in land prices in the next year or two like the one we had in 1929, like the crash in the stock exchange?

Mr. Baker (Nepean-Carleton): How would you stop a Canadian from buying national land?

Mr. Nystrom: Mr. Speaker, the House leader of the Conservative party asked a very good question. How will one stop a Canadian from buying land and driving up the price of land? I do not pretend to know the answers to that kind of question, but I think that it is a question which we will have to address as a Parliament because the price of land, today, in my part of the world, is going out of the reach of the ordinary person, the ordinary guy. I understand it is happening in central Canada as well. We will have to come up with a solution to the high price of land. I would like to see the Minister of Agriculture decide to introduce some policies and some discussions about the high price of land and do something about it.

Perhaps, as the hon. member for New Westminster-Coquitlam (Miss Jewett) has just mentioned, we should introduce more programs in other provinces and nationally, as we have in Saskatchewan where we have a land bank program. Maybe that is part of the answer. Perhaps we should have a prices review board which looks at whether prices are being inflated artificially.

Perhaps we should change our laws regarding speculation, because one of the problems we are having today is that some foreigners are coming in and they do not really care what the price of land is. They have the money to pay for it and the interest rates do not really matter that much. They can write it off. Many Canadians who are not genuine farmers have that attitude. I am referring to people who are wealthy, have a few bucks and can buy a half section of land for $130,000 or $150,000. They could write it off as a tax expense, and this drives up the price of land to the ordinary farmer who needs it and cannot afford it.

Anyway, I think these are some of the questions we are going to have to address. If we do not do it soon, we will end up in this country with larger and larger farms, fewer and fewer rural communities and perhaps corporate farms such as they have in the state of Colorado where the whole rural way of life is destroyed. They are moving into another era where corporations are doing the farming, where farm workers are working the land, and another set of problems comes along with that. I think these are some of the problems that are facing the farmer.

In my remaining five or six minutes, I want to stress that it is important that we solve some of these problems because I think agriculture is very important to all of Canada. It is very important to the consumers of this nation. We have to be more self-sufficient in agriculture if we are going to stop some of the ups and downs in the pricing that we have today. Most Canadians do not realize what would happen if we took away grain and oil seeds in this country. In 1980, we were a net importer of food to the tune of around $2 billion. Many of those foods we are importing, such as beef and many others.

We could easily be self-sufficient if we had government policies which would help the farmers plan their production. Policies could be co-ordinated with provincial governments toward a goal of self-sufficiency in food production in Canada at as local a level as possible so that when ordinary people buy food as consumers they could purchase fresh food near a farm, food which had not been transported great distances and would not have diminished nutritive value which results from being taken off the farm or out of a garden for a long period of time.

I also think, from the consumer's point of view, that much more effort must be put into a nutritious food policy for Canada. We have had many changes in our food system over the last 30 years since the Second World War. We have more and more additives and chemicals in foods; hundreds of them today. We have artificial and manufactured foods. There is more and more evidence that what we are doing to our food system is affecting our health. It may be the cause of some of our modern cancers and different types of heart disease that we have in this country and around the world which we cannot cure. I believe the government must once again take the initiative and do some imaginative thinking about a nutritious food policy for Canada. To repeat what some farmers have suggested, perhaps there could be a labelling program for organic produce and subsidizing or aiding farmers who want to grow foods organically. We should do more research. As my friend, the hon. member for Chicoutimi said, we should do research into the effect of chemicals on our food systems and see whether we can produce more efficiently foods which are more healthy without the use of a lot of chemicals which are very hazardous, not only to human life, but to plant life and also to the life of the soil which deteriorates over a period of time.

These are some of the problems that we have as Canadians. We are going to have to solve them very, very shortly before the possibility of a solution evades us. I do not say that lightly. There has been a recent report by a doctor in Saskatchewan, a soil scientist—I believe his name is Dr. Reny—who said that in our own province, through the lack of proper summerfallow, the lack of irrigation in places, the lack of proper safeguards of rotating crops, tree lines and so on, and the use of chemicals and the like, the quality of our soil has deteriorated by about 50 per cent in, I believe, the last 30, 40 or 50 years.

If we do not start looking at some of these problems and if we do not start producing for tomorrow and tomorrow's generation instead of always producing for today and looking at today's dollar, then the time will come when we will not be capable of being self-sufficient in many parts of our country. If we do not start solving the problems of acid rain and understanding what it has already done to some of the crop line in southwestern Ontario and what it may do with the aid of the tar sands plants in the prairies and the wheat fields of the prairies, then, indeed, there will be a sad chapter for the future of the human race.

Those problems affect Canada and they will also affect the world. In terms of the world, I have always believed that we are a global family, that we are our brother's keeper, that we must do for others what we want for ourselves, and we must

provide for people in Africa, Asia, China and all around the world the kinds of policies that we want for ourselves in this country.

In my opinion we have an obligation to do two things. We have an obligation to help other countries to become self-sufficient in the production of food. I believe we can do that because in this country we develop a lot of agricultural and food technology which is among the most advanced in the world. I think we have an obligation to use it to help other countries feed themselves and to put bread on the tables of hungry families. I do not think there is a country in the world, with perhaps three or four exceptions, that with proper irrigation and planning, and a bit of assistance from such countries as ours, cannot feed themselves.

We must also participate more in food aid programs where food aid is needed. However, we must never forget that we should not constantly just hand out food aid without trying to help people to help themselves. It is very important that we teach people to be self-sufficient.

As my friend, the hon. member for Saskatoon East (Mr. Ogle) says, we must all get away from importing luxury goods from Third World countries which we do not need and which they produce on the best land that they have. They are taking the most productive land in Guatemala, or other places in the world, and sowing crops like bananas and tobacco on it and exporting to us. Meanwhile, their own people go hungry because they are producing their food or whatever they can on secondary land. Situations like that must change, and our country and our government can take a leadership role toward that end.

● (2130)

A friend of mine has said that to feed the world, to provide adequate water to the world, to educate the world's people and to provide them with health services, we would need an additional $17 billion per year. That is a lot of money, Mr. Speaker—about as much as the world spends on arms every two weeks. It is spent on nuclear warheads, fighter planes, bombs, tanks, shells, guns and ammunition. It is enough to destroy the world many times over, whether it is done by the Russians, the Americans or any other country in the world. The madness goes on, the attempt of one to better the other. The madness might come to an end if countries like Canada would take the initiative as a respected middle power and say to the world that we must spend this money, the know-how and the technology we have to feed the world's people, to house and educate them and to provide adequate medical care for them.

I say to the minister, in conclusion, that we can start tonight. We are a great country. We have done great things and we are only beginning. If we realize that, we can do exciting things for our farmers, for our people and for the people of the world.

Some hon. Members: Hear, hear!

Mr. Jim Schroder (Guelph): Mr. Speaker, I have great pleasure in speaking this evening in this debate. My experience in agriculture has not been limited to that of practising my profession. In any case, I am proud to be one who has been of some service to the agriculture industry in this country.

The farmer needs help but he needs different kinds of help. For example, he is probably the most misunderstood person in our community. He produces a perishable product and he produces a biological product. Many businessmen are upset if they are stuck with inventory and have no way of getting rid of it, but at least they can pack it away until the next season. If fall clothes are not sold this year, they can be put away until next fall. The farmer cannot do that with his produce. He is stuck with it. Sometimes he does not have enough and sometimes has too much, and so it is very difficult to cope. He has to be a small businessman, a big businessman and an agri-businessman.

Some suggestions have been made today relative to our minister. I should like to say that his has probably the most difficult ministry in government. He has a great urban group to contend with that does not really understand very much about the difficulties of agriculture. He has to talk for the farmer and he has to act for the farmer. I should like to go on record as saying that in my experience I think our minister does a good talking job and a good acting job. He certainly does his very best to convince members of the government and the people of Canada that the farmer is somebody who really is somebody.

Some reference has been made today to the fact that we should have a fourth veterinary college in Canada, situated in the maritimes. A report was commissioned from the former dean of the Ontario Veterinary College, Dennis Howell. I should like to read from his report as follows:

> Setting aside the contribution which a fourth school would make to the manpower needs of Canada, it must be remembered that, currently, an area of Canada where animal industry, both aquatic and terrestrial, dominates the economy is devoid of an animal health educational resource. In almost every brief submitted the opinion was expressed that a veterinary school located in one of the Atlantic provinces would add a much needed dimension to the livestock industry of the region by virtue of its scholarly activity, its research program and its inevitable role in professional refreshment. A second and no less significant point is: Can the young people of the Atlantic region continue to be denied, subtantially, the opportunity to fulfil their career objectives?

It follows, of course, that you cannot give this type of service to agriculture, with both the teaching facility and research facility, without the necessary faculty. There is considerable doubt about whether we should be robbing the other veterinary colleges in Canada in order to supply the necessary manpower to a fourth school. I think the following comment in the report is relative:

> In general, veterinary medicine lacks opportunities comparable to those enjoyed by the medical schools of Canada under the programs of the Medical Research Council.

The exception to this is a fellowship program under the Medical Research Council which has been particularly useful for research in veterinary medicine. The report continues:

> What is needed is a program, possibly administered by Agriculture Canada through the medium of the Agricultural Research Council, designed to train

young veterinarians at various levels for future academic careers. Such a program should include summer studentships for undergraduates, scholarships for graduate studies, and fellowships for graduate studies, and fellowships for study in a post-doctoral sense. The stipends need to be attractive and should be at the same rates provided by the Medical Research Council for its comparable programs.

This government has shown a fair amount of leadership in trying to establish a fourth veterinary college. I believe that we will see it in the future and that it will provide the necessary service to make sure that our animal industry in particular is provided with the kind of diagnostic service and care which will make the economical production of livestock possible.

I am sure that my colleagues from the west can recall the days when we tried to establish a third veterinary college in Canada. It was finally established ten years ago and was called the Western Veterinary College. We had the same doubts then about whether it was feasible to establish another faculty of veterinary medicine to serve the agricultural industry in Canada. We had all the same questions about where we would get the faculty, whether there would be enough jobs for the graduates, and whether it was feasible to support it. Of course, we met the same kind of arguments and in many cases the conclusions were that we would be foolish to attempt to establish this very expensive school for training veterinarians for the future.

I am pleased to say that with the co-operation of the western provinces and the federal government, which supplied 50 per cent of the necessary funds, the third veterinary school was established in Saskatoon. Within a very short time it became one of the finest veterinary colleges in Canada. It has sent graduates all over the world and I am proud to say that it has proven to be a good investment in animal health.

Recently, I travelled with the North-South task force in various Asian countries. I was very pleased to see the number of graduates in agricultural and veterinary science that there are in the Third World as the result of their training in Canada. As far as agriculture is concerned, I like to think that our profession has served well and valiantly through the years. I hope that the fourth veterinary college will be established. Some kind of fellowship program could be set up to help provide the necessary faculty so that our agricultural industry in Canada will be the leader because of the kind of support it receives.

● (2140)

Probably many of you do not know that we in Canada have a reputation around the world for having healthy livestock, which means that markets are open to us because we have been able to keep out those diseases which ravage livestock in many other countries. We do this by maintaining an animal population free of disease. We have inspection services which are able to spot immediately when a disease has been brought into the country. We get rid of this disease by eliminating it. Therefore, we are free of diseases such as foot and mouth and hog cholera. Obviously one disease affects hogs and the other affects livestock. These two diseases are the scourge of many countries in the world. Canadian livestock is welcome almost everywhere in the world because of our high health standards. I do not want to take all the credit for the veterinarians but this standard is maintained because of the very fine management provided by farmers not only through their training in agriculture but through the usual Canadian ability to do things and to do them properly. However, this standard could not be maintained without the kind of veterinarian support they receive.

I think we can be proud of our inspection service. We can be proud of the fact that all our animals, because of their good health, are acceptable in almost every country in the world.

I am sure hon. members know that to be a veterinarian requires a very long training program. But looking at the total agricultural picture, it is a case of everyone working together to make sure that our animal industry is the finest that is possible. To my hon. friend who spoke before me I want to say that we have the finest agricultural industry in the world. With development of confidence, with service programs, particularly relating to animal health, which I am proud to say the present government supports and in which the minister is showing great leadership by promoting these activities in Canada, we will go on with a very fine agricultural industry. In spite of our problems with credit, in spite of the fact that we are producing perishable goods, in spite of the fact that we have a biological product, in spite of the fact that some farmers want help and some do not, in spite of the fact that we do not have unanimity as to what programs there should be to help farmers, there is no question that our government is convinced that farmers are very important people in Canada. The agricultural industry is the basis of our tremendous growth. Canada is the great country it is today because we have a healthy, vibrant and strong agricultural industry.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I would like to thank the hon. member for Guelph (Mr. Schroder) for sharing part of his time with me so that I could close the debate.

The first part of my remarks are what I intend to say at the end of my speech, namely that today's debate, and I have listened to all of it, has been rather depressing for one like myself. I know that one of the healthiest industries in Canada is the agricultural industry. I know that the opportunity for agriculture has never been greater than it is now. I know that the world wants to be fed and insists on being fed. I know that farmers not only produce the food for our table but also will soon be producing the energy to keep us warm at night. The future for agriculture is unbelievable. Whether we worry about big farms or small farms, the fact is we are moving toward intensive and more efficient agriculture because there is a need for it. If we could get these people in Ontario, Quebec and the Atlantic provinces to realize that they have a job to do and could make some money, we would soon get this agricultural industry going even better than it is today.

Unfortunately, at times snags are put in our way. Governments have done much for the agricultural industry in this country. I think the U.S. government has done very well for its farmers too. We have done a good job for agriculture, but the

job is never finished. Right at the present we have a dark cloud hanging over our heads. Some nitwits in the central banks of the world, backed up by the nitwits in the departments of finance, are determined to prove that although the book learning they acquired 40 years ago is not working out, they will show it to be correct. They think if they get the interest rates high enough, all the things they studied will come true. But quantitative evidence shows just the opposite. I will not make a speech about that tonight because I want to talk about the particular subject before us.

This subject tonight really deals with farm credit. Sure the small business development bond will be a big help. I hope the government will broaden it out to cover wider sources than just the incorporated farmers. My main topic tonight is the Farm Credit Corporation. We have had a long history of credit on the farms in Canada. I will not repeat what I said before as to what happened in 1919 in that great debacle or what happened in the 1930s and what was done by all governments in an effort to solve those crises because that is past history.

If we are going to meet the challenge today of feeding the world and keeping the world warm through the production of energy from renewable resources, we have to use supplies of credit. We are based on a credit system. If we are to have this silliness of a group of academic dropouts who man our departments of finance and who man our central banks around the world telling politicians what they have to do when they know it is wrong, that it has always been wrong and it still is wrong, then we have to depend on the Minister of Agriculture (Mr. Whelan) to speak up on this subject in cabinet.

Mr. Jarvis: Heaven help us.

Mr. Hamilton (Qu'Appelle-Moose Mountain): I know that it has been said that he has enough clout. Believe me, if you ever want to have clout in the cabinet, just offer to resign and tell the people why you are resigning. All of a sudden 25 or 30 other guys in cabinet say "no, don't do that". But all you have to do is to put your resignation on the table. There is not a prime minister born now or in the future who would ever turn down a minister of agriculture, if you want to unite the people of Canada around an issue, that issue is interest rates.

The interest rate issue goes back thousands of years. In Canada it has taken our Parliament by the throat on several occasions. If you want to unite farmers from Newfoundland to Quebec right through to British Columbia, just fool around with this nonsense on interest rates. You can bring every farmer together. They could clean out 70 different members of Parliament if they wanted to. I simply ask the Minister of Agriculture to pay attention to some of the positive and helpful ideas which have emanated from this side of the House over the last two weeks.

Hon. members heard today from the hon. member for Medicine Hat (Mr. Hargrave). He put forward his concept of an individual trust system whereby the farmer in his surplus years puts his cash into a trust account. No subsidy from the government is required. He just wants to have that money available when the income is poor. It would not cost the government anything. The hon. member went on this afternoon to suggest putting this money directly into the hands of the Farm Credit Corporation, who act as a trustee, instead of putting it into a bank or a credit union. The farmers would be glad to put money into a farm credit trust fund at 6 per cent because they will not be taxed on it. The Farm Credit Corporation could lend that money out at 8 per cent and get the young farmers up and going. Get rid of this high interest rate of 20 per cent a year and above. This is not a laughing matter that will go away next week by dropping the interest rate a point or two. Anything above 6 or 8 per cent on the productive side of our economy is lunacy. The quickest way to get it down without a subsidy by the government is to lend the money at 8 per cent. Ask the farmers to put their money into a trust account under the hands of the Farm Credit Corporation and get 6 per cent. As long as the farmer is free of tax, he will accept that 6 per cent. Not only the beef farmer but the grain farmer will do that. He will not want any subsidy when he is saving tax. He knows that money will be available when his income is low and he can take it back as income.

• (2150)

If that idea of loans is put before cabinet with all the enthusiasm a minister of agriculture can mount, he will have 350,000 farmers from all across the country behind him. The minute he does that, just watch the banks and credit unions get their interest rates down for every other class of people.

This is not a question of grabbing money out of the treasury. The treasury does not have any. They are borrowing like mad to pay the high price of oil. This is a positive proposal by an opposition member who has made this type of proposal before. It was originally introduced in this House some years ago by the then hon. member for Swift Current. He is not here tonight. It has been improved on and made more powerful in the way the hon. member for Medicine Hat repeated it. According to this concept, if you are going to stablize the income of any farmer, you let him have an account he can put his money into when he has a surplus. He can earn money when it is needed. He only pays the tax on it when he draws it as income.

This is an individual accounting system which does not require 10,000 civil servants to examine every item. It is a matter between him and a trustee. When the farmer puts the money into that account, he entrusts the trustee to use it for a proper purpose, to earn money and to be useful to his country. At the same time, when he wants it, it is available.

The suggestion made this afternoon that the Farm Credit Corporation handle it makes eminent good sense. The farmer could be told to put money into the trust account where he would receive 6 per cent. It could then be loaned to other farmers who need it badly at 8 per cent.

The farmer gets a better, more saleable proposal than the one I made last week. Last week I proposed that we lend money through the Farm Credit Corporation at 8 per cent. When the debt was paid back under the contract, the Farm Credit Corporation would be quite justified in getting an

interest in the additional profit. That is being done all the time in private business because businesses are caught in the same way as everybody else, including the farmer. They have to shift toward some type of equity financing on which there is no interest or some sort of an interest in their profit which has no interest on it as well.

My proposal is sensible. I use it all the time in private business and it works. No one loses under that system. There is no subsidy. The suggestion of the hon. member for Medicine Hat is so simple and obvious that grain farmers will put their money into those trust accounts.

Cattle farmers will put their money in and everybody who wishes he were a farmer would put his money in if he got the chance. They will not quarrel about the 6 per cent. If there is worry about the fact it will be in there for a long while, the interest could be indexed along with inflation to ensure the farmer does not suffer. Index the principal if you want. The fact remains that something practical has to be done, not next week but now.

These ideas have been put before this House for the past seven or eight years starting with the hon. member for Moose Jaw, the hon. member for Swift Current, the hon. member for Mackenzie and myself, to the then minister in charge of the Wheat Board who introduced the stabilization for grain. it was put forward then as a positive, simple alternative to help stabilize the farm income without any cost to the government. Keep the government out of it. Those proposals were passed over for this complicated, legalistic type of tax law that we got in the stabilization act. No one understands that law except the tax expert, and I sometimes have doubts about them.

I think I have driven home this point as well as I can. I do so not only on the basis that it makes good common sense. To go out and tell the farmer tomorrow that you are going to put this proposal before cabinet would shake this cabinet out of a year's growth. It would really smarten them up. If the minister says he is going to put it forward, and if cabinet cannot prove that it cannot be done without a shadow of a doubt, you are walking the plank and you are telling why. My God, they would come back from all over the world to make sure he does not walk it.

No one dismisses a minister of agriculture of this country without a revolution from one end of the country to the other as long as he is fighting on behalf of the farmer. It is something where you cut across party lines. Canada as it is with all its great diversity can only have one federal minister of agriculture. Sometimes he is from the west, sometimes from the east, but it cannot make any difference. He speaks for all the farmers. Regardless of what language he speaks or where he comes from and regardless of the difference of views of many farmers, as long as they know he is sticking up for them, they will forgive many of his blunders and mistakes. As long as you let them know you do not care what their politics are or where they come from and that they will get fair treatment, farmers will always back their federal minister of agriculture.

Some of us can speak with great experience on that, having once gone against all the farmers. When they came around in a year or so, the support was overwhelming, regardless of political affiliation. They did not care that I was called Conservative because they knew that I stood up for them. With everyone against me—only one other member of the Conservative caucus supported me—I survived. I was not afraid. I did not want to be minister of agriculture anyway.

No prime minister is ever going to fire a minister of agriculture. If you really want to shake up the self-styled leaders of the nation who parade up and down as cabinet ministers today, just say that you were listening to this debate and you think there is a lot of sense in it. We are not asking for subsidies so the Minister of Finance (Mr. MacEachen) will not be against you.

We are asking for a simple type of proposal whereby the farmer can put his money into some form of trust account. He will do it. All you have to tell a farmer is he will get out of taxes for a while and he will do anything. Get that money out at 6 or 8 per cent, whatever you can, just say you are going to do it and every farmer's hopes will rise again. If you say you are going to back him up and there will be no subsidy, no prime minister will turn you down. Think what a morale booster it would be for the Department of Agriculture. Instead of dragging along under this situation, catching hell from one end of the country to the other, they would have their minister finally speak up, saying he is willing to walk the plank if justice is not done to the agricultural industry. That is the challenge we put before the minister tonight.

The Acting Speaker (Mr. Blaker): Order, please. It being ten o'clock it is my duty to inform the House that pursuant to Standing Order 58(11), the proceedings on the motion have now expired.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

SOCIAL SECURITY
(A) QUERY RESPECTING AID FOR SENIOR CITIZENS
(B) REQUEST FOR EMERGENCY ACTION
(C) REQUEST FOR LEGISLATION TO BENEFIT WOMEN AGED 55 TO 65 YEARS

Hon. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on Tuesday, May 19, as recorded in *Hansard* at page 9674, I raised with the Minister of National Health and Welfare (Miss Bégin) the plight being faced by many senior citizens, and in particular I asked that something be done by

way of making an increase in the old age pension on an emergency basis.

I asked in particular that the Minister of National Health and Welfare not tell us, as others on the government side do so often, about the $35 increase that was made last summer, because in point of fact that increase has been completely eaten up by increases in food and rental costs that senior citizens have had to meet. I also asked her not to try to make the point that that increase is fully indexed as though that takes care of the situation. I pointed out in fact that during the past year, when the over-all consumer price index has gone up by over 12 per cent, the actual increase in dollars in the total amount of the guaranteed income supplement has gone up by only 8.8 per cent.

The reason, of course, the indexing of old age pensions is always behind is that it is based on a formula that permits the department to go back a month and then three months behind that and compare that three-month period with the three months before that, with the result that when pensioners get an increase in their pensions, they are never getting an increase to help them meet the costs they are having to cope with right then. It is because of that situation, I contend, there should now be another emergency increase in the amount of the old age pension, whether it is added to the basic old age security or to the guaranteed income supplement.

The minister, of course, did the very things I asked her not to do. She reminded us of the $35 increase last year and told us about the quarterly indexing that is supposed to be up to date. These are myths that any senior citizen can disprove. Then she went on to point out that the plea we sometimes make for a special cost-of-living increase for old age pensioners related to the things that they actually have to buy would not be of much help because her department had done the arithmetic and had found out that over a ten-year period the difference would be about one percentage point or .1 percentage point per year.

I tried to make the point back to her that I was not talking about what happens on a ten-year basis, but about the difficulties that pensioners are facing right now. I contend that the case is very strong for an emergency increase in the old age pension right away, and I made a particular reference to needs of women between 55 and 65 who get no pension at all.

I know we are always told that there is not any money, and I know that my plea for a pension increase flies in the face of those in this House, especially to my right, who are forever asking for the government to cut expenditures. I remind the government and the House of a period I remember very well when the government was not spending money, in the depression of the 1930s, and the result was that things got worse and worse. I suggest if it were not for government money that is going into the pockets of people in the form of old age pensions, family allowances, unemployment insurance, veterans' pensions and all these things, our economy today would really be in a tailspin. I suggest that far from it hurting the economy to put money into the pockets of people who will spend it on things they need, it would actually be a help to the economy, and even the business interests that keep calling for cuts in government spending would be better off if our social programs were expanded.

I say tonight that I am sorry the minister took such a negative stand in response to my question. I still do not think that is the way she feels about these matters. I believe she wants to see pensions and other social benefits increased. I can understand her not being here tonight, but I see I do not even have the attendance of the Parliamentary Secretary to the Minister of National Health and Welfare (Mr. Frith).

● (2205)

I gather that the one parliamentary secretary who is here at this moment is the Parliamentary Secretary to the Minister of Justice and Minister of State for Social Development (Mr. Irwin), who will respond. I hope he will do so with a sense of justice and fair play to the senior citizens of this country.

Mr. Ron Irwin (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): First, Mr. Speaker, it is a myth that it is going to be easier for senior citizens in the next while. It is going to get more difficult with inflation and high interest rates. I see the latest census report in the U.S., which will probably mirror ours, indicates that for the first time since 1950 there are as many Americans above the age of 30 as there are below that age. That means that we have a shrinking work force which must provide for the economic well-being of a mushrooming elderly population.

Now I think the hon. member for Winnipeg North Centre (Mr. Knowles) will be the first to admit, and I say this very subjectively, that the best social legislation has been the combination of Liberal-CCF-NDP legislation over the years, but I think it is going to be more and more difficult in these times to provide the necessary money. In the last campaign we had really only one monetary promise where money was going out with no return and that was in the area of social assistance, directed to the 1.2 million senior citizens eligible for old age security and the GIS. We kept that promise and it was very expensive. The hon. member says not to remind him of what was done, but it is a fact that we kept the promise and we put out a lot of money.

When the hon. member asked the question in the House, he stated that we had not indexed this properly, that it was only 8.8 per cent. I have checked this and that figure is for a nine-month period from July, 1980 to April, 1981. If we calculate it for a full 12-month period ending this July, it will be approximately 12 per cent, which means the single pensioner will get an additional $17 and a married pensioner $13. I know it is not enough, I know that we have to look first after the elderly and the pensioners in our society, but we are in very difficult times and that is all we can do at this particular stage in the development of our economy.

We are doing all we can for those over 65, and it was suggested by the hon. member that we go into those areas below 65, namely the single woman currently ineligible for old age security. I think he is right when he says that the Minister

of National Health and Welfare (Miss Bégin) would do it if she could. She indicated a figure of approximately $730 million to do all those things she wanted to do, but I do not think she can. And I think she was quite forthright and truthful when she said in the House that the government is doing all it can to look after those over 65; it will be some time before we can look after those 55 to 65.

Mr. Knowles: By that time they will be 65.

Mr. Irwin: Well, within the last 20 years we have and are providing income housing, senior citizen housing, provincial assistance, old age security and the GIS. At its worst, things are much better now than they were 20 or 30 years ago, and there is some responsibility on our citizens to do some saving of their own for their future retirement. I do not think we can continuously put the debt on the young workers of this country and expect them to go out and produce and earn money and pay the income tax they will have to pay. This is a shared responsibility.

● (2210)

ENERGY—EXPORTS OF NATURAL GAS TO UNITED STATES

Mr. Maurice Foster (Algoma): Mr. Speaker, on May 13 I asked the Minister of Energy, Mines and Resources (Mr. Lalonde) if he would consider a policy in which he would not allow any further exports of natural gas from Canada to the United States until there was a firm commitment by the gas transmission companies like TransCanada Pipelines to serve the underserved areas of eastern Canada.

The reason I asked the question was that I was not sure whether the transmission companies like TransCanada Pipelines and the distribution companies like Northern and Central Gas Corporation Limited, which serves northeastern and eastern Ontario, had any clear direction as to just how rapidly they would served the underserved areas of eastern Canada.

There is a program in the National Energy Program called the federal distribution system expansion program which provides grants for distribution of natural gas in these communities, but the cost of the transmission lines into many of these communities will be very high. I am not sure whether that whole grant system will be adequate to cover it. For instance, in northeastern and eastern Ontario there are some 150 communities which need service, and the assistance will have to come out of that program.

In my own constituency it is estimated that it will cost something like $80 million to put through the transmission gas pipeline, part of which will be borne by TransCanada Pipelines and part by the distribution company, supposedly Northern and Central Gas Corporation. The volume of gas probably will not be adequate to amortize the cost, so it is a question of grants or the cost of that gas pipeline being borne ultimately by the producers of natural gas in western Canada, if it is added to the rate base of TransCanada Pipelines.

If we look at it in the national perspective, we see some six billion cubic feet of gas being used per year. This displaces about one million barrels of oil. We are subsidizing oil to the extent of $20 per barrel through the compensation program. So we will see a net saving for the country of some $20 million just in the communities along the north shore of Lake Huron. It is clearly in the national interest.

Whether companies like TransCanada will move to put in transmission facilities is highly questionable. They will not actually move ahead with it, unless they are certain that their chances of exporting gas to the United States will be virtually zero. I am hopeful the minister will ensure that more exports will not be approved to the United States until the underserved areas of eastern Canada are provided with natural gas. This only makes sense. We are spending a great deal of money under the Canadian oil substitution program to convert furnaces from oil to natural gas.

Obviously those gas transmission lines and distribution systems should be in place before we can carry out the substitution. I am hopeful the minister will adopt a policy of no further exports until the areas in eastern Canada which are not presently served with natural gas pipelines are being served.

Mr. Roy MacLaren (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the central aim of our government's National Energy Program is to ensure that all areas of our country are supplied with indigenous sources of energy. In establishing that aim, we recognize the fact that we can no longer depend on oil, whether imported or domestic, to supply the greater proportion of our national energy requirements. That is why the Canadian Oil Substitution Program announced last week is so important. The program will play a key role in achieving our goal of reducing oil consumption in the non-transport sectors to 10 per cent of their total energy needs by 1990.

● (2215)

The administrative arrangements of COSP have been largely completed following extensive consultations. It is clearly evident that its successful implementation will be of universal benefit to the different sectors of the economy.

With specific reference to natural gas, the National Energy Program provides for federal financial assistance for distribution companies to extend service to communities which it would not otherwise be economical to connect. Officials of the Department of Energy, Mines and Resources are presently at work with their provincial counterparts to develop criteria for determining which pipeline extension programs will be eligible for assistance, and to establish the process for selecting, from competing proposals, the specific projects to be funded. This work will be completed to allow the funding of projects in the 1982 construction season. For the fiscal year 1982-83, an amount of $170 million will be available for gas distribution system expansion. This is additional to $500 million to be made available for transmission system expansion to the maritimes and to Vancouver Island.

However, it is important that I should add that this is a long-term program. It will be impossible to subsidize all

worthy projects in the first year. The federal government wants natural gas to be available to as many Canadians as possible and hopes that this system of grants will ensure rapid expansion.

The question of natural gas exports must be considered in terms of provisions under the National Energy Board Act whereby the board may only approve a new gas export application if an assessment of future gas requirements in relation to supply clearly demonstrates a surplus. The NEB will report on oil and gas supply and demand in mid-summer. No new export hearings are anticipated until late this autumn or next winter, and no new export approvals will be forthcoming, assuming that such are recommended, before late 1982.

To the extent that surplus may be available from time to time, there are benefits to the economy from natural gas exports. For example, this was an important factor in our balance of payments situation last year.

WESTERN DEVELOPMENT FUND—FUTURE OF PROGRAM

Hon. John A. Fraser (Vancouver South): Mr. Speaker, in the budget speech of October last the government announced a Western Development Fund. The words used were very precise. They were:

> We have, therefore, allocated $4 billion to a Western Development Fund.

It was also stated that the government expected to spend $2 billion over the next three years.

In the budget speech it was made clear that the Minister of Employment and Immigration (Mr. Axworthy) who, I might point out, is a westerner from Winnipeg-Fort Garry, would be in charge of specific development initiatives which "will be selected in consultation with the governments of the western provinces." The Minister of Employment and Immigration was named to co-ordinate these efforts and to ensure early action as leader of a special group of ministers. This special core of ministers, as is well known, consists of 13 ministers who are to concern themselves especially with western problems. You might say they are a sort of posse and the minister from Winnipeg-Fort Garry is sort of the top hand. The promise of the Western Development Fund was repeated at the same time in the National Energy Program, which states:

> The government is anxious to complement its national strategy with more specific measures to address issues of long-standing western concern.

It goes on:

> As a first step the Government of Canada will establish a special fund of $4 billion to finance over the first part of the decade a series of economic development initiatives, to be chosen jointly by the two levels of government, in the four western provinces.

On December 16, 1980 the Minister of Employment and Immigration charged into print by announcing a new "blueprint document" on western strategy. Presumably this "blueprint" would let us know some of the ways the $4 billion fund would be used.

You can imagine, Mr. Speaker, with what cheers we westerners greeted the minister's call to action. I want to quote what the minister said at that time. It was stirring stuff, Mr. Speaker. He said:

> Westerners are pragmatic.

Those are his exact words. Having delivered himself of this eternal verity, he followed it with another. He said:

> When they see we mean business, they'll take it at face value.

That is strong stuff, Mr. Speaker. Since the minister was assigned the task of co-ordinating specific development initiatives, we westerners assumed that these development initiatives were related to the $4 billion fund, which we were assured by the budget speech in October had been allocated. And because we are pragmatic, Mr. Speaker, we thought "allocated" meant allocated. We thought that when the budget speech of October said, "We have therefore allocated $4 billion, that it had indeed been allocated. Now, what does allocate mean? I looked it up in the dictionary and it means, "to set apart for a particular purpose". That is an exact quote. In the words of the minister, "We westerners took it at face value". Why not? Every westerner knows that if the Liberal ministers in October of last year said they "have allocated" a $4 billion fund, then that is what they have done.

● (2220)

Mr. Knowles: Oh?

Mr. Fraser: In other words, they "set apart" $4 billion for development in the west.

Now we westerners also thought that if the Liberal government had already allocated the fund, that is, "set it apart for a particular purpose", and I am using quotes again, the Liberal government ought to know where the fund is. I mean that somehow or other they had it lassoed with the rope tied tightly to something. That is how we pragmatic westerners would have done it, and we would do it like that so no matter how much dust and feathers that fund kicked up it would still be tied to a post come morning.

So it came as a real surprise to find out through the press that maybe there is no fund. Maybe it never has been allocated. By golly, maybe those Liberal ministers in charge of western affairs never did get a rope on that fund. Why, back on May 4, the Canada Grain Council met. I will just read this to Your Honour because I know you are interested. The press reported:

> 'Ottawa's $4 billion development plan—promised in the Grit budget . . . has receded so far from sight that speakers at the council meeting made no overt mention of it.'

Those are big words for a western meeting.

It is pretty polite language for saying that the fund was a runaway that never got properly corralled. We certainly could see the problem. That allocated fund was out of the barn, so to speak, and not one of those 13 specially deputized ministers could catch it.

There was more than one westerner beginning to take things at face value, and I mean, by that: if you cannot see a fund, and if the fellow who says he has allocated it cannot show it to

you, then, being pragmatic, as the minister said we are, we concluded that maybe there is no fund, and maybe there never was a fund, allocated or not.

But, as the newspaper article put it, no one made any overt mention of it. As a matter of fact, the Minister of Employment and Immigration did not even call a press conference to tell us polite westerners what we had pragmatically figured out, and that was that there is either no fund at all or it is running loose somewhere quite out of control. I mean, we think it is probably overtly out of control. That is, it is out in the open and disappearing just about as fast as a Liberal promise can gallop.

Well, last week I asked some questions in the House about the fund and whether the advanced light rapid transit system in Vancouver would be paid for out of that elusive fund. It took a far western Liberal to finally tell the truth, like a clean breeze from off the Pacific. Senator Perrault, according to the press, said the fund has not been allocated. Well, now, we had figured that out. It makes an honest man out of the senator, but a near liar out of the government's top hand. As for the light rapid transit, how will that be paid for? Says Senator Perrault, "We have sprung the money from a different source", or, as we westerners would say, "A source of a different colour".

Some hon. Members: Hear, hear!

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the commitment of this government to the growth of western Canada is well known. Recent indications of this commitment, as noted by the Minister of Employment and Immigration (Mr. Axworthy) in his reply to the hon. member for Vancouver South (Mr. Fraser) on May 28, show the role the federal government intends to play in the west, now and in the future.

One recent example is our contribution of up to $60 million to ensure that the Vancouver light rapid transit system is built. This contribution is a firm commitment of the government, and one which will have spin-off effects, we hope, both in the British Columbia industry which will service the system, and in the Vancouver project's demonstration of Canadian transportation technology for export.

As noted on that same day in reply to the hon. member, Senator Argue's recent announcement about the sale of grain to the Soviet Union stands as another example of this government's concern and commitment.

I can assure the House that there will be more announcements and more action in the next months which will, I hope, satisfy the concern of the hon. member and this government that the federal government is playing its proper role in ensuring orderly growth and expansion of the economic health of western Canada.

Mr. Knowles: But where is the fund?

The Acting Speaker (Mr. Blaker): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until two o'clock tomorrow afternoon.

At 10.25 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, June 2, 1981

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

THE MONARCHY

TWENTY-EIGHTH ANNIVERSARY OF HER MAJESTY'S CORONATION AS QUEEN OF CANADA—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, under Standing Order 43 I rise in the expectation that I shall receive unanimous consent for my resolution. Today being June 2, the anniversary of the Queen's coronation, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That on behalf of this House the Speaker send a message of gratitude, good wishes and loyalty to Her Majesty on the occasion of this, the 28th anniversary of her coronation as Queen of Canada.

Some hon. Members: Hear, hear!

Madam Speaker: For presentation, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Madam Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

INDUSTRY

ENCOURAGEMENT OF PULP AND PAPER MILLS—MOTION UNDER S.O. 43

Mr. Albert Cooper (Peace River): Madam Speaker, I rise on a matter urgent to the entire newspaper industry of Canada. Whereas this industry receives less than 7 per cent of Canada's newsprint production, the rest being exported, and whereas a number of pulp and paper mills are threatened with strikes, which will severely reduce newsprint supplies, and in view of the proposed adversiting tax changes for newspapers instigated by the government, which will impose severe hardships on the industry, and which have been described by Patrick O'Callighan as "Unprecedented attempts to intrude into the traditional freedom of the press", I move, seconded by the hon. member for Bow River (Mr. Taylor):

That this House request the merciless Minister of Finance to cease his Big Mac attack on the newspaper industry, that the government encourage the mills to avoid any strikes, and encourage these mills to allocate a further 2 per cent of their production to Canada, in order that Canadians may continue to read such earth-shaking events as the Prime Minister's infamous sheik-yer-bootie two-step hustle, or the NDP Leader's enjoyment of Cuban cigars, plus the profound political insight provided daily by columnists such as Allan Fotheringham.

Madam Speaker: Such a motion requires the unanimous consent of the House. Is there inanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRANSPORT

RAIL PASSENGER SERVICE BETWEEN BARRIE AND TORONTO—MOTION UNDER S.O. 43

Mr. Ron Stewart (Simcoe South): Madam Speaker, I rise under Standing Order 43. There is an omission which is inconveniencing thousands of residents along the west shore of Lake Simcoe who regularly commute from Barrie to Toronto. Present service is inadequate, and surveys taken indicate there is both commuter demand and potential. The president of VIA Rail has stated that provinces should contract with VIA Rail to "run trains where local interests feel they should go". Residents of Simcoe South are caught between conflicting jurisdictions, VIA Rail and GO, neither of which presently satisfy popular demand. I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the Minister of Transport use his good offices with VIA Rail and GO (Ontario) to expedite a contract or a swap of passenger runs which will result in improved commuter service and passenger profits for the rail carrier.

Madam Speaker: Such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

PETRO-CANADA

ACQUISITION OF PETROFINA—MOTION UNDER S.O. 43

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I rise under the provisions of Standing Order 43. A cloud of suspicion and mistrust hovers over the Petro-Canada takeover of Petrofina of last February. I raised this with the minister at the time, and believe that we need a full public disclosure, especially in light of the newspaper reports today alleging some rather serious improprieties in the share transactions. I move, seconded by the hon. member for Comox-Powell River (Mr. Skelly):

That the Minister of Energy, Mines and Resources make public all of the materials gathered to date by his department and that of Consumer and Corporate Affairs, together with those of the Ontario Securities Commission, and further, that the minister establish a special public inquiry into the whole matter.

Madam Speaker: Such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

HOG STABILIZATION PROGRAM—MOTION UNDER S.O. 43

Mr. Peter Elzinga (Pembina): Madam Speaker, I rise under the provisions of Standing Order 43. Alberta hog producers will not receive any payment whatsoever under the Agriculture Stabilization Act, as per the Minister of Agriculture's announcement of May 21, even though the subsidization of pork production in some other provinces, through programs such as weaner pig subsidies, interest subsidies, manpower assistance programs, hog transportation subsidies, and the like, is often greater than the emergency support which was provided by the Alberta government, which the federal minister has conveniently ignored in determining who will receive payment. Therefore I move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That this House instructs the Minister of Agriculture to acknowledge the unfairness of the federal decision, and make the payout to hog producers across Canada equal, and also instructs the minister to expose all forms of government assistance in all provinces of Canada to ensure fair treatment in the future for our hog producers no matter in what province they produce.

Madam Speaker: Such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1410)

THE LATE WALTER R. SHAW

MOTION UNDER S.O. 43

Mr. Tom McMillan (Hillsborough): Madam Speaker, I rise under the provisions of Standing Order 43. Many Canadians across the country joined all Prince Edward Islanders, regardless of political persuasion, in mourning the death over the weekend of Dr. Walter R. Shaw, premier of Prince Edward Island from 1959 to 1966. In light of Mr. Shaw's life-long service to his beloved province and to his country in the fields of agriculture, politics, history, and community life, I move, seconded by the hon. member for Peace River (Mr. Cooper):

That this House expresses its profound sadness at the death of a great Canadian.

Madam Speaker: I am sure the House would want to express its sentiments by its applause.

Some hon. Members: Hear, hear!

* * *

THE LEADER OF THE NEW DEMOCRATIC PARTY

MOTION UNDER S.O. 43

Mr. Doug Lewis (Simcoe North): Madam Speaker, I rise under the provisions of Standing Order 43. Last week the NDP leader's tour was a disaster as a result of lost airplane seats, and this week is rapidly going up in smoke as he spent hours discussing the relative merits of Cuban cigars with fellow socialist, Fidel Castro. Therefore I move, seconded by the hon. member for Cambridge (Mr. Speyer):

That this House invite the hon. member for Oshawa, also known as the hon. member from La Mancha, to return to the country from which he receives his pay cheque and participate in the business of running a democracy.

* * *

FISHERIES

STATE OF INDUSTRY IN SOUTHERN NOVA SCOTIA—MOTION UNDER S.O. 43

Miss Coline Campbell (South West Nova): Madam Speaker, I rise on a matter of urgent and pressing necessity. Since the fishing industry in southern Nova Scotia is totally paralysed because of the poor market conditions for haddock, I move, seconded by the hon. member for Missisquoi (Mr. Bachand):

That the Minister of Fisheries and Oceans order the Fisheries Prices Support Board to convene immediately to see if it can assist the fishing industry and get the plants and fishermen back in operation at this most critical time in the fishery.

Madam Speaker: Is there consent for this motion?

Some hon. Members: Agreed.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HUMAN RIGHTS

CONDEMNATION OF PROPAGATION OF RACIAL HATRED—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I rise under the provisions of Standing Order 43 to propose a motion which I am sure will receive the unanimous consent of the House. Since the U.S. based National States Rights Party, which describes itself as "by far the largest white racist party in America", has established its mailing address at one of Canada's post offices in Toronto's east end and has distributed copies of its publication "The Thunderbolt" to many households in that area, and since on Sunday last the Ku Klux Klan engaged in a public cross burning in British Columbia, I move, seconded by the hon. member for Winnipeg-St. James (Mr. Keeper):

That this House condemn in the strongest terms the race hatred and intimidation used by organizations such as the National States Rights Party and the Ku Klux Klan, and since prohibitory orders have been issued by the post office against the National States Rights Party and "The Thunderbolt" magazine, that the Postmaster General investigate the possible use of other post offices by this organization.

Madam Speaker: Is there unanimous consent for the presentation of this motion?

Some hon. Members: Agreed.

Madam Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to.

ORAL QUESTION PERIOD

[*English*]

PETRO-CANADA

ACQUISITION OF PETROFINA—NEWSPAPER ALLEGATIONS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is directed to the Prime Minister. Ever since the announcement of the Petro-Canada takeover of Petrofina, we on this side have been very concerned about the obvious indications of insider trading leading up to the acquisition of the company by Petro-Canada. I am sure the Prime Minister is aware of the article which appeared this morning in *The Toronto Sun* which outlined substantial profits that were made in the period leading up to the takeover. It makes some very serious allegations as to the involvement of cabinet ministers and of a senator. What steps has the Prime Minister taken to assure himself that these allegations are not true? Can he assure the House that no cabinet minister made any material profit as a result of insider trading in these shares?

● (1415)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have not had the time nor, I must say, the inclination to read the *Sun* article.

Some hon. Members: Oh, oh!

Mr. Trudeau: I remember that this kind of innuendo was brought up in the House a few weeks ago by members opposite, and the Minister of Consumer and Corporate Affairs undertook to refer the matter to the Ontario Securities Commission, which he did. We will hear from the Ontario Securities Commission, which is looking into this matter as it should, and I am sure the securities commission will be able to give the hon. member assurance that no cabinet minister was involved.

Mr. Clark: You are sure of that?

Mr. Crosbie: That is very casual.

ROLE PLAYED BY MAURICE STRONG

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I am very, very surprised at the statement by the Prime Minister that he does not have the inclination to look into this article, which has some very serious allegations contained in it.

Mr. Trudeau: I never read garbage.

Mr. Crosbie: Start looking.

Mr. Wilson: The article further alleges that a company connected with Maurice Strong was also involved in very substantial profits arising out of the transaction. Since Mr. Strong was in a position of trust as a principal participant in the negotiations leading up to the takeover, has the Prime Minister had any discussions with Mr. Strong to assure himself that Mr. Strong is not involved with Sofigen, the company alleged to be involved in these profits.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, as to the preamble to the question, I am surprised that the hon. member is surprised. I think it is well-known that I do not read the newspapers very much, but I particularly do not read those that publish garbage.

Some hon. Members: Hear, hear!

Mr. Trudeau: As to the question itself, no, I have not spoken to Maurice Strong about it.

Mr. Crosbie: You don't care about it.

Mr. Trudeau: Never garbage. That is what you are reading all the time.

Mr. Wilson: Madam Speaker, I am sure the Prime Minister is going to realize very soon that this is a matter of great concern to Canadians at large, and they do not regard this as garbage, rather they regard it as a very serious matter.

Some hon. Members: Hear, hear!

STATUS OF INVESTIGATION INTO TAKEOVER

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, the Prime Minister referred a minute ago to the steps taken by the Minister of Consumer and Corporate Affairs, who agreed under some pressure from us about two months ago to undertake an investigation.

Would the Prime Minister outline the status of the investigation to this House? In addition, would he advise the House whether this investigation, as it is presently constituted, will address the allegations which are outlined in *The Toronto Sun* article?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, it is obvious that this investigation is continuing. It is now being carried out by officials of my department in the Bureau of Corporate Affairs, by the Ontario Securities Commission and by the Quebec Securities Commission. It is obvious that the allegations published today in a Toronto newspaper will indeed be followed up and studied by the people who are now making that investigation.

[*English*]

QUERY RESPECTING DETAILS OF INVESTIGATION

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my question is also for the Prime Minister. Even if the Prime Minister does not read garbage, fortunately or unfortunately a lot of people in this country do read garbage.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Lawrence: He should not try to slough off an important matter such as this, which I suggest to the Prime Minister casts a cloud, certainly over all cabinet ministers if not all members of this House. May I just say, for the benefit of the Prime Minister, that the allegation is that there were purchases of Petrofina stock made just prior to the takeover by PetroCan. This involves a senator and his wife, two unnamed cabinet ministers, and a named cabinet minister, through an investment company, and some of these through nominee accounts.

• (1420)

These are important allegations that should not and cannot be sloughed off by the Prime Minister. If for nothing other than his own peace of mind, I would have imagined he would have inquired into the matter and would have reported here today. Will the Prime Minister please tell us what investigations he has made and what are the results of those investigations into alleged improprieties on the part of members of his cabinet?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I take note of the admission by the hon. member that some people do read garbage, namely, the people on the other side of the House. I can say that that is their problem. In so far as cabinet ministers are concerned, my information is that one was named, the member from Hamilton. I inquired of him, and he has already protested to the paper, asking for an apology because there is absolutely no foundation in fact in the allegations made against that minister. I hope the newspaper will make a very strong apology.

In the case of other allegations of unnamed people, I do not know. If there are some people who made money in a way they should not have, I trust the Ontario Securities Commission will determine that. As the Minister of Consumer and Corporate Affairs told the House, he is also making an investigation. Between the two of them, one a federal investigation and the other an investigation by the Ontario Securities Commission, we will find out if there are some guilty people. If so, I hope their names will be made public and that they will be taken to trial. However, I do not know of any. Until the Ontario Securities Commission in particular has finished its inquiry, I think it is a bit premature to publish the names of "guilty persons".

PUBLICATION OF REPORT

Hon. Allan Lawrence (Durham-Northumberland): There are a couple of corrections implicit in that. At least one cabinet minister reads garbage. The second correction involves the investigation by the Minister of Consumer and Corporate Affairs who has been quoted as indicating that in all likelihood the federal investigation, apart from the Ontario Securities Commission investigation, will not be made public. I would like the Prime Minister to expand on this and indicate to us why in any event before it is even completed there is an indication that it may not be made public. Why can we not have an understanding and commitment from the Prime Minister now, regardless of which names are mentioned, that that report will be made public. We have every right to know.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member says that we now have the admission of one cabinet minister that he reads garbage. The important admission is the one by the hon. member in his two questions that in fact it is garbage he has been reading. That is the main point. In so far as the Ontario Securities Commission is concerned, I have no control over it. I trust that Premier Bill

Davis, a good Conservative, will ensure that any truth that should come to light will come to light.

* * *

THE ECONOMY

ADVICE TENDERED TO MINISTER OF FINANCE

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, I want to turn to some other garbage, the government's economic policy. My question is to the minister whose genius speaks for itself, the Minister of Finance. Is the minister aware that Governor Bouey told the Senate committee on national finance, and I quote from the transcript:

I think the economy is not all that far off from being as close to potential as it should be.

● (1425)

However, the Economic Council of Canada has stated in its annual report:

—this country is not making full use of its available human resources and of its plant, machinery and equipment.

I would ask the minister whose advice is he currently following; is he following the advice of Governor Bouey when he says that Canada is working at full potential, or is he following the advice of the Economic Council of Canada which says that Canada is not working at its full potential?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, in certain cases I follow the advice of neither. I want to make it clear to the hon. member that in so far as the administration and thrust of monetary policy are concerned, and I have stated so frequently, I obviously support the Bank of Canada, but it is not my intention to comment and adjudicate upon every statement made either by the Governor of the Bank or the chairman of the Economic Council before any committee to which they are summoned. I am not going to get into that business, and it is not my responsibility to vet their opinions.

EFFECT OF HIGH INTEREST RATES ON GROWTH AND PRODUCTIVITY

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, it is the minister's responsibility to make up his mind as to whether or not he thinks the economy is at its full potential, and what policy he intends to carry out to see that that takes place. That is what we are waiting to hear from the minister. I would like to ask the minister this supplementary question before he gets totally agitated. When the chairman of the Economic Council tells the finance committee, as he did on Friday, that the interest rate policy of the government is above what is sensible from the point of view of achieving this general objective of full capacity, full potential and the full use of our economy, is the minister not concerned that the effect of high interest rates at the present time is to discourage real growth and real productivity in the economy, particularly when all the evidence suggests that unless we have an economy working at capacity we are not going to achieve the growth and productivity he says he wants?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, first of all, though I heard about the testimony given by the chairman of the Economic Council, based upon news reports, I have not been able to receive a transcript. I have attempted to get a transcript. I have learned that oftentimes the transcript of the actual evidence carries a somewhat different interpretation than abbreviated newspaper accounts. I have not seen the testimony of the chairman of the Economic Council.

The hon. member talks about the necessity of growth and what our policy is in that regard. He ought to know that in the fourth quarter of last year the annual rate of growth in the economy was 8 per cent, and in the first quarter of this year it was 3 per cent to 6 per cent, a rate of growth which, in my opinion, is not compatible with the long-term necessity of reducing inflationary expectations in this country. If he believes in fighting inflation, then he ought to put that particular fact into his calculations.

RELATIVITY OF TAXES ON BANKS AND ON INDIVIDUALS

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, the calculations which are given to us by the Economic Council, and the calculations given to us on what is really going on in the economy from the point of view of idleness in the economy, idle hands and idle machinery and lost hopes, are published and there for all to see, and the minister can put them into his calculations if he wants.

The final question I have for the minister has to do with the proposals he has been making on a so-called tax-based incomes policy. When the industrial wage since 1970 has gone up 150 per cent, whereas direct taxes on persons have gone up 300 per cent, and when bank profits have gone up 210 per cent, but their taxes paid to the Canadian public have gone up 14 per cent, and when you put those figures into your calculations, which I hope you will take the trouble to do, how can you go around the country talking about punishing workers—

Madam Speaker: Order, please. The hon. member should know that he must address the Chair.

Mr. Rae: Madam Speaker, how can the minister go around the country saying to workers that they are to be the ones whose taxes are going to be clawed back by the government, when we see that their taxes have gone up 300 per cent and the taxes of the banks have gone up 14 per cent over the last ten years?

● (1430)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. gentleman asks me to explain that. That is not difficult, because at no point have I ever made a statement to the effect that I intended to claw back taxes from the workers of the country.

That is the kind of exaggerated hyperbole the hon. member uses every day, but that does nothing to help us solve our economic problems.

* * *

HOUSE OF COMMONS

PRESENCE IN SPEAKER'S GALLERY OF PROVINCIAL AND TERRITORIAL HOUSING MINISTERS

Madam Speaker: I would like to draw the attention of the House to the presence in our gallery of several ministers of housing from the Canadian provinces and territories, including the Hon. P. Binns from Prince Edward Island, the Hon. F. Hudson from Nova Scotia, the Hon. W. Smishek from Saskatchewan, the Hon. A. McCallum from the Northwest Territories, and the Hon. Gary Filmon from Manitoba.

Some hon. Members: Hear, hear!

* * *

PETRO-CANADA

ACQUISITION OF PETROFINA—INQUIRY OF MINISTRY

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Prime Minister, who should know that the Ontario Securities Commission is not responsible for the propriety of the actions of his ministers. The moral standards of his government are his business and the business of this Parliament, and those are the matters which are at issue and in question here.

Some hon. Members: Hear, hear!

Mr. Clark: In his reply to one of my colleagues the Prime Minister said he was sure—he used the words "I am sure"—that the Ontario Securities Commission will exonerate any minister. He has said that he has asked at least one question of the Minister of Indian Affairs and Northern Development. The Prime Minister of Canada has a positive obligation to satisfy himself as to the propriety of actions, and to satisfy the people of Canada as to the propriety of actions—

Some hon. Members: Oh, oh!

Mr. Clark: Hon. members on the government side are trying to shout this question down, but I will proceed with it—in order to satisfy the Parliament of Canada as to the propriety of the actions of ministers of the Crown.

Will the Prime Minister of Canada tell this House now whether he has personally investigated and personally satisfied himself that no minister of his government has profited from insider information in relation to the Petrofina deal. And if he has not conducted that inquiry of each of his ministers, will he tell this House of Commons why he has not done that duty to protect the moral standard of his government?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it is clear that the purpose of the Securities Commission of Ontario is not to inquire into the moral standards of ministers of my government but to find if there is any whiffle of truth to the allegations or innuendoes made by hon. members opposite. If there is any, I take it the Ontario Securities Commission will let us know.

Mr. Crosbie: Very casual.

Mr. Trudeau: Of course I am very casual. I have not asked all my ministers. One was named. I asked him. I have not asked the others if they were involved in anything. I have not asked them either if they have stopped beating their wives. Has the right hon. member opposite stopped beating his wife?

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Madam Speaker: Order.

Mr. Clark: Madam Speaker, I will not dignify that last comment, coming from that source, with a response.

Some hon. Members: Hear, hear!

Mr. Clark: The House of Commons has an interest in the propriety of the actions of the ministers of any government, but I must say particularly of this government.

I hear an interjection coming from a minister of the Crown who is known to fly in the jets of companies which have had dealings with ministries for which he has been responsible.

PUBLICATION OF INQUIRY RESULTS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the Prime Minister has said an inquiry is being undertaken. We know that when inquiries are into oil companies, the results are published immediately. When they are into the conduct of this government, as they are with respect to the uranium cartel, those inquiries are hidden. May we have an undertaking that as soon as this inquiry is completed its results will be published and made available in total to the House of Commons and to the people of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, as to the allegation of hon. members opposite, I am reminded that the Minister of Energy, Mines and Resources indicated to the House that cabinet ministers heard about the Petrofina deal at 5 p.m. on Thursday, January 29, when the market was closed. It remained closed until the deal was announced the following Tuesday, February 3. That is sufficient prima facie evidence that the cabinet was—

An hon. Member: What does that mean?

Mr. Trudeau: I do not just go around suspecting people of being dishonest. I know that is a different attitude toward life

than that of the Leader of the Opposition, but that is my attitude.

Some hon. Members: Hear, hear!

Mr. Clark: Madam Speaker, the attitude of the Prime Minister is not to answer questions which are put in this House. That one thing is very clear.

REQUEST FOR EARLY PUBLICATION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the minister's statement had to do with the cabinet as a whole. As I recall it, it did not refer to members of the cabinet committee which might have been involved in discussing this matter. Since the rights and proprieties of Parliament and of the cabinet are at issue here, we would prefer to have a parliamentary inquiry into this matter, but this government refuses that. This government has established its own internal inquiry, which it can hide, just as it has so far hidden the results of the Bertrand report into the implication of the Government of Canada and its ministers in the uranium cartel.

The Prime Minister has refused to answer my question. Will he give us an undertaking now that, as soon as that report is finished, it will be published in total and made available without modification and without delay to the House of Commons and to the people of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the right hon. member accuses me of not answering questions, but he fills his questions with many spurious allegations, and he follows many detours, as he has done just now by including all kinds of allegations in his question. I find that it is my duty to answer some of those allegations rather than to go on to the rhetorical questions which came at the end. If the right hon. member would ask a straight question without all the fanciful preamble, he would get a straight answer.

Some hon. Members: Hear, hear!

REQUEST FOR COMMITMENT TO PUBLISH REPORT

Right Hon. Joe Clark (Leader of the Opposition): For the third time, Madam Speaker, will the Prime Minister give this House of Commons an unconditional undertaking that the report of the investigation which is being conducted by his colleague, the Minister of Consumer and Corporate Affairs, will be published in total without modification immediately on its completion?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I will ask the Minister of Consumer and Corporate Affairs.

Some hon. Members: Oh, oh!

Oral Questions

FISHERIES

ALICE ARM, B.C.—CLOSING OF AMAX MINE

Mr. Jim Fulton (Skeena): Madam Speaker, my question is directed to the Minister of Fisheries and Oceans. Late last week the Minister of Fisheries and Oceans requested that the Amax operation at Alice Arm be closed, and that was done. The reason the minister stated in his telex to the company last week for his request for closure has now been confirmed to be true; in fact the tailings at about five parts per million are above the 100 metre level.

Could the minister tell this House what steps or modifications he has requested of the company so that the tailings will not resurface? Is it his position today that that mine can reopen without modification?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I have just returned after some days of absence. I saw the information alluded to by the hon. member.

Yes, the company did comply with the request I made of it. We are checking into the material which seems to have surfaced above the level which was permitted by the regulations. I am meeting some of my officials to discuss this very question at three o'clock, and I hope to answer the hon. member's question more fully tomorrow.

• (1440)

MINISTER'S POSITION

Mr. Jim Fulton (Skeena): Madam Speaker, it is costing the company an estimated $350,000 a day to be closed down, while the minister travels in other areas of the country. The minister had a study done which demonstrates that the tailings ponds on land could be undertaken safely and economically for a cost of $26 million, or $1 million per year of mine operation, which is only a 2 per cent difference in return on investment.

Since four out of five of the government's own scientists recommended against marine dumping, which has now been proven to pollute the environment above the one hundred metre level, will the minister now either recommend to the company that they use on-land tailings ponds, or support the idea of a full public inquiry?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, my absence had nothing to do with the delay. The fact is, and we said so in the telegram, that delay was caused pending examination of the material by scientists. Surely the hon. member, who has been doing his best to have the whole operation closed down, cannot today have the comfort of saying he is trying to stop the company from losing money because we are asking that precautions be taken. He had better make up his mind what he wants to do.

The fact is, Madam Speaker, that we are checking into this problem, and in this situation we will take a responsible position and do what is necessary. I am not going to prejudge the scientists' recommendations.

Oral Questions

MODIFICATION OF DUMPING OPERATION

Mr. Jim Fulton (Skeena): Madam Speaker, the minister sort of callously brushes aside the $350,000 a day costs that are accruing to the company, but it is abundantly clear to this House that four out of five scientists recommended against it. Has the minister recommended to the company any modifications in the dumping which has proven to be polluting contrary to the special order in council, and is it his position that the mine can reopen today?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I will recommend changes if they are necessary, when I have the information and not only the rhetoric of the hon. member.

STATE OF INDUSTRY IN SOUTHERN NOVA SCOTIA

Miss Coline Campbell (South West Nova): Madam Speaker, my question is also for the Minister of Fisheries and Oceans. He is aware that this is the third week that the fishing industry has been paralysed in the southern end of Nova Scotia, due to the poor market conditions in the groundfish industry. Has the minister asked the Fisheries Prices Support Board to look into the problem, since both the Province of Nova Scotia and the dragger fishermen have asked him to do so, and if so can they not convene immediately this week to look into the urgency of the situation and, if not, will he ask them to do so?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, if I remember correctly, the legislation states that the Prices Support Board examines the situation at the end of a fishing season to see if the fishermen's income has been affected by factors such as markets. In this case, since the fishing has not taken place, it is difficult for the board to make a judgment, but I will ask them to examine this and see if there is in fact any room under the legislation as it exists for them to make recommendations to the government.

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NATIONAL DEFENCE

STRENGTH OF ARMED FORCES

Mr. Ron Stewart (Simcoe South): Madam Speaker, my question is for the Minister of National Defence and relates to the alarming rate of resignations and early retirement of long service senior Armed Forces personnel, a rate abnormally higher than the normal rate of attrition. I ask the minister is he aware that this phenomenon is as a result of low morale, unification, lack of separate identity, and because our forces are underequipped, undermanned and overextended? I also ask whether he is taking steps to stem this exodus, by monitoring morale and other problems created by unification, as I did through this direct mailer I hold in my hand, to my constituents in the Armed Forces, and is he aware that Armed Forces personnel were ordered by their superior officers not to reply to me through this questionnaire?

[*Translation*]

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I would rather answer in French the question just put to me by the hon. member concerning the allegedly very low morale of our Armed Forces, and the early retirement of certain of our generals and senior officers. Such retirements are normally due to the fact that our senior officers, because of their outstanding competence and very thorough training in the Armed Forces, want to launch a new career in private enterprise or in the public service, anxious as they are to serve their country in a different capacity.

Madam Speaker, I have no indication that morale in the Armed Forces is at its lowest; on the contrary, since this government has re-equipped the Armed Forces with the best equipment possible and considering that their pay scale has recently been raised to a satisfactory level, I think that the morale of the Armed Forces is better than it has ever been.

[*English*]

REPLIES TO QUESTIONNAIRE

Mr. Ron Stewart (Simcoe South): Madam Speaker, in my view the minister's reply indicates his office has little or no understanding of this serious problem. Will the minister explain why 86 per cent of the respondents to the questionnaire said that morale was low, 84 per cent favoured separate identities and uniforms, and 74 per cent said unification was not working and was not effective?

[*Translation*]

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I am fully aware of the questionnaire mentioned by the hon. member; I have it here in my hand. I believe the hon. member sent a questionnaire to his constitutents in the Armed Forces, concerning their identity, education, satisfaction, their morale and so on. Madam Speaker, I think one can indeed expect a reaction to a questionnaire which begins with a sentence like this, and I quote:

> I am very proud of the Canadian Armed Forces personnel, but I believe their morale is very low, that they are underequipped and that our Armed Forces are over-extended.

In my opinion, when a questionnaire begins on such a negative note, I cannot understand how people can answer in an unbiased mood.

[*English*]

POSSIBLE INVOLVEMENT OF CANADIAN TROOPS IN MIDDLE EAST

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is also for the Minister of National Defence. Will he inform the House whether Canada has been approached, either officially or unofficially, by any foreign government or

international agency, to supply troops for service in the Middle East?

Hon. J. Gilles Lamontagne (Minister of National Defence): To my knowledge, I do not think there has been any official demand for Canada's participation in the Sinai area by Egypt, Israel, or any other country. I think it is under very serious consideration by the Department of External Affairs at the moment, and no decision has been taken on the project.

STATEMENTS BY MINISTER ON CANADIAN COMMITMENTS

Hon. Allan B. McKinnon (Victoria): Madam Speaker, I would have directed my supplementary question to the Secretary of State for External Affairs had he been here, but I assumed that the Minister of National Defence, since he spoke two weeks ago in a committee and said "at the present moment discussions are very unofficial," would now admit they are having unofficial discussions. He said also at that time that if Canadian troops were requested for peacekeeping purposes he would give it favourable consideration. He also said if they required troops for the rapid deployment force, that Canada would listen to such a request with sympathy.

Does the minister not feel that in answering so favourably he is giving a part commitment to employ our forces, and neither one of these commitments are under the United Nations which is concomitant to our supplying the forces, and would he care to tell us why he is making these partial commitments?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I think when I answered one of the questions in the media I said really that Canada would look with sympathy on any official request, as I mentioned before. To my knowledge there has not been any official request as far as Canadian troops participating in that venture is concerned. And I said at the time that we will look with sympathy, not meaning that we would decide to be involved in it, but you know very well the high credibility of Canada as far as peacekeeping is concerned. I think that everywhere we have been, the credibility of Canada as far as effectiveness and efficiency in terms of peacekeeping are concerned, has been very high. This is why I say we will look with sympathy, because I do not think Canada wants to refuse to keep the peace in any way we can in any part of the world. This is one of our aims.

* * *

● (1450)

TRANSPORT

MECHANICAL DEFECTS IN AUTOMOBILES—ACTION TO PROTECT CANADIANS

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my question is for the Minister of Transport. Just over a year ago, as reported at page 1532 of *Hansard*, I asked the minister about rabbits—Volkswagen Rabbits, that is. The question concerned a serious and recurring compound failure of the braking system in Volkswagen Rabbits. At that time the minister undertook to investigate the matter and to bring about remedial action through representations to Volkswagen.

The minister should be aware that in December of this year an internal report produced evidence that there have been over one hundred documented brake failures in Volkswagen Rabbits in Canada, over 1,000 in the United States, and that, in fact, these brake failures are far in excess of the rate of failures in similar cars. For example, in the case of all similar class vehicles there was only one other failure in all other types of vehicles.

Since 12 months have passed since I first raised this question, can the minister tell the House why he has chosen to do nothing to ensure the absolute safety of owners of Volkswagen Rabbit cars? Is it true that the minister has instructed his officials to back off Volkswagen, to avoid embarrassment or potential costly recalls to them?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the last allegation is certainly false. I would not do that, for sure.

Recently there was a communique from my department with regard to the number of automobiles recalled in the last year. At the time I was assured that none were pending. The hon. member has again raised the question of the Volkswagen Rabbit, which I will look into again, but I have no reason to believe there were any difficulties with respect to that car.

MINISTERIAL ACTION

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, I personally received a large number of documented complaints with respect to accidents involving Volkswagen Rabbits, with brake failure as the principal cause. Bearing in mind that Volkswagen has refused to meet the repair costs to owners resulting from these failures, and given the fact that there have been many accidents and that there could well be more accidents and possible deaths, and in order to prevent a recurrence of further such accidents in the future, is the minister prepared to implement the defect notification procedures of the Motor Vehicle Safety Act and to demand compensation from Volkswagen? I might add that Volkswagen has chosen to compensate owners who take Volkswagen Canada to small debts court, but otherwise it refuses to meet the costs of repair.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I now recall very clearly that, indeed, action was taken with regard to this matter. Volkswagen issued instructions to people as to the proper use of the car.

On the subject of recall in general, I am sure the hon. member would like to know that 50 per cent of people who are entitled to repairs free of charge do not avail themselves of that right.

Oral Questions

THE ECONOMY

STATEMENT BY PREMIER OF ALBERTA

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, my question is for the Minister of State for Finance. In a recent speech the Premier of Alberta implied that responsibility for high interest rates can be attributed to the failure to reach an energy agreement with the federal government. Can the minister confirm or deny this theory?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, obviously one could speculate indefinitely about the causes of higher interest rates. However, I would indicate that it is the very nature of our economic system which explains that increases in interest rates are due, first and foremost, to a greater demand for money and for credit, and to all sorts of other developments occurring on the money markets.

* * *

[*English*]

NUCLEAR ENERGY

REQUEST FOR STUDY TO DETERMINE WHETHER INDUSTRY IS IN PUBLIC INTEREST

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, my question is for the Prime Minister and is a different one from the others on this topic in which he was engaged earlier. A few days ago the Prime Minister defended Canada's participation in the international uranium cartel as being in the public interest, to paraphrase him somewhat. Yesterday, in a leaked document from an internal study conducted by EMR, various options to rescue and expand the atomic energy industry, which is currently suffering from terminal economics, were discussed.

Does the government have any hard evidence to prove that expansion of the nuclear industry, considering all the risks involved, is, indeed, in the so-called public interest? Will the Prime Minister assure the House that before any more nuclear reactors are imposed on the people of Canada, or any more money-losing exports are made to foreign countries, a detailed and comprehensive study will be undertaken to prove that our nuclear industry is, indeed, in the Canadian public interest?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, at present there are no plans to build new reactors in Canada. I think it will be several months, even years before decisions are made with respect to that. As far as potential exports are concerned, the hon. member is no doubt aware of the fact that we are now negotiating with various countries, namely, Korea and Roumania, for the sale of additional reactors. This would ensure the viability of our nuclear industry and would also allow us to create new jobs which would certainly benefit all Canadians.

[*English*]

Mr. Rose: Madam Speaker, Dr. Strangelove would have been enthusiastic about a reply of that nature.

POSSIBLE ALTERNATIVES

Mr. Mark Rose (Mission-Port Moody): Among the options offered by the EMR study to rescue the nuclear industry are the following: lowering Canada's international safeguard provisions, the milk-cow policy of building border stations to export power to the United States, and increasing federal subsidies in order to entice more provinces to build yet more nuclear reactors. Has the minister considered a no expansion policy for the atomic industry and the redirection of the hundreds of millions of dollars we are spending on this industry annually, shifting these funds into decommissioning and into waste disposal studies for the existing industry, as well as increasing encouragement incentives for conservation and a switch to alternative energy sources and technology?

Some hon. Members: Hear, hear!

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, my hon. colleague probably received a watered down version of the study conducted by my officials because that was one of the options mentioned. The study was conducted by a departmental official, but, as I said, it is only a draft. We will be consulting with the industry and with those concerned, including groups opposed to nuclear power. Such consultations will take place this week and the next. Afterwards, the study will be reviewed, examined and improved and hopefully we will at some time in the future be able to make public a study which will be the final result of our consultations. Until then, however, it remains a working paper enumerating various options, of which the hon. member only gave a partial list. So I would suggest that he perhaps try to get a copy under the table somewhere.

* * *

[*English*]

GRAIN

COMPENSATION TO FARMERS FOR EMBARGO ON SHIPMENTS TO RUSSIA

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, my question is for the Prime Minister. It involves the promised compensation by the government to western grain producers as a result of the grain embargo which was imposed on Russia after Russia invaded Afghanistan. The Prime Minister is involved and concerned with foreign affairs, and I think rightly so. What I would like to have from the Prime Minister is his commitment that he will become involved and concerned with foreign affairs as they affect Canadian grain producers, and see that the compensation payment which has been long

promised by his government is forthcoming as quickly as possible.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member talks about my involvement in foreign affairs, but he neglects to mention that we have just concluded, with the Soviet Union, the largest grain contract ever for the sale of Canadian wheat.

Some hon. Members: Hear, hear!

Mr. Trudeau: I do not know if members opposite are beefing because we are selling it to the Communists. Is that their point of view?

Mr. McKnight: Not true.

Mr. Trudeau: The hon. member says "Not true".

An hon. Member: Answer the question.

Mr. Trudeau: The question of compensation was dealt with by myself and others in this House. We have said that when we were able to ascertain the amount of damages, damages would be paid to the western grain producers.

REQUEST THAT PAYMENTS BE EXPEDITED

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, the Prime Minister's retort about the Russian wheat sale has absolutely nothing whatsoever to do with the question I asked. The Prime Minister should well know that the Canadian Wheat Board in this country is responsible for negotiating sales.

We have had assurances from the Minister of Agriculture that payments will be forthcoming in the next few days—that has been going on since last August. Will the Prime Minister pursue this matter? There have been studies done by the Library of Parliament and the University of Saskatchewan. Almost a year has passed since the end of the last crop year in which the compensation payments were due, and everyone agrees that there is some money due. Will the Prime Minister pursue this matter as quickly as possible to see that these compensation payments are forthcoming as quickly as possible?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member says that the recent wheat sales to the Soviet Union have nothing to do with this matter. He was the one who, in the preface to his question, raised doubts about the utility of my ventures in foreign affairs. That is why I say foreign affairs had something to do—

Mr. McDermid: He did not.

Mr. Trudeau: He did in his question. You read it. Read the "blues". That was the preface to his question.

• (1500)

PRIVILEGE

MR. MUNRO (HAMILTON EAST)—NEWSPAPER ARTICLE RESPECTING PURCHASE OF PETROFINA

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I have a question of privilege relating to remarks made by the Leader of the Official Opposition (Mr. Clark), who talked to the Prime Minister (Mr. Trudeau), through you, Madam Speaker, about the morality of his ministers and made all sorts of innuendoes, naming me with particular reference to a *Toronto Sun* article this morning.

May I tell the Leader of the Official Opposition and all hon. members of this House that until I saw *The Toronto Sun* article this morning I did not even know of the existence of this company. I did not even know that there was such a company, and I informed the media of that fact. I have never had any dealings whatsoever with Petro-Canada stock of any kind, or Petrofina stock of any kind, either buying it, selling it, or even talking about it to anyone. That is the situation with respect to the "garbage" in *The Toronto Sun* this morning.

However, since we are on the subject of political morality, it is a well-known fact that Canadians appreciate the leaders of their country displaying guts and having guts. I wonder if the Leader of the Official Opposition would care to show this House and the Canadian people that he, indeed, has guts, and instead of making innuendoes of a most debasing kind, whether he would stand up in this House and make a charge and put his integrity on the line to back that up.

Some hon. Members: Hear, hear!

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, on this question of privilege, let me remind the Minister of Indian Affairs and Northern Development (Mr. Munro) that his name was brought into the debate in this chamber by his leader and his Prime Minister (Mr. Trudeau).

Some hon. Members: That's right!

Mr. Andre: Read the transcript!

Mr. Clark: May I also tell the minister that according to the general standards that I and other hon. members of this House accept, we will naturally accept his word as a minister and as an hon. member of this House as to what he has just now said arising out of a question of privilege.

The minister asks me to make a charge. Madam Speaker, I will make a charge. The charge is that this government is afraid to have a public inquiry into all elements of the Petrofina acquisition, elements which involve a significant profit being made by a company controlled by a well-known Liberal, Mr. Maurice Strong, and elements that involve a great deal of money being lost by Canadians because of the amount that they have to pay at the gas pump and elsewhere for this acquisition of Petrofina.

Some hon. Members: Hear, hear!

Madam Speaker: I see now that I have listened to the two speakers that there is no question of privilege involved, except that the point has been made that if there is a personal charge to make, it should be made. Otherwise, the House must accept the statement of the hon. Minister of Indian Affairs and Northern Development (Mr. Munro). In the absence of a charge, I guess the matter must be closed.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, an article today in *The Toronto Sun* reports the following:

[*English*]

In a letter sent to former Petrofina chairman, Pierre Nadeau, Ouellet stated the investigation, while still not complete, would 'likely not' be made public.

[*Translation*]

Madam Speaker: Order, please! I understand that the hon. minister may wish to continue the debate which begun during the Oral Question Period, but unless he rises on a question of privilege concerning issues arising from the debate, I cannot allow him to pursue the matter.

Mr. Ouellet: Madam Speaker, I rise on a question of privilege which concerns me personally. During the Oral Question Period certain questions were asked by the Leader of the Official Opposition (Mr. Clark), who lacked the necessary fortitude to direct a question to me personally so that I could clarify an article published in *The Toronto Sun* where I was quoted inaccurately.

Madam Speaker: Order, please! I do not believe that this constitutes a question of privilege. The minister would probably like to explain his position, but the Leader of the Official Opposition or another opposition member might ask a question later on. However, today, we cannot allow the debate to continue. The Oral Question Period has been over for five minutes already.

Mr. Ouellet: Madam Speaker, my question of privilege is quite simple. It was alleged that the study made by my department will not be made public, but I can confirm to the House that it will be.

Madam Speaker: I note that the minister has taken advantage of the fact that I allowed him to add to his question of privilege. He took this opportunity to announce something in the House. I am certain that hon. members will take note of this announcement and that other questions will be asked when the report is available. However, I must now put an end to what is essentially a debate.

[*English*]

Mr. Lawrence: Madam Speaker, if Your Honour could almost automatically turn what the minister said, which was not really a question of privilege, into a ministerial statement, then I think, in fairness, the rest of us as well would then have an opportunity to question him on something which should have been said a long time ago.

Some hon. Members: Hear, hear!

Madam Speaker: I am no fairy who can transform things in the House into something else.

Some hon. Members: Oh, oh!

Madam Speaker: That is entirely up to the minister.

[*Translation*]

Mr. Clark: Madam Speaker, the hon. member has just raised a very important question. There has been no statement on motions since this government was elected. Today, the Minister of Consumer and Corporate Affairs and Postmaster General (Mr. Ouellet) has made a statement about an issue raised during the Oral Question Period. This was not an answer because no questions were addressed to the minister. It was a policy statement, since the Prime Minister (Mr. Trudeau) replied that he was not certain about the matter, and then the minister expressed certainty. This is clearly a statement, and I believe that under our Standing Orders, it is essential for Madam Speaker to allow hon. members to reply and to ask questions, such as whether this report will be published in the next year or the next century. This is a rather important question for the House of Commons.

Madam Speaker: The Right Hon. Leader of the Opposition must recognize that I did interrupt the hon. minister as soon as I realized that he was making a statement. He had only spoken two sentences when I interrupted him. I have to have an idea about what an hon. member is saying to the House before interrupting him. I did interrupt the minister after his second sentence. I think that this time we must really put an end to this debate.

● (1510)

[*English*]

MR. STEWART—DISTRIBUTION OF QUESTIONNAIRE TO ARMED FORCES PERSONNEL

Mr. Ron Stewart (Simcoe South): Madam Speaker, I rise on what I consider something that has impeded my ability to function properly as a member of this House. On October 11, 1974, at page 343 of *Hansard*, the then minister of national defence, the Hon. James Richardson, stated as follows:

Mr. Speaker, I also wish to confirm in unqualified terms that any member of the Armed Forces is able to write to a member of Parliament on any subject with exactly the same freedom as any other citizen of Canada.

Apparently this is not the case in 1981. In March of this year, while carrying out my duties as member of Parliament for Simcoe South, I distributed a questionnaire in my riding and to members of the Armed Forces at Base Borden concerning a very public document, the Fyffe report. This report was brought down at the request of the then minister of national defence, my colleague the hon. member for Victoria (Mr.

McKinnon). I have since collaborated on the same type of questionnaire with the hon. member for Winnipeg-Assiniboine (Mr. McKenzie), who has experienced the same result.

It has been brought to my attention, Madam Speaker, that Armed Forces personnel have been ordered not to reply to this questionnaire. Despite this edict, I received almost 200 written replies, most of them signed, and dozens of telephone calls. One respondent wrote as follows:

> Service personnel are instructed not to answer this questionnaire.

A second stated as follows:

> My husband received your questionnaire at his office but was strongly instructed through a letter . . . not to answer the form.

Madam Speaker: Order, please. I would appreciate it if the hon. member, rather than reading these kinds of documents to me, would give me some indication that there is an official document telling members of the Armed Forces that they cannot answer the questionnaire. I am not sure that that constitutes a question of privilege, for the hon. member at any rate. It might be a matter of privilege for members of the Armed Forces but probably not a question of privilege for a Member of Parliament.

Unless the hon. member can produce a document in order to begin exposing his question of privilege that the Armed Forces have in fact and officially been asked not to answer a questionnaire, I will not hear him any longer. If he does have some more documents that he can quote, I will listen.

Mr. Stewart: Madam Speaker, the real question is, how does one carry out one's duties if people are not allowed to answer a simple questionnaire? The reason given by the Armed Forces is the Queen's rules, which I have here. I do not think the Queen's rules should take precedence over this House and a member of Parliament doing his duty.

That is the whole point. If you find there is a prima facie case, I should like to move that this question go to the proper committee for study.

Madam Speaker: The hon. member for Winnipeg-Assiniboine (Mr. McKenzie) on the same question of privilege. I did get a notice so I will hear the hon. member.

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I wish to speak on the same question of privilege. I distributed one of these questionnaires in my riding and received a fair number of them back. They have now slowed down because a directive was issued in Winnipeg to the Armed Forces.

Your Honour said you wanted to know if there had been any official statement made to Armed Forces personnel, so I will just read this brief letter that I received from a serviceman in my riding, as follows:

> It was my every intent to respond to your questionnaire with the utmost sincerity. However, my superiors have informed me that I am forbidden from doing so according to Queen's Regulations and Orders for the Canadian Forces (QR & O), article 19.36 (2) (c) and (f). This article forbids the disclosure of information or opinion by any serving member.

That is a key point, Madam Speaker. A serviceman cannot express his opinion. The letter continues:

> As you can see, in the light of this, I am not free to communicate with you on this subject regretful as this may be. I would appreciate it very much if in the course of your discussions on this topic you would maintain confidence with regard to my name and person.
>
> Be assured nonetheless that I am a keen supporter of you and the fine work that you are doing on behalf of your constituents and the Parliament of Canada.

Some hon. Members: Hear, hear!

Mr. McKenzie: Mr. Speaker, I just thought I would put that in!

The hon. member for Simcoe South (Mr. Stewart) referred to the statement made by the then minister of national defence in 1974, that members of the Armed Forces could write to a member of Parliament "on any subject with exactly the same freedom as any other citizen of Canada."

The reason the matter was raised on October 10, 1974 was because the sitting member for Egmont obtained a newsletter issued by the then chief of defence staff to the armed services instructing personnel not to write to their members of Parliament with respect to any personal problems they might have.

There is a definite conflict here, Madam Speaker. We thought that one defence minister had cleaned up the whole matter on October 11, 1974 by saying that members of the Armed Forces could write to their member of Parliament, but the Queen's Regulations are still on the order paper when they should have been removed at that time. There is definitely a question of privilege here.

Who can give us a better opinion on the Fyffe report than members of the Armed Forces? We are very interested in having their opinion.

I think we should have a statement from the Minister of National Defence (Mr. Lamontagne) to the effect that he will remove this regulation or have the subject matter referred to the defence committee so that it may be cleared up once and for all. We have two different statements from two different defence ministers or defence chiefs. I feel we have a bona fide case of privilege.

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I note that you have suggested in recent days that one does not have to proceed with a question of privilege if the minister concerned is not present in the House. I would respectfully ask that you delay dealing with this matter until the Minister of National Defence (Mr. Lamontagne) can come to the House, since the matter deals with government policy. There have been statements on this matter in previous Parliaments. I would ask that you defer it to another day.

An hon. Member: Why did he run out?

Mr. Collenette: I did not have any knowledge that this question was to be raised, and I believe that the Minister of National Defence did not know that it was to be raised today.

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I think the suggestion made by the parliamentary secretary is a good one. The minister was here today and so was his parliamentary secretary. I think it would be helpful if the minister were in the House and could explain the impact of the Queen's Regulations, particularly in view of the intimation as to the effect of those regulations on constituents. Naturally, you would have to wait for an explanation, but after that, as the First Commoner, you might want to look at this matter and discuss it. I have some feeling about the matter and I am going to look at some precedents myself with respect to it, because I say with respect that I think the matter may very well have an aspect of privilege to it which I would like to reserve the right to argue.

It may well be that it is the kind of thing that should be discussed by the Speaker and the minister with respect to those regulations. If there are people who have the vote but do not have the right to inform their member of Parliament so that he or she can conduct himself or herself on the floor of the House of Commons, then I think it is a rather important question going beyond merely a question of privilege.

Madam Speaker: I should like to accommodate the parliamentary secretary with respect to allowing the minister to intervene in this question of privilege, but it is so clearly not a question of privilege to me that I think I will rule immediately. I have a tendency to do that because when members insist on the presence of the minister in order to bring up their question of privilege, I have had the experience that the purpose in most cases is to turn the matter into a debate.

I have a precedent here from which I can quote. I think it will allow hon. members to agree with me that this does not constitute a prima facie case of privilege. It is a case on which Speaker Jerome ruled on February 20, 1975 and had to do with Air Canada and a labour dispute, at which time the corporation had asked its members not to answer a questionnaire. So the situation is quite similar. The then Speaker ruled that he could not extend the definition of a question of privilege to that particular circumstance, and he said as follows:

> The consequences of extending that definition of privilege to innumerable areas outside this chamber into which the work of an MP might carry him, and particularly to the great number of grievances he might encounter in the course of that work, would run contrary to the basic concept of privilege.

● (1520)

Speaker Jerome went on to say concerning the definition of privilege that he could not find that there had been an impediment to the member of Parliament in his work because certain members had not been allowed to answer a questionnaire.

I would say that this has to do with the administration and the rules within the Armed Forces. If hon. members feel that those rules are not helpful to them in the carrying out of their work, they should file a grievance in the appropriate place, that is to say, with the minister. This matter should be discussed with the minister either in the House or elsewhere. The hon. member for Nepean-Carleton (Mr. Baker) I think was very close to admitting that it might not be a question of privilege. My judgment now is that it is not a question of privilege.

If the hon. member wants the minister to explain the rules and procedures within the Armed Forces, then I think he will recognize that can be done in the House on other occasions, that it is debate but does not constitute a prima facie case of privilege.

Mr. Taylor: Madam Speaker, I rise on a point of order. Does that ruling mean that members of the Armed Forces are second-class citizens and may not contact a member of Parliament?

Madam Speaker: No, it does not mean that.

MR. McKINNON—NOTICE OF QUESTION TO BE RAISED

Hon. Allan B. McKinnon (Victoria): Madam Speaker, I do not intend to speak on the substance of that question of privilege. However, one day last week I rose in my place and stated that I was going to raise a question of privilege on the following day concerning the Minister of National Defence. Yet the minister was again absent from the House. Is there any way by which either a member who feels he has had his privilege abused could warn a minister to be in the House for that specific reason and therefore expect the minister's attendance? It is well known that we must submit a letter to you, Madam Speaker, detailing the subject at issue. Is there any way by which your office could warn a minister of an impending question of privilege?

Madam Speaker: I think the hon. member is right in wanting to expose his question of privilege as much as possible when the minister is present in the House, but there is no way by which the Chair can force a minister to come into the House or to act as a messenger for members.

Notice of a question of privilege is very confidential. When I receive a statement from a member, I refer it to no one but keep it to myself. I ask for the statement because I want to prepare myself for the particular question of privilege and the ruling on it in the House. However, nothing prevents hon. members from phoning a minister's office or coming to whatever arrangement they want to with a minister. That is outside of the knowledge of the Chair and is something in which the Chair should not intervene.

MR. FORRESTALL—NOTICE OF QUESTION TO BE RAISED

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, I would not wish to comment in any way upon the ruling which you have just rendered for our benefit. However, I would like to serve notice, because the question of privilege, with all deference, I think has been misconstrued. The matter has been dealt with in this chamber. If I am incorrect in that, then at least it has been dealt with in committee. However, I will refresh my memory about it.

At a later time, then, I will rise on a question of privilege. It does not necessarily affect my privilege beyond that with which you have already dealt; I accept that. Nevertheless, it does indeed affect the privilege of 87,000 men and women who are not allowed to communicate, which gives rise to a question of privilege. I appreciate that you have put it in one context, but I reserve the right to view it in an other context.

Madam Speaker: I am sure the hon. member realizes that some 80,000 members of the Armed Forces do not participate in the privileges as defined relating to members of Parliament. Those are two different matters. If the hon. member does have a question of privilege based on something else, I can hear him at another time. He does not have to give me oral notice but should send me a statement in writing.

* * *

POINT OF ORDER

MR. KNOWLES—NOTICE OF POINT TO BE RAISED

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, it was my intention to raise a point of order this afternoon with respect to something which happened during the adjournment debate last night. However, the two ministers who are involved, although they were here, are not now in the chamber. I simply wish to reserve the right to raise the point at a later date.

* * *

PRIVILEGE

MR. COSSITT—ALLEGED INTERFERENCE WITH VISITING GROUPS TOURING PARLIAMENT BUILDINGS

Mr. Tom Cossitt (Leeds-Grenville): Madam Speaker, my question of privilege arises from an incident which occurred in the Centre Block of the Parliament Buildings yesterday, June 1. May I briefly relate the incident as quickly as I can and then proceed to state quickly how it interferes with my privileges and with the privileges of other members of this House.

At approximately 2.30 p.m. yesterday a group of school children were being escorted through this building by a summer student tour guide, who I understand is a very competent person. Her name is Lorraine Séguin, whose home I believe is in the electoral district of Timiskaming in northern Ontario. Suddenly, a man who had been accompanying the group, without identifying himself to anyone as a senior employee of the House of Commons, threw his hands up in the air and commenced to harangue the guide who was addressing the group in French. Apparently this group was predominantly French-speaking. Miss Séguin is quite competent both in the French language and in the English language. In front of all of these people, the man in question reportedly said to her: "What you say is not true. Your French is no good. You do not know what you are talking about. I will remember you after this is over."

Those present were not only embarrassed but shocked. The exhibition was not a credit to the House of Commons. It was certainly not a credit to the competent people who work within the House. The official involved was a man by the name of Jean-Noël Tremblay who, I understand, holds the position of Director of Public Relations for the House of Commons. This is a position I did not know existed, nor have I ever heard of a competition being held for it. He is a former Progressive Conservative member of this House, which I readily admit. He is also a former member of the Union Nationale cabinet in Quebec.

Having led into this question of privilege by describing the incident which interfered with the performance of the guide's duties, I point out that there were other groups in the building at the time. One of these groups was from my constituency. There were other groups here who, I am sure, were from constituencies of other members. It has always been the privilege of a member of the House of Commons to invite or to host groups who are visiting these premises and to see that they are courteously treated and advised of what goes on here—

Madam Speaker: Order. It seems to me that the hon. member is complaining about an incident which took place between two employees of the House of Commons. The hon. member should know that a matter such as that should not be raised in the House. Rather, he should write to me or talk to me in my office so that proper redress can be taken, if such redress is necessary. It is certainly not a question that should be discussed in the House.

I hear the hon. member, but I ask him what other question of privilege is there? The hon. member must very quickly tell me what the privilege is. Members can still bring groups to the House of Commons. There are occasions when some discourtesy is displayed but we always try to correct it.

Mr. Cossitt: Madam Speaker, I will state my question of privilege very briefly. One of our privileges as members of Parliament is to bring groups to the Parliament Buildings, and we are permitted to help school children learn about the Government of Canada. I related the incident first simply to show what happened so I could go on to explain my question of privilege. A group from my riding was interfered with in that they could not proceed until this incident was over. I know there were other groups interfered with. Certainly the group involved was interfered with.

Could you give us some idea by way of clarification as to what on earth this Jean Noel Tremblay was doing in the House of Commons? I have not heard of his being hired either through an announcement or anything else, yet he is called the Director of Public Relations. Yesterday he interfered with a group which, in my opinion, was very bad public relations—

Madam Speaker: Order, please. If the hon. member wants to come to my office, I will give him full details of whatever functions people in the House occupy. I am telling the hon. member that this does not constitute a question of privilege, although he is relating it to the functions of a member. I said

before that one has to distinguish between the essential functions of a member of Parliament and other functions he might choose to perform but which do not qualify to be called essential functions.

● (1530)

It is very desirable that groups be brought to the House of Commons to visit Parliament. It is an excellent education. I do everything I can to make the tours interesting for our visitors. I try to do everything in my power to facilitate those tours. If something went wrong, I would be glad to look into it. I assure the hon. member I will take the proper redress, if redress must be taken.

ROUTINE PROCEEDINGS

[*Translation*]

WAYS AND MEANS

TABLING OF NOTICES OF MOTIONS RESPECTING PETROLEUM ADMINISTRATION ACT

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I wish to table two notices of Ways and Means Motions to amend the Petroleum Administration Act.

[*English*]

Mr. Wilson: Madam Speaker, I rise on a point of order in connection with the notice of a ways and means motion just tabled by the Minister of Energy, Mines and Resources (Mr. Lalonde). Over the past year a somewhat questionable practice has crept into the activities of the House. On four or possibly five occasions the minister introduced as a ways and means motion a levy which was in fact a tax. I raise this at this time because, by doing it in this manner, there is no opportunity for those on this side of the House to question the minister as to the nature of the tax and the necessity for it.

I believe the minister owes the House an explanation. As I understand it from the calculations I have done, the various means which the government has at its disposal for financing the cost of the subsidy to maintain a single price for energy in this country have provided the government with a surplus of $250 million. Therefore, there is no basis at this time for introducing an additional tax which would further supplement that $250 million surplus.

It is important that the minister stand in his place and make comments as to why it is necessary to introduce this tax at this time. The minister should state why it is necessary to impose this on the Canadian people at this time and explain the future direction this tax will take.

Madam Speaker: I refer the hon. member to Standing Order 60(1) which reads:

A notice of a Ways and Means motion may be laid upon the Table of the House at any time during a sitting by a Minister of the Crown,—

That is exactly what has happened. The Standing Order continues:

—but such a motion may not be proposed in the same sitting.

The minister has done exactly what the Standing Order requires him to do. Therefore, I cannot accept the hon. member's point of order.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,083, 2,216, 2,300, 2,332, 2,406 and 2,471.

[*Text*]

FEDERAL SALES TAX ON UNIVERSITY PURCHASES

Question No. 2,083—**Mr. Gilchrist:**

1. Has the government considered the request of the Canadian Association of University Teachers to abolish federal sales tax on all university purchases rather than continuing the present practice of only allowing an exemption on certain items used directly in teaching and research and, if not, for what reasons?

2. Will the government, in consultation with manufacturers and user groups, establish a list of chemicals available from Canadian production in order to allow all others duty-free entry into Canada thus avoiding the need to create a huge bureaucracy to consider the merits of each individual chemical which financially penalize university research and, if not, for what reasons?

Hon. Pierre Bussières (Minister of State (Finance)):

1. The Excise Tax Act now provides relief from the federal sales tax for a range of goods designed for use directly in teaching and research. Extending relief to all goods acquired by educational institutions would entail a significant revenue cost and thus does not appear feasible given the current fiscal position of the government. As well, an extension to all goods would be difficult to administer.

2. This issue has been and continues to be the subject of extensive discussions between representatives of universities, manufacturers and government departments. There are several Canadian manufacturers who specialize in the production of fine chemicals for laboratory use. It has been estimated that these producers are in a position to supply approximately 90 per cent, by value, of the chemicals purchased by universities for use directly in teaching or research. The remaining 10 per cent is made up of several thousands of different chemicals, most of which are used only in very small volumes by universities. It would be very costly for customs officials to check each individual importation against a list of chemicals available in Canada to determine whether it should be allowed duty-free entry or whether it should be subject to duty. Officials are now working with representatives of the Canadian Association of University Business Officers to identify specific chemicals not

available in Canada on which the duty would represent a substantial cost to the universities. When these have been identified, action will be taken to provide for their duty-free entry under the Chemicals and Plastics Tariff Reduction Order.

HORIZON INSULATION LIMITED

Question No. 2,216—**Mr. Miller:**

1. Did Horizon Insulation Limited insulate any homes under CHIP and, if so, how many?

2. Were cheques issued by CHIP to home owners endorsed over to Horizon Insulation Limited and, if so, how many and what was their value?

3. How many homes insulated by the company were inspected by CMHC and how many were judged to comply with CMHC standards?

4. (a) How many bags of insulation were used in the homes by the company and what square footage was to be covered (b) did the amount of insulation used for the square footage comply with CMHC standards?

5. Were payments made to the home owners before the work was completed by the company and, if so, was this acceptable under CHIP provisions?

Hon. Paul J. Cosgrove (Minister of Public Works):

I am advised by Canada Mortgage and Housing Corporation as follows:

1. Yes but the exact number is not available.

2, 3, 4 and 5. The computer system is not programmed to provide this information. The information could only be obtained through a manual check of the over 950,000 CHIP applications approved since the inception of the program. The labour costs involved in such a task would be prohibitive.

GOVERNMENT'S FISCAL YEAR

Question No. 2,300—**Mr. Halliday:**

For what reason does the government's fiscal year run from April 1 to March 31, rather than from January 1 to December 31?

Hon. Pierre Bussières (Minister of State (Finance)): The fiscal years are chosen for reasons of administrative convenience. The federal government's fiscal year end was changed from June 30 to March 31 in 1906 after Parliament began sitting for a longer period each year. This change, to March 31, made it possible to prepare the public accounts for tabling while the House was still in session. There have been no convincing reasons put forward since that date to warrant changing the fiscal year end to another date. It is not uncommon for the fiscal year of governments to differ from the calendar year. All provincial governments in Canada, and many governments of other industrialized countries, have chosen fiscal years which differ from the calendar year.

DOT—PURCHASE OF MOBILE HOME

Question No. 2,332—**Mr. Stewart:**

1. Did the Department of Transport purchase a mobile home valued at $42,390 from City Motors, Corner Brook, Newfoundland and, if so, for what purpose?

2. Were public tenders called and, if so, what firms or companies submitted bids and what was the amount in each case?

Hon. J.-J. Blais (Minister of Supply and Services):

1. A contract in the amount of $42,390 was awarded by the Department of Supply and Services to City Motors, Corner Brook, Newfoundland, on behalf of the Department of Transport for the supply of two mobile homes to be used as housing accommodation at Deer Lake, Nfld.

2. No. However bids (requests for proposals) were solicited from 13 firms listed on official Departmental Source Lists. In response to this solicitation three firms submitted bids and the details are as follows:

(i) City Motors (Nfld) Ltd., Corner Brook Nfld. $21,195 each.

(ii) Lush Ltd., St. John's Nfld.—bid on two models:

(a) $22,835 each;

(b) $23,415 each.

(iii) Williams Mobile Homes Ltd., Gould, Nfld.—$25,800 each.

CMHC—PUBLIC HOUSING SUBSIDY COSTS

Question No. 2,406—**Mr. Herbert:**

1. By province, what was the amount paid by the Canada Mortgage and Housing Corporation in the last year for which figures are available for all ongoing operating subsidy costs for public housing?

2. What number of units were subsidized in each province?

Hon. Paul J. Cosgrove (Minister of Public Works):

I am advised by Canada Mortgage and Housing Corporation as follows: see list below.

Federal Subsidies Paid on Public Housing Units
Under the National Housing Act,
by Province, 1980

	Federal Contributions Paid	No. of Units Subsidized*
	$000	
Newfoundland	3,480	3,713
Nova Scotia	10,159	6,929
Prince Edward Island	2,117	788
New Brunswick	9,108	4,155
Quebec	35,339	31,034
Ontario	130,582	107,518
Manitoba	16,598	14,654
Saskatchewan	8,685	6,843
Alberta	13,168	10,283
British Columbia	30,910	15,454
Yukon	665	319
North West Territories	6,098	1,327
Canada	266,909	203,017

* Units under administration as at December 31, 1979.

NOTE: Subsidy payments made in 1980 are paid against 1979 operating expenses and may also be for operating expenses for years prior to 1979.

Excise Tax

DND—SED SYSTEMS INC. CONTRACT

Question No. 2,471—**Mr. McKinnon:**

Did the Department of National Defence award a $386,390 contract to SED Systems Inc. for design and fabrication of the Canadian Mission Control Centre for the SARSAT program and, if so, on what date and at what location will the Centre be built?

Hon. J.-J. Blais (Minister of Supply and Services):

The Department of Supply and Services placed a $386,390 contract on behalf of the Department of National Defence for the design and fabrication of the Canadian Mission Control Centre for the SARSAT program.

The delivery date of the Canadian Mission Control Centre is February 10, 1982.

The control centre which is the computer based SARSAT system controller, is to be delivered and installed in the Rescue Co-ordination Centre at CFB Trenton, Astra, Ontario.

[*English*]

Mr. Collenette: I ask, Madam Speaker, that the remaining questions be allowed to stand.

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

EXCISE TAX ACT AND EXCISE ACT

MEASURE TO AMEND

The House resumed, from Thursday, May 28, consideration of Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs, and motions Nos. 1 and 3 (Mr. Blenkarn).

Mr. Gordon Towers (Red Deer): Mr. Speaker, in the few minutes I have left in the time allotted to me, I want to bring to the attention of the House the fact that I take exception to the statement by the Minister of Energy, Mines and Resources (Mr. Lalonde) that he is trying to keep down the cost of oil and gas in Canada and that Canadians are enjoying a cheaper price than people in other parts of the world. Naturally they are to a degree because the province of Alberta is prepared to grant that concession. Nevertheless, there are two or three points that have to be made.

Canadians must be aware of the cost of this subsidy, this one-price system across Canada. The federal government is paying out $3.6 billion each year for this subsidy so that there will be this one price across Canada. This works out to approximately $150 per person, or $600 per family. Normally a family is referred to as four persons, which seems reasonable. With each family paying $600 a year to provide that subsidy, plus additional taxes, over a four-year period that works out to approximately $4,500. It is one of those instances where the minister has not been honest with the Canadian people. When you consider that the people are taxed three and a half cents a gallon for Petrofina, plus the oil subsidy, it will cost them about $4,500 over four years. The Canadian people should be aware of that.

Mr. Sid Parker (Kootenay East-Revelstoke): Mr. Speaker, I welcome the opportunity to speak on Bill C-57, to amend the Excise Tax Act and the Excise Act to provide for a revenue tax with respect to petroleum and gas. I rise to express my concern over the provisions in this bill which will raise the excise tax on beer and ale products far ahead of the relative tax increases on hard liquor.

I understand this tax will increase 29 per cent for beer, 155 per cent for wine and 6 per cent for hard liquor. This government's economic policies and tax policies are enough to drive anyone to drink. However, if the Canadian public is going to turn to drinking, the situation should be improved so that there will be more of a concession for soft liquor rather than hard liquor. As a result of the extra cost of the excise tax, the transportation of beer and so on, the average worker will be forced to change his style of drinking from beer to hard liquor.

As we know, the brewery industry creates a lot of employment. I would like to relate the figures for British Columbia. The B.C. beer industry employs directly 1,160 people, the B.C. winery employs 309 and the B.C. distillers 389 people. It is obvious that the beer industry employs almost twice as many people, to say nothing of those employed by related industries, including return of bottles and other activities connected with serving beer.

● (1540)

Everyone knows that beer is the drink of the working people. The working people expect to be able to relate more to soft liquors than hard liquors. It seems to me that only the Canadian government would adopt a policy changing the emphasis from soft liquor to hard liquor, a policy which encourages people to use hard liquor rather than soft liquor. The government appears to be doing this by placing a heavy tax burden on beer drinkers in Canada and a lesser tax burden on those who drink hard liquor. I think this is wrong, and I am sure we will increase social problems if we allow this kind of taxation to take place. People will turn to the use of hard liquor and we will see an increase in related problems, including drinking and driving and more alcoholism.

I should like to make a few comments based on a study which has already been carried out. It indicates that we have already seen the impact of this change in consumer drinking habits. Since the change was announced last April, hard liquor sales have increased by nearly 5 per cent while beer sales have dropped off 3.6 per cent and wine sales have decreased at least 2 per cent. I suggest this pattern will have an effect on the health of Canadians and increase traffic dangers because of an increase in alcoholism.

It is important to note that beer is the traditional drink of the average working Canadian. We cannot overemphasize that fact. I would urge the government to reconsider this bill before us because it will result in heavier taxation of the working people of Canada, which in turn will change their drinking habits.

The impact of this measure on the agricultural sector will also be severe. Some 63 per cent of agricultural products used by the liquor industry in Canada is used by the brewery industry. If this trend in decreasing beer sales continues, there will be a very severe impact on the producers of hops who supply the breweries. We can ill afford to see this decrease in our agricultural base.

We should be encouraging people to produce more agricultural products and to increase our agricultural base, particularly those who supply our brewery industry which uses such a significant amount of agricultural produce. Last year brewery purchases of agricultural products amounted to almost $100 million.

How much harder can we hit the working people? We are increasing costs to the brewery industry not only by increasing taxes, but also through the increase in the cost of energy and the cost of transporting their products in this province and throughout Canada.

Let me also comment on the indexation formula in this bill. It is the government's intention to increase indexation automatically without having to come back for parliamentary approval. That is not good enough. We do not want to see any increase in taxes without parliamentary approval. The fact that this government intends to index taxation on an ongoing, automatic basis without having to come back to Parliament for consideration and debate, and without allowing representatives of the industry to point out the difficulties such an increase will have, is something I do not think any member of Parliament should allow to happen.

It is difficult enough to try to make changes when we are allowed to consider and debate a taxation measure, but to allow indexing of taxation to take place automatically, with its consequential impact on the brewery industry, or on any other industry, without bringing a bill before Parliament for debate is unacceptable. We do not agree with that aspect of this measure.

The second part of our amendment would eliminate all taxes on liquor as proposed in this bill. We are saying the government should go back to the drawing board and come up with a tax system which will discourage increased use of hard liquor and encourage growth of the Canadian brewery industry. If it is the intention of people to drink alcoholic products, we would like to see them drink soft liquors. Our taxation system should be directed to making it easier for working people to drink soft liquors rather than hard liquors, which appears now to be the trend. We feel this is right because of the effect to use of hard liquor can have on the individual and because of the increase in social problems within the family, within the community and throughout Canada.

It has been a privilege to speak on this bill, Mr. Speaker. Thank you very much.

Mr. Bill Kempling (Burlington): Mr. Speaker, I should like to add some comments to the debate on this bill. In particular, I want to speak to the amendments which deal with the definition of "manufacturing". I want to demonstrate to members what happens when definitions are loose and imprecise, and when bureaucrats decide to play games with definitions such as that of manufacturing.

In 1977 a Toronto-based entrepreneur decided to become a manufacturer of bicycles. The company involved was long established in the bicycle trade. The management and senior staff could be classed as experts on bicycles. The company was started by Harry D. Shields and it bore his name as a limited liability private corporation. Mr. Shields, Sr. had retired from active participation in the business and the company was being managed and operated by his son Lorne Shields, who had grown up in the business, so to speak. He would be considered an expert in the Canadian market and in the sourcing of bicycles and components from suppliers anywhere in the world.

At the time of the events I am going to relate the bicycle manufacturing industry in Canada was in serious condition. The largest manufacturer, CCM, had posted several years of losses and the owners believed the company would not survive if some tariff protection was not put in place. After a hearing before the Anti-dumping Tribunal a tariff was placed against bicycles manufactured in South Korea and Taiwan.

Mr. Shields' knowledge of the Canadian market alerted him to the possibility that the Anti-dumping Tribunal would bring down a decision against imported bicycles from Taiwan and South Korea. He made a basic decision, sir, to become a manufacturer of bicycles. He set about organizing his venture. He leased a plant, acquired machinery and began assembling a staff to get production off the ground.

In manufacturing, if you are large enough you can design a product, build a prototype, test it, source components, place orders to subcontractors for some of those components and begin to manufacture. That is the textbook approach.

In Lorne Shields' case he knew the market because he had been in it for years. He knew he could sell all the bicycles he could make, so his task was to get hold of that market first and then search around for Canadian components after he had a good hold on the market. Like most manufacturers, his market sense told him it would be more profitable if he could ship from the end of his production line to his customers rather than build to inventory. He had pre-sold a year's production on this basis.

With all the excitement and pressure to get his operation off the ground, Mr. Shields had not reckoned with the bureaucracy of the Department of National Revenue. There has been an ongoing debate between Revenue Canada and the Department of Industry, Trade and Commerce regarding the difference between manufacturing, assembling, processing and producing. If we go through the numerous statutes, we will find a

variety of definitions which are usually qualified by the words "for the purposes of the act". If we go through the rulings of the Supreme Court of Canada, the appeal courts of the provinces, the Tariff Board and the Anti-dumping Tribunal, we will see this same pattern recurring regarding mix-ups and misunderstandings of definitions.

• (1550)

If we pursue the matter further through regulations and rulings, we will find another maze of meanings which could be shaded, tilted, twisted or made to stick merely by adding the words "for the purposes of the act". For example, if the words "for the purposes of the act" were put in, we could say that all apples are oranges—and that is just about the way some things happen.

Some rulings have no statutory or regulatory authority. They are departmental rulings whose authorities are ministerial memos. This is where Lorne Shields ran afoul of Revenue Canada. Mr. Shields called himself a manufacturer. Revenue Canada's excise division called him a manufacturer of bicycles and gave him an excise tax licence. He was allowed to import $100,000 worth of production equipment duty-free because it was to be used to manufacture bicycles. The Department of Industry, Trade and Commerce said he was a manufacturer and allowed him to label the product "Made in Canada". Canada Manpower gave him a $15,000 grant to teach new employees to manufacture bicycles. Statistics Canada considered Lorne Shields a sporting goods manufacturer. The Ontario department of labour classed him as a manufacturer.

But Mr. Shields had not reckoned with a National Revenue dominion customs appraiser, Mr. John Peillard, who was doing his job. Mr. Peillard decided that Mr. Shields was an assembler of bicycles and thereby levied a 17.5 per cent duty on all parts he imported for his bicycles. In spite of the fact that all Mr. Shields' competitors were importing the same components duty free, Mr. Shields could not get Mr. Peillard to move from his decision. Mr. Peillard said that there was a ruling that 20 per cent Canadian content had to be evident before Mr. Shields could call himself a manufacturer. But he did not show the ruling to Mr. Shields. It was written, he said, in a ministerial memo, and that memo was confidential.

I told hon. members that I believe Mr. Shields had pre-sold a year's production based on an existing tariff under which manufacturers imported components duty free. To confound the matter further, it would have been possible, believe it or not, to import a complete bicycle at 16.5 per cent, and yet the components were bearing a 17.5 per cent duty. However, Mr. Shields' plan was to increase his Canadian content gradually as his market grew. He could offer subcontractors sufficient volumes to warrant tooling for certain components.

An uncontrollable hidden factor was foreign exchange. The dollar was unstable against most European and Asian currencies, but Shields did not know that was to play a part in the calculation of the 20 per cent Canadian content. If the dollar went down, the Canadian content would decline. Revenue Canada could then collect 17.5 per cent, assuming he reached the 20 per cent. So aside from competition in the marketplace, all the problems of starting up a manufacturing company, training people, arranging financing and so forth, Mr. Shields had to deal with a confidential ruling, the contents of which could not be revealed to him, which would add a 17.5 per cent duty to several components he used in the manufacture of his product. The Revenue Canada official told him that the ruling was in a ministerial memo which was confidential. He could not see the memo, he could be told only the gist of it; but even if Mr. Shields was able to prove Canadian content, he still had to contend with the Canadian dollar. A drop in the dollar would cause the tariff to be imposed.

There was a further penalty. The Revenue Canada official had the final say as to what constituted 20 per cent Canadian content. For instance, he would not allow freight, overhead, packaging or profit to be part of the cost.

In a country which is crying out for manufacturing and which has a terrible current account and balance of payments problem, can hon. members believe that a manufacturer would, could or should have to jump through these hoops in order to do business?

Of course, the result of the imposition of the 17.5 per cent duty on the imported components of Mr. Shields' bicycles meant that a calculated profit became a loss. Customs duties of $310,000 meant that on every bicycle produced money was lost. After a period of time Mr. Shields' bankers decided they could no longer finance the operation. Applications were made by Mr. Shields to the Department of Industry, Trade and Commerce for assistance under the enterprise development program, but they came to nothing because the EDP had already mounted a $7.5 million rescue mission respecting CCM. What Mr. Shields did not know was that part of the deal was that the program would not fund an operation competing with CCM.

As Mr. Shields twisted and dangled on the bureaucratic string, various government departments were sealing his fate. He appealed to the then minister of national revenue, who is now a senator in the other place. The then minister saw the injustice. He could see that an even-handed approach to the problem was not being taken. He told Mr. Shields he would sort out the details and write to him. After numerous telephone calls to the minister, Shields received a letter prepared by the bureaucracy over the minister's signature which told him that no help would be forthcoming. The $310,000 customs duty had done its job. Seeing no relief, the banks placed Harry D. Shields Limited in receivership.

Lorne Shields was not finished, however. He launched an appeal to the Tariff Board and, some 20 months later, the board heard his case. I recommend that everyone read this case. It is appeal No. 1498 and was heard October 8 and 9 of 1979. The Tariff Board ruled that there was no regulatory or statutory basis for the 20 per cent Canadian content, and Revenue Canada had to refund the duties levied against Mr. Shields' company. What that meant was that $230,000 was sent to the receiver in bankruptcy, and a further $80,000 in customs duties was cancelled. But it was too late. Harry D.

Shields Limited was closed. It was bankrupt. Approximately one hundred people lost their jobs. Several suppliers went unpaid, and the tragedy is that an enterprise which came out of the shoot alive and kicking was to die because of the stupidity and rigidity of the bureaucracy. Somebody decided that CCM would live and that Harry D. Shields would be strangled in the web of the bureaucracy.

What happened to Lorne Shields? He lost his business. In order to live he sold most of his personal assets. He had a nervous breakdown. His father had a stroke which the doctors say was a direct result of stress and the bankruptcy of the business. The Department of National Revenue held $230,000 of Lorne Shields' money for more than two years. The government used that money. When the Tariff Board said there was no statutory or regulatory basis for collecting the $230,000, the government returned the money, but no interest was paid. It was just a cheque in an envelope.

We hear much in this House about justice, about helping those who cannot help themselves, about the just society, about participatory democracy and about a charter of rights. Well, just ask Lorne Shields how he feels about those cheap slogans which were born in an advertising office to adorn a speech or an election platform but, when put to the test, were cold and meaningless.

To Lorne Shields, there is no democracy in Canada. If a bureaucrat decides you are to be taxed, you are taxed whether it is legal or not. Lorne Shields learned that we are not all equal. If your business has loans guaranteed by the government, then you are more equal than a competitor who does not have those guarantees.

• (1600)

To the government, the competition policy means that the government eliminates competition from those who might challenge a company with loans guaranteed by the government, as they did with Harry D. Shields Ltd. And what happened to Mr. Peillard, the Dominion Customs appraiser? He was transferred to the electrical industry sector. One hundred people lost their jobs.

This is not, Mr. Speaker, an isolated case. There are many more people who have been turned off by imprecise definitions that vary from statute to statute, regulation to regulation. That is why I urge the government members to support our amendments and then follow through by placing the definitions of "manufacturing", "assembling", "processing" and "producing" before the committee of this House for resolution. Let us make a move against the bureaucracy so we will not have a repeat of the Lorne Shields affair.

There are untold numbers of businessmen in Canada who live in fear of the government bureaucracy. Those businessmen and thousands more who will follow them are part of the solution to the economic problem we face. They are part of the solution to the unemployment problem. More than one million unemployed Canadians want that problem solved.

Businessmen who live in fear of the bureaucracy will tell you horror stories. When I asked some of them: "Why do you not speak out?" one of them replied: "Look, I do not want a tax job done on me". That is pretty shattering. When I tried to establish that is not the way Revenue Canada operates, this is what they replied: "Those guys have all the definitions and regulations and rulings, and they twist and turn them to suit the statutes and regulations". And then he went on the say: "For example, take the term 'manufacturing' "—the very thing we are talking about today. You see, Mr. Speaker, it comes back from many sources. If the government believes that a competitive market serves the consumer best, it will take a new look at many of the regulations and procedures.

When the bureaucracy acts in such a way that it makes loans, grants or loan guarantees to one industry and then hassles that industry's competitors, it effectively eliminates any choice for the consumer, and that is what happened to Lorne Shields. He knew the market, he knew what would sell, he was trying to serve that market but he was frustrated in his endeavours.

There are many ways to handle the situation. The government could have said, as they did to the automobile industry, "Here is your Canadian content; we want a commitment from you that you will increase the Canadian component value on a schedule so that you will work toward an increasing Canadian content over a period of time". However, regardless of the method, it must be evenhanded. There is a constant battle over tariff rules and interpretations. You might recall a few months ago a number of businessmen from Manitoba descended on Ottawa because they had to pay a higher rate of duty on automotive products in their part of Canada than did businessmen in the same trade in Ontario. And this was just the result of an interpretation by people at the port of entry.

I have put forward to the members of the government a proposal that they do not support the change in the definition of "manufacturing", that they urge the minister to withdraw this section and refer it to a standing committee of this House, and that we begin to sort out the definitions of "manufacturing", "assembling", "processing" and "producing". You see, Mr. Speaker, I have confidence that we in this House have sufficient talent on all sides to solve this problem. I would like us to do that and to hand it back to the bureaucracy with the intruction that these are the definitions that they must use, and to get on with it.

In conclusion, let me say there are those who believe that there are two continuous struggles in this country. One is between the political parties whose ideology may differ, and there is an opportunity, as we know, to sort that out at election time. However, the real battle is between the government bureaucracy and the elected representatives of the people, and that is the battle we all must begin to fight. The bureaucracy is best served when the political battle is hot and when the party in power has a passive back bench.

I have issued the challenge, Mr. Speaker, to the government members. Now let us see if they are equal to the challenge and the task.

Excise Tax

BUSINESS OF THE HOUSE

Mr. Collenette: Mr. Speaker, as you know, under our House order of last Friday there will be two deferred votes this evening on Bill C-61. I am sorry, it is one deferred vote on Bill C-61. As a result of discussions between the parties, it has been agreed that that vote will be taken at 9.45 p.m. instead of ten o'clock.

Mr. Kempling: Yes, Mr. Speaker, we have had discussions and we concur that the vote will be taken at 9.45 p.m.

Mr. Knowles: Yes, Mr. Speaker, it was agreed that the vote be deferred to a time to be set by the House leaders and we have agreed on 9.45 p.m. I do not object to two votes being taken but I think that technically only one vote was set for tonight.

Mr. Deputy Speaker: The hon. member is perfectly correct; one vote at 9.45 p.m. tonight.

[*English*]

EXCISE TAX ACT AND EXCISE ACT

MEASURE TO AMEND

The House resumed consideration of Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs, and motions Nos. 1 and 3 (Mr. Blenkarn).

Hon. Bud Cullen (Sarnia-Lambton): Mr. Speaker, when the debate on report stage of this bill began, the hon. member for Edmonton West (Mr. Lambert) made what I thought was a good suggestion, given the number of amendments we have, namely that we consider the report stage as something like almost a second reading and then carry on with the vote. I do not know whether I have missed something in the interim, but it seems to me that seems to be the policy we are following. I do not know what the *quid pro quo* is. The other problem that you have is that if I have an amendment, and I happen to have one—

Mr. Deputy Speaker: Order, please. The House is debating the first and third amendment which by decision of the Speaker are grouped for debate.

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, I am greatly saddened by many parts of Bill C-57, to amend the Excise Tax Act. Time does not permit me to expose all of the almost punitive provisions that are contained in this act. However, I will focus in on one of the greediest parts of the bill.

I should say at the outset that I am astounded by the lack of feeling and understanding shown by the Liberal government in its attempt to index taxes on beer, wine and spirits. By no means am I suggesting that the Liberal government has probably driven thousands of Canadians to drink—maybe it has. Rather, my message is that the Liberals are discriminating against those Canadians who do like to partake every once in a while. With this new and unprecedented indexing of taxes on beer, wines and spirits, Canadians can expect to pay up to $23.64 for a case of beer. This is a disgraceful increase of close to 160 per cent. Not only does the government seem to want to drive the cost of everyday goods and services up and up, but it also appears to want to soak Canadians for every penny it can get.

The government has been hearing a great deal lately from the opposition about inflation; and well they should. Inflation at 12.6 per cent, a new modern day record, is not a record that the Liberals should be proud of. The problem is, however, that the Grits seem bent on stimulating, not slowing down, this rapid climb toward world fame and lack of fortune. What does this mean for the average working Canadian? It means their dollar buys about one third as much as it did in 1971. They must pay about 7 per cent more for normal borrowing privileges than they had to pay when the Conservatives were in power. They have to pay about 60 cents more per gallon for gasoline and they are paying 15.2 per cent more just to eat than they had to pay last year. Now the Liberals are asking average Canadians to turn their pockets inside out and empty them just to buy a bottle of beer. When are the Grits going to get off the backs of the little guy and girl? That is a good question and I will give some of the answers right now.

The Liberals only have one solution to their years and years of overspending. They must raise more revenues to pay for their blank cheque spending habits. They will force average Canadians to fork over more and more money through a hidden tax which will be tacked on year after year, with no parliamentary say or control over it, and this is a very dangerous precedent.

The finance minister has said that the tax to be applied to this "all-beverage" class is simply a percentage tax and is therefore like many other levies imposed by the government. I submit, Mr. Speaker, that this is a percentage tax. It is not, as the minister has claimed in this House, an *ad valorem* tax. In the strict sense an *ad valorem* tax is a constant percentage of the total sale price which is tacked on year after year. This percentage tax is changed only after all-party consultation and parliamentary voting has taken place.

• (1610)

This new scheme which is being deviously plotted by the Liberals would result in a submerged tax which would be indexed to the CPI rate of the all-beverage group. This means that whenever the price of production, the price of raw materials, the price of marketing, or any other price indicator, goes up by a certain percentage, the tax on the beverage will go up by a corresponding amount. This will amount to a piling

on of taxes and, eventually, will probably force one of the government's main income earners out of business.

Indexation does not necessarily have to be a bad thing. For example, indexation of personal income tax was introduced at the request of Mr. Robert Stanfield to protect taxpayers from inflation and to attempt to instil in the government better fiscal management and discipline. The government was not to profit from inflation by automatically collecting higher revenues from people because they obtained cost of living increases to keep up with inflation. By indexing personal income tax the government forced itself to manage the economy better, so that it could collect more revenue based on real wage gains. As members know, the government has been trying hard to do away with indexation of personal income tax and we in the official opposition have been trying to stop it.

By indexing taxes on spirits the government is managing to do exactly the opposite of what indexation of personal income tax is doing. It is taking advantage of a formula which is meant to protect the consumer against inflation and fiscal mismanagement. Through the indexation of taxes on goods the government can not only protect its revenues but will be taxing people on inflation and doing it without referring the matter to Parliament. It will also be creating a thicker smokescreen which will hide from public scrutiny its lack of policies to fight inflation.

The Minister of Finance (Mr. MacEachen) has said that this is just another percentage tax. I would like to tell the minister something of the percentages ordinary Canadians must work with now. When citizens want to buy a home—something about which every Canadian has dreamed but because of Liberal policies will probably never achieve—they must pay close to 20 per cent mortgage rates. Those people who are renewing their two, four or five-year mortgages will be stampeded into paying twice as much per month as they paid in the past. If they are overwhelmed by this excess burden they must sell their dream home or have the banks foreclose on them. This has been the case in Toronto recently, where over 3,000 people have been literally booted out of their homes because of high interest rates. It is no wonder ordinary Canadians need the odd drink just to settle their nerves. But now the Grits will deny them that choice, too.

Here is another percentage for the Minister of Finance to ponder awhile. Since 1960 bankruptcies have gone up by a totally unacceptable 758 per cent. These numbers do not even include businesses which collapsed but did not make use of the Bankruptcy Act, those which were placed in receivership, liquidated by secured creditors, or those which simply closed up shop because they could no longer cope. It is no wonder thousands of workers and a multitude of businesses are fleeing for their financial lives to the United States.

I should add here that this financial bastion for Canadian businesses may soon be closing its doors. This, of course, is due to the preferential treatment given to Canadian firms over American firms in the National Energy Program. The Liberals are causing a backlash in the United States which will begin taking its toll on Canadian firms shortly if the energy program is not abandoned soon. The end result will be that Canadian firms will have no place left to go. They will have migrated to the United States where the economic and political climate is more favourable. They will be stifled there, too, because American firms in Canada have received such a beating from the Liberal government. This is reciprocity in quite a different form, for which we only have the Grits to blame.

I would like to return to the matter of bankruptcies for a moment. There have been some 27,000 personal bankruptcies since the beginning of 1980. How can the Liberals even think of adding insult to injury by putting beer, wine and spirit prices out of reach? What other commodity will they try to index in the future?

It seems that the Liberals are desperate for cash. Only now do they realize that they have grossly overstepped their spending bounds. Only now do they realize that the Progressive Conservative Party was perfectly right in its policy of reducing the NDP-Liberal created deficit. Only now will the Liberal party attempt to cut their expenditures to an acceptable level.

Now, though, they are using every and any means they can to extort money from the average Canadian. This money grabbing begins at the provincial level where the Grits are trying to finagle profits made on resources by western provinces through new equalization schemes. Of course, the provinces quickly saw through this federal ploy and they are fighting tooth and nail to save their new-found riches. Therefore, the Grits have once again created division in the country. First, there was the Constitution, then the National Energy Program and now there is the equalization scheme. Along the way they batter average Canadians by imposing hidden taxes on beverages.

The money grabbing continues. We see in this bill new taxes on oil and gas. The devastating effects that these new taxes will have on the oil and gas sector, as well as on the energy service sector, have been excellently explained by many of my colleagues in the debate yesterday and in the debate on this bill on Tuesday last. Therefore, I will restrict my comments to motion 22 in this bill.

At the outset of my remarks I described the indexation of taxes as being discriminatory. It is not discriminatory simply because of its adverse effects on the average working Canadian, but also because of the way it applies to the various items in the all-beverage subgroup.

During committee hearings the Minister of Finance entertained briefs from the Brewers Association of Canada. These briefs showed clearly that the result of excise levies introduced in April, 1980 was to initiate a swing from beer and wine to hard liquor. This is clearly demonstrated by facts and figures. The annual percentage change in sales for beer, wine and distilled spirits between 1974 and 1980 was 1.7 per cent, 8.3 per cent and 3.3 per cent respectively. After the announcement of the excise levies in 1980 the percentage change in sales for the April, 1980 to January, 1981 period was negative 3.6 per cent for beer, negative 1.8 per cent for wine and positive 4.6 per cent for spirits. During the committee hearings the minister said it was neither his intention nor his job to influence the

alcoholic beverage choice of Canadians. Nonetheless, the effect of his April, 1980 announcement was to discourage the consumption of beer and wine in favour of the consumption of hard liquor, as can be seen in the figures I have quoted.

As you will recall, Mr. Speaker, the April, 1980 announcements included sharp and unprecedented excise levy increases of 29 per cent for beer and 155 per cent for wine, compared with a nominal increase of only 6 per cent for distilled spirits. The result was substantially to reduce the relative tax burden on distilled spirits compared to beer. If the unintentional shift in consumption choices from beer to distilled spirits is to be corrected, then the traditional relationship should be restored by increasing the levy on distilled spirits by a proportionate amount. If the shift in consumption from low to high alcoholic content beverages is not reversed, the economic impact on the brewing industry and on agricultural producers who depend on the brewing industry will be severe. In addition, the negative impact on jobs will be significant, as the production and distribution of beer and wine are much more labour-intensive than similar operations for spirits.

● (1620)

As an example of the potentially negative impact on jobs, I would like to quote from a speech given by my hon. friend for St. Catharines (Mr. Reid). He said:

> —the wineries and the grape growers employ over 18,000 persons. Is not that a segment of the community worth considering? In its brief to the standing committee, the Canadian Wine Institute hit the nail on the head when it stated that neither winemaking nor grape growing is a profitable business.
>
> For the information of members of this House let us say that in so far as wine production is concerned, the net return is less than 5 per cent of the capital cost investment. That is not a great venture from a profit-making point of view. There are already declining sales and, thanks to that earlier 155 per cent increase in the excise tax announced last April, this cannot fail to continue as the government loads quarterly increases onto the retail cost of wine. With this decline will come the collapse of the smaller wine industries—the cottage wine industries—which have improved the taste and quality of domestic wines. It will also lead to lay-offs in the larger wine industries.

This is but one example of what a seemingly minute tax can do to a thriving industry.

Furthermore, there is overwhelming evidence showing that a higher incidence of alcohol-related health problems, crime and accidents is related to a relatively higher level of distilled spirits consumption. This factor in itself should be sufficient to convince policymakers of the dangers involved in encouraging, through the tax system, the increased consumption of hard liquor. No country has ever set out to use the tax system to encourage, via the price mechanism, the shift in consumption patterns toward hard liquor and away from naturally brewed and fermented products such as beer, wine and cider; in fact, a number of countries have done exactly the opposite.

The proposal to index alcoholic beverage excise levies should be automatically dropped in favour of continuing to seek changes to rates of these taxes and duties by having them approved by Parliament as part of the traditional budgetary process. It is my feeling that most ordinary Canadians believe that government is there to serve and protect them in a reasonable and responsible fashion. This means that Canadians believe that, through debate and the normal voting procedure, decisions and policies are made which will serve to better society as a whole. This tax completely violates both the trust which Canadians have put in the system and the system itself.

During committee consideration the minister stated he did not believe indexing would affect the stability of the industry. However, one of the effects of the indexing scheme is that it would exacerbate the sales situation existing since the excise levy increases of April, 1980. Soon the price of two dozen bottles of beer will have increased by 157 per cent, as I stated earlier. The price of a 25-ounce bottle of inexpensive gin will increase by only 101 per cent. Obviously, this will further accelerate the shift in consumption patterns to hard liquor and away from beer and wine.

I will conclude my statements by calling on the Minister of Finance to eliminate this section of Bill C-57 which will index taxes on beer, wine and spirits to the CPI rate for all beverages and for once get off the back of the little guy who, by far, will suffer the most if this provision is approved.

Mr. Bill Wright (Calgary North): Mr. Speaker, I rise this afternoon to speak on Bill C-57, to amend the Excise Tax Act and the Excise Act. There are five parts to this bill. The first part deals with the amendments to the federal sales tax system, such as the application of tax to marginal manufacturing activities and to advertising inserts in newspapers. Part II contains provisions for the new tax on natural gas and gas liquids. Part III deals with changes in the taxation of alcoholic beverages and technical provisions to the Excise Tax Act. Part IV establishes an 8 per cent tax on petroleum and gas revenues under a separate act. Part V describes the commencement date for the various provisions in the first four parts of the bill.

This is probably the most important piece of legislation needed to implement the national energy policy brought forward by the government on October 28. As hon. members may recall, this was the program brought in under the budget; or, should I say, bootlegged in by this government under the budget. There are 135 amendments to the bill, and hopefully hon. members in this House will see fit to accept many of the amendments which the opposition has presented and will present. It is an extremely large bill, comprising about 118 pages, and it is obviously very complex.

I would like to discuss a few of the items within the bill. The first is the federal sales tax which the government claims it will reduce from 12 per cent to 9 per cent. However, it will include marginal manufacturers in this tax so that many firms which manufacture the bulk of their products in Canada, but which must import some of their components to complete their products, will now be taxed. It seems to me that in many cases these small or marginal manufacturers will be encouraged not to manufacture their products here or will not be able to manufacture their products here or will not be able to manufacture them here because they will not then be competitive. There seems to be no clear answer from the government on whether this will harm the marginal manufacturers, even though a number of them appeared before the committee and indicated they would be hurt by this action on marginal goods.

I would like to turn to the second part of this bill, which is a tax on natural gas and natural gas liquids. As everyone in this House is aware, the Minister of Finance (Mr. MacEachen) stood in his place and said; "We have no intention of taxing natural gas, of putting a tax on natural gas exported to the United States". Then he turned right around and said: "We are going to tax all natural gas in Canada, whether it is consumed domestically or exported". As everyone is aware, the appeal court of Alberta recently ruled against the federal government taxing another government, namely, the government of Alberta. This is dealt with in a section of the British North America Act. This case has now been appealed to the Supreme Court of Canada. Hopefully the Supreme Court of Canada will render a decision on the side of the producing provinces.

The petroleum gas tax or revenue tax is clearly a tax on provincial resources. We and all of the provinces understand this to be illegal. I will probably come back to this point when the bill comes up for the third reading because I question whether we should discuss this bill on third reading. As I understand it, we are simply reporting the bill to the House, but there is a question in my mind as to whether we should actually be discussing certain parts of this bill while they are before the Supreme Court of Canada.

I would like to draw attention to something which is pretty important. Total exports of natural gas in 1978 were approximately 882 billion cubic feet. In 1979, under a Conservative government, exports rose to one trillion cubic feet. In 1980, under a Liberal government, they again declined to 800 billion cubic feet, which is the lowest total exports in the last five years. In addition, natural gas exports in 1978, in dollar terms, were $2.2 billion; in 1979, $3.1 billion; in 1980, $4 billion, in spite of a decrease in volume. Basically, the reason is that we tie the price of exports of natural gas to the price of imported oil. Even though they are unrelated, this government has a formula whereby it ties the two together. Therefore, we cannot export as much gas as we want. The government would be receiving $1.5 billion annually if it did not tie the price of natural gas to the price of imported oil. Of course, once again it is anxious not to give Alberta anything more than it possibly can. I cannot help but think how our balance of payments would be helped with that $1.5 billion per year, and I cannot help but think what it would do for interest rates in Canada if an additional $1.5 billion was coming in.

• (1630)

The natural gas companies in western Canada, which are mostly in Alberta, have stated that they could export 50 per cent more gas than they are allowed to at present if they could take it out of the ground and had a market for it. It is quite evident that many of these companies will go broke. These are average-sized Canadian companies which cannot get their natural gas out of the ground for at least five years. When they go to the bank they can only borrow funds to 25 per cent of real value. They cannot sell their gas because it is shut in by the policies of the government. They cannot export that gas.

Excise Tax

I should like now to come to what I consider to be an unbelievable tax which the government is going to introduce on wine, beer, spirits and tobacco. I am not opposed to a tax on any of these products but I am opposed to a tax which is indexed and which will automatically increase as inflation does. This is the first tax that the government will use on industry in general. If it gets away with this, we can expect that the tax on all items will be indexed against inflation. You and I, Mr. Speaker, will pay tax in future on every item we buy and that tax will be indexed to inflation. This is just the first step and I shall come back to it briefly in my conclusion.

I should like now to deal with Part IV of Bill C-57, which imposes an 8 per cent tax on petroleum and gas revenues. This is a tax at the wellhead and can also be interpreted as a tax on provincial resources. It will affect exploration and development by the whole petroleum industry. The Minister of Energy, Mines and Resources (Mr. Lalonde) stood in this House and said that drilling is not declining. Every week and month last fall he told us that. He said that there was a surplus of oil rigs and that drilling companies were expanding because they anticipated an expansion of exploration and development. That did not come about because of the national energy policy, Mr. Speaker. There are now only 50 per cent of the rigs operating in Canada that were operating one year ago. Approximately $2 billion is flowing out of the country each year and will continue to do so for the next five years because of the national energy policy.

In the province of Saskatchewan one company shut down 190 wells within the last five months and another company shut down 125 wells. This begs the question, how could they possibly shut down producing wells? It is very simple. It was because they were losing money. Even though they are not allowed to shut wells down, they simply wait until the wells need repairs and then do not repair them. The repairs are put off indefinitely. This practice will continue until we notice a drop in production from these marginal wells. The Minister of Finance and the Minister of Energy, Mines and Resources continue to hold that this will not happen and that it is not happening. I could give the names of companies, Mr. Speaker, but I shall not embarrass them.

It is interesting that the oil industry raises 70 per cent of its funds internally while the utilities, most of which are owned by governments, raise less than 50 per cent of their capital internally. That is a turn around for the industry. The cash flow of the oil and gas industry in Canada has been reduced by 20 per cent to 40 per cent on account of the policies of the government which wants to control the oil industry.

I could go on and tell why this is being done, Mr. Speaker. I have said, as have others in this House before, that if anyone really wants to know what kind of Canada we will have in future, they should read the writings of the Prime Minister (Mr. Trudeau). He is nothing but a socialist. Any communist will tell you that the socialists are the tool of the communist party, of the communist world.

Mr. Rae: What are you the tool of?

Mr. Wright: I hear to my left the pinko Peter Pan of politics. He has had his opportunity to speak on this bill. He does not disagree with what I am saying about the socialists; he just thinks it is funny.

I should like to quote briefly from a brief submitted to the Standing Committee on Finance, Trade and Economic Affairs by the Independent Petroleum Association of Canada. On page 9 of the brief there appears the following passage:

> We are mindful of the government's intention to direct three objectives of the National Energy Program, namely:
>
> 1) Security of supply and the ultimate independence from the world oil market;
>
> 2) A fair pricing and revenue sharing regime; and
>
> 3) Greater ownership and control of the oil and gas industry.
>
> The Minister of Finance has stated that "That two taxes contained in this Bill are essential for the achievement of these objectives."
>
> It is the position of the Independent Petroleum Association that the first objective, that of security or supply, is not possible under this fiscal regime . . . It is also our contention that a fair price and revenue sharing program that places the Canadian oil and gas industry in financial jeopardy to continue in Canada when more attractive foreign opportunities exist, is not conducive to future exploration and development in this country. Lastly, the ownership and control objective as stated by the minister has no place in an Excise Tax Act.

Mr. Speaker, this is submitted by an association of companies which are Canadian controlled, not foreign controlled, and which are moving to the United States. It is not the case that I cannot find Liberals to agree with this, but they are prepared to say: "We are going to change it in the future and it won't be that bad". But it is already that bad. Everyone should be aware that it will take two to five years to bring back the oil rigs that have gone to the United States.

● (1640)

The IPAC group concludes with this question:

> Is it then the intention of the government to enact selective tax legislation for every segment of the industrial base at some time in the future?

That being the case, the stability of the entire business and investment community will be in question. If it is not the intent of the government, why should tax laws be enacted which are so clearly discriminatory to one sector? That is the essence. It is a tax not upon one industry but upon all industries. This bill is a tax not upon one segment of the economy but upon all segments of the economy.

I shall summarize some of the items in Bill C-57. The national energy policy, which really brought about this bill, has reduced the cash flow of the oil and gas companies by 20 per cent to 40 per cent. Their earnings have been decreased by 60 per cent to 70 per cent.

This is a tax which does not approach earnings normally by simply taxing profits. The government does not want to do that. The government wants to tax these companies before they make profits.

This is a bill which does not help our balance of payments problems. It does not do one thing to help our balance of payments. This bill does not do one thing to help the deficit of Canada. We hear the Liberals telling us that they are going to reduce the deficit. How can the government reduce the deficit when it buys oil companies which do not produce one more barrel of oil? Money is leaving Canada. How is our deficit being helped when Canadian companies are taking their money across the border to the United States? There are companies in Canada doing nothing else but raising funds for Canadian companies that operate in the United States. As I mentioned before, approximately $2 billion a year is being raised for this purpose.

This is a bill which goes one step further toward government ownership of business in this country. Of course, the government likes to cloud the horizon by saying it is not trying to take over all business. Of course not. But if hon. members read the writings of the Prime Minister (Mr. Trudeau), they will find that he wants to control everything. Having 51 per cent will control all businesses in Canada. Last week, I believe, in Montreal the Prime Minister said: "All businesses in Canada at one time or another will have to come to the government for assistance". What a ridiculous statement to make. Of course, we know how ridiculous he is after listening to him during question period. I would be ashamed to belong to the same party as anyone making a statement like that. This is a statement with which the Liberals will have to live forever.

We regard this bill, this tax on industry, as punitive. If that is not a strong enough word to describe it, then I say it is vindictive. This government is out to get industry and private enterprise because the government wants to socialize or nationalize, if you will, industry in Canada.

The Acting Speaker (Mr. Ethier): Order, please. Pursuant to Standing Order 40, it is my duty to inform the House that the questions to be raised tonight at the time of adjournment are as follows:

Mr. Knowles: Mr. Speaker, I rise on a point of order. Since it has been agreed and ordered that there is to be a recorded vote at 9.45 p.m. tonight, does that not wash out the late show?

Mr. Collenette: Mr. Speaker, we did not specifically rule out the late show, but it is usual custom if we do have an ordered or a deferred vote—

Mr. Knowles: It is not usual custom. It is in the Standing Orders.

Mr. Collenette: —then we do not have the late show.

The Acting Speaker (Mr. Ethier): It seems there is agreement. Therefore, we will dispense with the late show. As a result the notation I just made regarding Standing Order 40 will be withdrawn.

Mr. Scott Fennell (Ontario): Madam Speaker, my colleague the hon. member for Calgary North (Mr. Wright) in his closing comment said that the government is out to get private enterprise and entrepreneurs. I maintain the government is out to get Canadians generally. The government does not select; it wants to get everybody.

I am delighted to speak to Bill C-57, an act to amend the Excise Tax Act. I would call it an act of confiscation. In the days since this bill was brought before the House, the Minister of Finance (Mr. MacEachen) has been heard to say that if injury of significant disadvantage is experienced by any group, he would remove the burden in the subsequent budget.

Those are lovely words, but who is the minister kidding? He is not fooling me nor is he fooling the public. Once that government grabs a little bit of money, it hangs on for dear life to it because it is known that this government never gives it back. The government's game is to take more and more and more. This government has no intention of rescinding anything it presents to this House.

I believe that the 8 per cent energy tax is totally immoral and is probably the most damaging tax imposed in Canada. It is not only destroying the possibility of self-sufficiency in the oil industry, it is destroying the Canadian economy. It is being felt in Ontario, Quebec and the eastern provinces. With this government's spending spree, it is obvious it loves to feed the inflation fire. That is the key problem in Canada today because it is ravaging the life of all Canadians.

This government, through the National Energy Program, has not only written off the western potential, the western spirit, the western hope, but has completely desecrated the Canadian economy. This government is more interested in buying service stations, maybe for the real estate, and oil from Mexico than in encouraging, through appropriate tax relief, oil production in Canada. This government will be so overcome by greed that it will dry up the source of supply, similar to what happens to a poorly managed dairy farm.

The wellhead tax on the production of gas and petroleum products is a cannibalization of not only the petroleum industry but the producer and the Canadian public. In Canada the price of gasoline has increased 60 cents since this government took over, all of which increase has gone into the government's coffers. Europeans pay $4.50 a gallon. Although a great deal of that price goes into government coffers, it pays for imported oil because the Europeans do not have the possibility of self-sufficiency. In this country, at the rate this government is going, I would say that in two or three years gasoline will cost $9 a gallon or $2 a litre. But the producer in the west will get nothing from any rise in price, nor will Canadian industry. All the funds will flow back into Ottawa. That is the government's game. Its plan is not to pay back loans from other people but to spend money.

Governments are elected, in theory, to tailor spending programs to revenues. This government throws out that theory; that is of no concern to it. It theorizes, not knowing how much it will take in, that everything it takes in will be given away, along with everything else we will have in the next 20 years. The government grabs money from every source it can. It is a wonder it has not jumped on the western farmer and the Ontario farmer. Their prices have gone up. Next it may place an indexed tax on wheat and really destroy this economy. That is the only thing we have left. We have no industy. Nothing has been done to encourage industry in this country. The government has created a complete division in this country.

● (1650)

Originally, under the British North America Act that is now being rescinded any royalty on resources belonged to the provinces. This tax inflicts upon the provinces a wound that will be deep and will have significance for many years to come. The federal government has the right to raise all the taxes it wants by a revision to the Income Tax Act. It could follow a logical system of raising money.

I said before in this House that maybe it is time to get some imaginative plagiarism of taxes from other countries, for example for building up industry. The United States had the same problem with the multinational oil companies. They put on a windfall profits tax which had a beginning and an end. In essence, it was indexed so that each year the windfall profits tax became less. It was a smaller percentage of the sale price of the fuel. We have never come up with an original program like that. We just hammer the citizens of this country over the head with a two by four. We do not use logic and we destroy the country in the process.

The Liberals love going to the trough. That is their expertise—they go to the trough and get all they can. If they want to get a lot out of the trough, I will tell them how to do it. Put the price of oil up to 75 per cent of the world price. Put on a windfall profits tax. Then watch the development in this country. Watch the industrial base in Ontario grow. The federal government will get more money than it ever dreamed of. Ontario will survive. My riding would benefit, as would Quebec and the maritimes.

We are only kidding ourselves. By the time we get up to 75 per cent of the world price, the government will take so much of that price there will be nothing left for the producer. I say put the price up now, put on a windfall profits tax and abolish this 8 per cent tax which cannot even be deducted from your profit and loss account. The petroleum industry would benefit, the drilling rigs would come back into Canada, service industries would develop and people would be employed in the west and in Ontario. The entire economy of this country would get moving from coast to coast. The automobile manufacturers in Scarborough will again be busy building trucks. That plant is now shut down about five days out of ten. Why? Who in the west can afford to buy trucks when there is no revenue coming in?

The government's greed is absolutely incredible. It recently put up the export tax because it is short of money and we have a balance of payments problem. Why not drop the tax and allow more products to be exported across the border? More revenue will flow back into Canada. It will come back into the hands of the producers and service industries which the government has the right to tax.

Export our products to those who want them. The Americans want our gas but at a reasonable price. Every time we sell our product, it leads to exploration for new gas. New oil will also be found. When you drill for gas, you do not know

whether you will hit gas or oil. Therefore, more oil and gas will be brought on stream. Oil and gas from the north will come on stream much faster. At present we may have to wait 50 years before this oil comes on stream.

This government follows the easy way of bringing in oil—at the expense of the taxpayers. If this government were really sensible, it would bring back depreciation allowances, exploration expenses and development expenses which could be written off. I suggest it get rid of its petroleum incentive program. It is a joke. In fact, it states in an amendment that it is a joke. The government says that if you choose not to take the incentive program, you can deduct the amount you would get from your 8 per cent royalty tax. That is just money going through the system, that is all it is. It does not give anything to the oil industry. Everything that is given to them is taken away. In effect, you are putting them in the position of a possible 30 per cent negative cash flow. You are not giving them anything and the government is losing everything. It is losing revenue on the income of taxpayers throughout Canada.

We must get rid of the National Energy Program and the 8 per cent royalty. The government calls it an excise tax, but I call it a royalty because that is what it is. The government says it wants to Canadianize the industry. I accept that. I believe that is sound. At least some companies have worked hard to do this under this incentive, but it could have been done in a much better way which would have put us in a better light in the eyes of other countries.

This incentive of a depletion allowance, exploration and development expenses should apply to Canadian companies only. Believe me, Mr Speaker, it would get money out of the banks and back to work in this country. What has flowed south across the border will come back into Canada. The drilling rigs will return to this country and the economy will be booming. However, this government wants to hold this country down. I do not understand the reason for it, but they are against anything of a positive nature.

This excise tax hits the people of my riding. The government is putting indexation on the last pleasure of the working man. High interest rates are slowly but surely eroding his home base. He does not know if he can hang on to his house. The tragedy is the indexing of the tax on beer. I refer specifically to beer. It will never be a tax with representation. This tax on beer will never come before this House of Commons. We will never be able to speak on this tax again, nor the tax on wine and spirits.

The working man who works from eight to four of five can no longer afford many pleasures because of the inflation brought about by this government. Now the government is taking away his last pleasure. He is again being hit over the head by a two by four.

I am told it is to protect government revenues derived as a result of this tax from erosion. What about the erosion of the working man's pleasure? What about the erosion of his income? What is the government doing to the working Canadian? It is stripping him of his last pleasure. He is not only being hit with excessive income tax, but now the little bit of money he has left in his pocket to buy a small case of beer at the end of the week is being taken away from him.

Perhaps the government is dedicated to solving the problem of alcoholism in this country, I do not know. But I do know one thing about this measure. The government will lose more than it will gain because there are still many people with initiative in this country who will start to produce their own beer in their basements. Who could afford to pay $22 for 12 pints of beer, which I understand will be the price in about 1988? The government is taking away homes with high interest rates and it is now taking away the average man's beer. What are you going to do with that man on the street? This reminds me very much of what happened in Germany in the 1930s. People lost their homes, they began to starve, and then a powerful dictator came along to solve all their problems. God help us so that that does not happen here in this country.

● (1700)

I believe the indexing of the tax on beer is totally immoral and is a concept totally the reverse of that which Robert Stanfield had when he suggested the indexing of income tax. Indexing of income tax was meant to protect the working man against inflation and fiscal mismanagement, the cause of inflation. The government is now going to reverse that concept. The minister keeps talking about the next budget when he will take indexing out. I think the government had better start indexing itself because the government keeps taking money in.

I received an advertisement today which talks about a sudsidy of $800 to reduce consumption of petroleum products. The government is going to give each Canadian citizen $800. Do you realize, Mr. Speaker, that the government will have to borrow that $800 in Switzerland at 15 per cent interest rate, compounded over 5.5 years, which will mean it will have to pay back $1,600? Furthermore, the money will be taken away from the taxpayer to pay that loan back.

Why does this government not get to work, instead of continually increasing taxes, to find ways of cutting taxes and protecting the working Canadian? He is being rubbed the wrong way and pushed too far. This government is on a binge. This is the only way it can control Canadians, by taking everything away from them.

While we are talking about inflation, which I referred to as basically resulting from mismanagement by this government over the last 13 years, let me point out that in a recent Gallup poll 65 per cent of Canadians indicated approval of severe reductions in government spending, similar to what is taking place south of the border. They are talking about general reductions, and the majority of people expect a positive effect on the Canadian economy and our inflation. Instead of always coming to the trough here trying to get more money, why do members across the way not sit back in their offices and try to figure out how to cut spending?

The next part of this bill deals with small weekly newspapers. The Kent commission has been currently trying to determine the detrimental effects of control of the press basically by three groups in this country, the *Toronto Star,* Southam and

Thomson. The *Toronto Star* stayed out of it because it has only one paper, but it is sold right across this country and it gets the Liberals elected every time. During the time the Kent commission has been questioning this monopoly control the government has been planning to hit small weeklies, the independent press in this country which combats these large chains of newspapers. They are the only papers which can still tell the truth.

The government has now found a new tax with which to hit and hammer them over the head, like with a two by four. The government is going to tax those weeklies on all their advertising and the supplements they carry. Advertising and advertising inserts are how these newspapers manage to carry on. Most of these weeklies do not make a lot of money. They are operated by individual owners who are trying to make a buck in small towns. These small newspapers are the only defence we have in print against those three major papers everyone knows about.

I hope the minister will reverse these taxes when it is shown they are hurting some specific industries. I hope he will abolish this tax so as not to kill the small independent newspapers of this country. Members on that side think these advertisers can distribute their material through the mail. The trouble is that the inserts carried by these weekly newspapers come out on Wednesday for sales that take place on Thursday, Friday and Saturday. Can you imagine putting these inserts in the mail? By the time they got to us the sale would be over and the prices would be marked up 50 per cent. Furthermore, this would involve another tax on the public.

This whole measure is supposed to give the appearance of this government's efficient commerce. To me, the government has done an absolutely disastrous thing by bringing forward this tax. I can only hope that, as in my wildest dreams, we can in some way defeat the government on this measure, as I think it represents an absolute disaster to Canada, the west and our national economy.

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, I too would like to make some remarks about Bill C-57, presently before the House, entitled "an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas".

Let me say at the outset that there are certain aspects of this bill, as with any piece of government legislation, which will be helpful to Canadians, in particular those that deal with exemptions from excise tax as set out under Part I. This party generally supports the nature of those exemptions, with a couple of exceptions.

We have proposed an amendment relating to the exemption for utensils, instruments and equipment used in university teaching and research. This party would like to see the adoption of a minor amendment to clause 12 of the bill which would rule out the requirement that such devices be specifically designed for research, thereby exempting all such equipment employed in the conduct of research and teaching up to 50 per cent of the time. We would recommend the removal of the reference to the word "design" in the second line of clause 12.

In addition, we feel that included in the list of fuel sales tax exemptions there ought to be an exemption on fuels used in pilot training. If one has regard for the tremendously increased cost that Canadians of all ages must anticipate if they want to enter into pilot training, with the new Revenue Canada ruling that will disallow any tax benefit for flying training time in excess of the first 35 hours it becomes very important that a certain measure be introduced to ensure that the practice of flight training is given as much consideration as are other aspects of vocational and academic training programs in this country.

With that said, I think it is fair to say that speakers for this party, and in many cases my colleagues in the party to the left, have taken extreme exception to numerous aspects of the proposed legislation in Bill C-57. As the hon. member for Ontario (Mr. Fennell) pointed out a few minutes ago, this move toward indexation of revenue sources, whether it be federal or provincial, as in the case of the recent budget by the province of Ontario which included indexing of that province's revenue sources, is a very retrograde step. It seems to me governments are elected to serve the people, that the people of this country are not here to serve their governments. The practice of indexing income tax exemptions under the Income Tax Act must be retained and the government should not even begin to contemplate, as the Minister of Finance (Mr. MacEachen) has often implied, deindexation of exemptions under that act. In that way government does serve the needs of the people by ensuring that the timeless pace of inflation does not erode the basic minimum income people are entitled to enjoy tax free within this country.

• (1710)

On the other hand, the indexation of government revenue sources such as that proposed respecting the spirits, wine and tobacco provisions of Bill C-57, and the move by Ontario to index provincial gasoline tax revenue, really must be recognized as being inflationary because indexation, as in the case of the present bill, on a quarterly basis relating to the consumer price index component of cost arising from those particular consumables—the basic process of calculating an increased rate of tax revenue on an *ad valorem* basis rather than on a straight value basis—has an amplifying effect. If the revenue is tied to a certain percentage of the retail sales price of a particular commodity, then every time there is an increase in the tax to keep track of that indexing formula, it will have a reflected effect on the consumer price index and then will lead a quarter later to the need to index the rate of tax up once again. There is an amplifying effect which fuels inflation inherent in these provisions to index tax revenue sources to the consumer price index. Therefore it is wrong.

Of course, as many of my colleagues have pointed out, there is a change in balance between the excise tax rate assigned to certain spirits and to alcoholic beverages of 40 per cent alcoholic content or higher. Changing the ratio of taxation on

those alcoholic beverages compared with beer and wine leads to a situation in which people will ultimately be more inclined to buy hard alcoholic beverages as opposed to beer and wine. This is completely contrary to what is advocated by leading health and alcoholism authorities and to the practices of many other nations, most notably France, where in fact the rate of excise taxation against wine on a per unit alcohol basis is very, very much lower than against alcoholic spirits.

The brewing and wine-making industries made representations at the committee stage in opposition to this kind of indexing which, by the year 1991, I believe, could lead to Canadians paying some $26 for a 24-pack of beer compared with only $16 for a bottle of gin. The effect of that is quite obvious. The average Canadian making a visit to the liquor store is much more likely to buy hard alcoholic spirits than beer or wine.

As I said a few moments ago, the amplifying effect of this method fuels inflation because the rates of taxation are continually indexed upwards as the consumer price index rises, and the consumer price index will rise as tax revenues are increased. This is a very regressive measure and quite unacceptable to this party.

I want to talk for a short while about the energy aspects of Bill C-57, in particular the so-called natural gas and liquid natural gas tax provisions as set out in Part II of Bill C-57 and also the producers' tax and producer royalty provisions contained within Part IV of the bill.

Hon. members may recall that in the early autumn of 1980 a number of questions were asked of the government, and of the Minister of Finance in particular, as to whether he intended to introduce an export tax on natural gas. There were denials, most vehemently from the hon. Leader of the Government in the Senate, the senator from British Columbia, who pledged that there would be no such tax on British Columbia natural gas resources, as did the former leader of the Liberal party in British Columbia, Mr. Gordon Gibson.

In fact, hon. members may recall that over 32,000 residents of British Columbia sent in petitions to this House in the months of October and November opposing any tax on the export of natural gas and, by implication, on all forms of natural gas, whether exported or consumed within the province, because those are viewed by the residents of British Columbia, Alberta and the other western provinces as resources to which they are entitled under the provisions of the British North America Act and part of the deal under which British Columbia, willingly and happily, entered into confederation in 1871.

One might ask why the provinces are so anxious to maintain title to natural resources. The fact is that people, those in the more remote regions of Canada at least, are convinced they get better value for their tax dollar and for their resources by seeing those dollars invested and spent wisely and close to home by their municipal and provincial governments. Last autumn at the Union of British Columbia Municipalities meeting, the mayors of British Columbia unanimously opposed the imposition of a federal tax on the natural resources of British Columbia because those resources and the revenues they are capable of earning ultimately translate into the building of schools, roads, facilities, services and employment opportunities for the people of British Columbia.

There is a big revenue grab coupled with what I call the big lie which the Minister of Energy, Mines and Resources (Mr. Lalonde) and his colleagues regularly put out about how wealthy the western resource-producing provinces are. I invite more hon. members on the government side to visit towns like Calgary and Edmonton in January or February, or at any time of the year, and to view the lack of sidewalks in my own community, the lack of closed drainage ditches, the lack of adequate, completed parks, the lack of adequate hospitals and the lack of adequate playground equipment and facilities. These things are enjoyed in Ontario and Quebec, the much more established part of Canada. We are building an infrastructure out there which this part of Canada has enjoyed for over a century, and this costs money.

Therefore, if the per capita income from natural resources is as large as the Minister of Energy, Mines and Resources often likes to proclaim—some $1,600 per person—he should be honest with the people of Canada and let them realize how large the per capita income is in other parts of this country which comes from manufacturing and industry. How large is the per capita income from government in the Ottawa area? How large is the per capita income in some of the less affluent parts of Canada because of government gratuities and redistribution under the formal procedure of equalization, to which all provinces agree? However, to go around perpetrating this big lie and proclaiming that the people of western Canada are greedy, selfish and too fat cat is absolutely intolerable to western Canadians. We invite the minister and others to travel to British Columbia, Alberta and elsewhere to see roads sliding down the sides of mountains. I invite them to travel to many of our backwoods areas where there is not the pavement there is in most parts of Ontario and Quebec.

Much building and investment must be carried out in western Canada, and western Canadians, thank you very much, would like to have more say about how those investments are made than the federal government believes is necessary. If they are not allowed, within the confines of confederation, to make those decisions, then we cannot fault western Canadians for looking for another way. There is a lack of trust. History has proved that the Liberal big spenders in Ottawa have no sense of value and no sense of thriftiness when it comes to reinvesting the great bounty we as Canadians all enjoy.

It is interesting to speculate as to why Alberta and Saskatchewan have heritage funds and why the province of British Columbia has a B.C. Resources Investment Corporation or a British Columbia Petroleum Corporation. Why is it that we are able to put something away for tomorrow and invest in the building and development of our future when the government in Ottawa is bankrupt and leading our country down the same road to absolute economic chaos?

I think the natural gas tax which has been levied through the budget and as reflected in Bill C-57 is nothing more than a

revenue grab. Then the government imposes an 8 per cent production tax and, in addition to that, a producers' royalty on people who actually pay royalties to others for investing in our oil and gas industry.

The negative effect of these provisions of the National Energy Program are visible everywhere in our country today. For example, I imagine the bureaucrats, cabinet ministers and government members who contemplated imposing an 8 per cent producers' tax did not bother to calculate the rate of return on investment to determine whether investors in western Canadian oil and gas exploration could absorb such a level of taxation. And, of course, the massive number of jobs being lost in western Canada, the migration of whole industries associated with drilling rigs heading south where the rate of return is much larger, is indicative of the fact that this government is incompetent to do a quantitative analysis of the consequences of its policies before implementation.

• (1720)

I imagine, Mr. Speaker, that the government did not consider that a higher tax on natural gas, starting at 30 cents a thousand cubic feet or 28 cents a gigagoule and rising to double that amount within two years, would have an impact on farmers or on the important production of synthetic fertilizer from natural gas. It has now had that fact brought to its attention by the federation of Alberta gas co-ops and other groups, who made representations to the effect that the food we eat is really produced from our natural resources and that any increase in cost to the producer will ultimately be reflected in the cost of living index.

Of course, this government in its budget imposed a tax across the board at the wellhead which has its impact on home heating fuels; but that is compounded in western Canada where most people rely on natural gas for heating and comfort, which is a change from the way it was when I was a small boy 30 years ago and we had no timber, just a bit of coal, and we certainly did not have the warmth and convenience of natural gas.

Then suddenly this government increases home heating costs to western Canadians, indeed to the people of Ontario and Quebec that burn natural gas, by some 33 per cent from last October until next winter. That is a cost which has to be borne by the old age pensioners. I had the residents of a Kiwanis subsidized housing project in my riding receive a surtax on their December heating bill and every subsequent month which comes directly out of their old age pension, the supplement and widows' benefits. That surtax arises out of the National Energy Program. The plastics which are so essential to our manufacturing industry, the plastics that we waste too much of in this country, are also being taxed excessively.

We are doing this to initiate a concept of nationalization of our major industries in the energy sector. We started with the Petro-Canada acquisition and pretended that Canada was buying an oil company, but of course we were borrowing money through the chartered banks by assigning the term preferred shares to the banks who, in turn, conveyed that trust to foreign lenders, which made it possible for Canada to attempt to purchase a major part of the Canadian petroleum industry.

We now have across Canada brand-new Petro-Canada service centres that western Canadians avoid like the plague. In shopping centres which are competing with established centres they are putting in pizza parlours, convenience stores and clothing stores, which is again an example of the kind of irritant that western Canadians feel. It is an Ottawa Liberal attempt to invade and intrude into private sector business principles and traditions in western Canada which is totally repugnant to western Canadians. Of course, that leads to the question of which Liberal fat cats get the leases on these spaces. How many of these smaller deals, much smaller than the one that Mr. Strong apparently profited from tremendously by setting up the acquisition of Petrofina for the government, are benefiting people who happen to be friends, backers or bagmen of the Liberal party?

The Grits and their corporate friends are reaping high profits, and I suggest it is high time the government and the people of Canada know where these profits from high interest rates are going. I suggest that the high interest rates and high rates of return on investments being earned in Canada are being sucked off by certain financial institutions, friends of the Liberal party, who we will see emerge as the new Power Corporations of the future which want to take control of our oil and gas industry because they have special access to government and cabinet. I will name names. I am thinking of the Campeaus, the Strongs, the Desmarais and the McCains. I do not know how much others there are but it would seem to me—and this is certainly an irritant to western Canadians—that these individuals prominently connected with the Liberal party are probably somehow linked to high interest rates and the profits being accrued therefrom, and to the power plays being made in an attempt to grab a controlling interest in the oil and gas industry in Canada, particularly in the offshore areas.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his allotted time has expired.

Mr. Robert Wenman (Fraser Valley West): Mr. Speaker, I enter this debate with a growing concern over the direction the government is taking with regard specifically to my region of the country, western Canada. It runs completely counter to the good of this region and thereby to the good of the entire country. The energy provisions in this bill are designed for short term financial benefits and narrow political gains in central Canada. In the long run they will be disastrous for both the economy and the political viability of this nation. The friction and ill feeling caused by these measures, not to mention the legal precedents being established daily, weekly and monthly in our courts, will in the long run fan the flames of western discontent to unmanageable proportions. Instead of a co-operative form of federalism, we will be faced with a never-ending series of confrontations between competing levels of government.

It is impossible to understand the consequences of this bill under discussion without looking at the historical background and the trends in the present dispute between Ottawa and the provinces. It has been suggested, unfairly, that the main difference between Quebec separatism and western alienation is that the former is rooted in cultural aspirations while the latter is predominantly based on economic considerations. This belief places undue emphasis on contemporary disputes between Ottawa and the western provinces and ignores the evolution of a unique western Canadian political identity.

It is true, however, that the debate over resources that we are participating in today has brought the economic aspects to the forefront more than at any time in our history. The oil and gas resources in question generate billions of dollars in revenue, not just to the provincial government concerned but to the municipal and federal, regional and city governments as well. This generation of resource wealth in our economy is significant at every level of government, and because of that everyone wants to grab an overly large share of the pie. Not only that, but in the case of Alberta the oil and gas industry accounts, directly or indirectly, for one half of the jobs in that province.

With stakes so high we should not be surprised to see that provincial leaders are unprepared to make concessions which might serve as a precedent for further loss of ownership and control in the resource sector. However, since the revenue is so large, Ottawa's stake truly is very, very high; but because of that it should not be perceived in terms of a little bit more revenue. At stake is not just revenue; if they believe that is all that is important, then they are making a big mistake.

● (1730)

An attitude of belligerence is being perceived in the west. It is an attitude which reflects the belligerence of the central government, regardless of its political orientation. It is an attitude of belligerence expressed by the centre to its parts. Is that really worth exchanging for a few points of revenue? Personally, I do not think so.

The legal issues in this debate are also of critical importance, but I do not feel that the legal issues should be the be-all and end-all. After all, we are subject to continually changing political circumstances which should not be left at the mercy of arbitrary courtroom discussion. A legally right position is not necessarily a morally right position, or a right position as it relates to equity within the relationships of the governments in this partnership. Even if we have a federal government which can legally take revenue, and even if we have court decisions coming down on the side of federal resource control, that does not necessarily make the trend right. As we discuss this issue and as we look at the legality of it, the dollar bills involved, let us not lose sight of the morality of it. Let us not lose sight of the equity as it relates to the partners of this great nation.

Provincial efforts to develop their resources have not been made any easier by the fact that the west, especially the prairies, was originally conceived as hinterland to the industrial heartland of central Canada. It is worth noting that while the British North America Act originally granted ownership of resources to the three original provinces of Canada, similar rights were not achieved in eastern Canada until long after provincial status was achieved. The reason for this is not all that flattering to federal governments of that era, either Conservative or Liberal governments. I would like to think that throughout history the party with which I sit had, in fact, been righteous always, but that is not true of any of the parties here. Alienation is not limited to the Liberal Party of Canada, the New Democratic Party or the Conservative party. Alienation is much bigger than that. It is, in fact, separate and apart from the various political entities which have controlled this country in the past and which, of course, are attempting to maintain the status quo. As my hon. friend for Richmond-South Delta (Mr. Siddon) was speaking he mentioned alienation, and I heard the Minister of National Health and Welfare (Miss Bégin) holler across the chamber, "What does that have to do with this bill, these western concerns you are talking about? Get back to the bill."

Miss Bégin: Are you sick?

Mr. Wenman: No. You are the Marie Antoinette of Canadian unity as far as the west is concerned.

The Acting Speaker (Mr. Ethier): Order, please. If hon. members wish to entertain discussions, perhaps they can withdraw behind the curtain. Right now we are discussing Bill C-57 and the Chair would like to hear remarks with respect to this bill.

Mr. Wenman: Mr. Speaker, I want it to be understood that sometimes the banter which goes back and forth in this House of Commons is reflective of the central attitude of belligerence. In fact, that is the intent and purpose of this bill as seen by western Canada.

An hon. Member: The truth hurts.

Miss Bégin: Pretty stupid.

Mr. Wenman: When the minister calls a western concern about a tax on natural gas, which is inequitable and unfair, stupid, I am sorry she is in that frame of mind. That is the kind of attitude which is building the resentment which is, in fact, western alienation.

An hon. Member: Stop talking about alienation.

An hon. Member: Talk about the bill.

Mr. Wenman: Mr. Speaker, I hope the asides of members opposite will be reported. They ask me to stop talking about alienation and start talking about the bill. If there is any member of this House of Commons who can separate western concerns and western alienation from this bill which we are discussing I would invite them to come to western Canada in order to express that kind of separation. Mr. Speaker, I invite you to try to make that separation. The two are so intensely

intertwined. If we could only get the message across, if all the speakers who have spoken here could get that message across and none other, then we would, in fact, be accomplishing a significant amount. Of course, the most important step which we would accomplish would be that this bill would not pass if an understanding of the situation in the west were held by members opposite.

In the interim between 1867 and 1930, when the prairie provinces were granted ownership of their resources, minerals had become an increasingly important source of revenue. At that point they were negotiable, the federal government was willing to say to the provinces, "All right, we will give you this revenue sharing. We will give you this source of revenue." Times have changed. At that time the government was a small part of our lives, now it is such a big part of our lives that the centre must acquire more revenue to waste in various massive government expenditure programs. The federal government granted provincial status to Manitoba in 1870 and to Alberta and Saskatchewan in 1905, but Ottawa retained control over their natural resources until 1930. When ownership was finally transferred to the provinces, the principle of control was that set out in section 109 of the BNA Act of 1867, which reads:

> All lands, mines, minerals, and royalties belonging to the several provinces of Canada, Nova Scotia and New Brunswick at the Union, and all sums then due and payable for such lands, mines, minerals, or royalties, shall belong to the several provinces of Ontario, Quebec, Nova Scotia, and New Brunswick in which the same are situate or arise, subject to any trusts existing in respect thereof, and to any interest other than that of the province in the same.

The intent of the British North America Act at that time was very clear, but it has become less clear through central government practice.

At the same time, the prairie provinces were extended the right to impose direct taxes within the province, a right conferred on the original provinces by section 92.2 of the BNA Act. However, the BNA Act also granted considerable powers to the federal government which were to have far-reaching implications for provincial jurisdiction.

Those far-reaching implications are being felt over a hundred years later in the bill which is before us today. They are implications and not intentions which were established at the beginning of confederation. It is those intentions which are being challenged here today in our opposition to this bill. Specifically, section 91 of the BNA Act conferred upon the Parliament of Canada the authority to regulate trade and commerce and the power to raise money by any mode or systems of taxation. I do not believe that, at the time these powers were conferred on the respective governments in 1867, they were intended to be absolute. Unfortunately, over time, they have become regarded in this way. The provincial view is that provincial Crown ownership is, in the words of Alberta's energy minister Merv Leitch, the "key to the answer to nearly all questions of jurisdiction over natural resources". In this view federal action is limited strictly and absolutely to specified circumstances of truly national dimensions or emergency.

Two early court cases, *Smylie v R. (1900)* and *Brooks-Bidlake v A.G. British Columbia (1923)* supported this view. Both cases involved the right of provinces to place certain conditions on the sale of timber abroad. Both judgments ruled in favour of provincial jurisdiction. More recent decisions show that the passage of time has modified legal views on the question of resource ownership. The federal position today is that Section 91 of the BNA Act gives them considerable scope for acting within the realm of resource control. They agree that the two cases I referred to earlier, Smylie and Brooks-Bidlake, do not apply when there is a question of provincial property, proprietary rights, versus federal powers over trade, commerce and taxation.

● (1740)

Two recent Supreme Court decision, *Canadian Oil and Gas v. The Government of Saskatchewan (1977)* and *Central Canada Potash v. The Government of Saskatchewan,* seem to support the federal position. In the first case, the government of Saskatchewan expropriated all oil and gas rights in the province and set up royalty and tax structures which would have effectively allowed the government to gather for itself all excess profits resulting from the sharp rise in the price of oil. The Supreme Court ruled that this represented an indirect taxation and was hence beyond provincial control because oil price increases would be passed on to the consumer instead of being taken directly from the producer. Moreover, it was found to intrude upon federal authority over trade and commerce because 98 per cent of Saskatchewan's oil was exported at that time. The second case, Central Canada Potash, involved an attempt by the Saskatchewan government to legislate the rationing of potash production between various producers. The potential of Central Canada Potash would have been greatly reduced by this action, and it appealed to the Supreme Court, which ruled that the issue was one of external trade, and thus the responsibility of the federal government. These decisions were the latest development in a process best summarized by S. I. Bushnell:

> The present trend of the interpretation of the trade and commerce power by the Supreme Court of Canada towards restriction of provincial power over matters which have economic ramifications outside the province, lead to the conclusion that control over natural resources has passed to the dominion through the trade and commerce power.

The decision in this court case is, in fact, one of the most significant in setting this trend toward federal control and ownership of resources. It is this trend, which is being established by precedent, which is so alarming to western Canada. This trend is further fortified by bills like this which set another form of precedent and another form of taking control. This affects the very basis, future, and potential of the provinces.

We have more recently seen the federal government employ the trade and commerce provision to hold down the price of domestic oil and use its tax power to capture the difference between the domestic price and the export price. Efforts by the provinces to halt this process have been countered by federal government measures, which were apparently legal, according to the strictest letter of the law, but which were hardly equitable to the producing provinces.

When one gets down to a debate of legality versus equitability, one finds western Canada to be in an impossible situation, because how can unequal parts ever be equal? When all the power and all the structure is based at the centre, and we are seeking equity, how can we possibly get it when we do not have the legal capacity or the power structure to make the changes? For example, when both Alberta and Saskatchewan attempted to raise royalty rates to take advantage of a massive oil increase in 1973, Ottawa responded by removing deductibility on royalty payments on federal income taxes paid by all companies. Rather than place such a heavy burden on the producers, who backed down? Was it the federal government, which should have backed down in the interest of Canada, in the interest of the region and in the interest of the producer? No, it was the provincial government which backed down in a spirit of compromise and a spirit of reality, it gave in; but by giving in, it gave everything that it had. It gave away the few levers of power that it had in a spirit of good will and in an attempt to come to some sort of compromise. Now it is left with very little.

The Lougheed government is attempting to use the only tool left to it, and that is control over production. However, this federal government and this House of Commons have allowed even that to be taken from Alberta, from the regions, and from the provinces. It has not just affected Alberta. It has affected the whole of Canada. We seem to view this so often as a set-up between a province and the country. But it is not a province versus the country; it is all for the benefit, or should be for the benefit, of the country. However, the federal government is prepared to take back this last tool through what it defines as an emergency. This Energy Supplies Emergency Act leaves very little in the hands of the provinces, and much less than was originally envisaged in the BNA Act of 1867.

In the words of Professor A. Thompson, the game is over if, in addition to setting prices unilaterally, Ottawa can compel the resource-owning provinces to sell. At that point, no real bargaining power is left to the province. *De facto* expropriation has occurred.

Can we move to *de facto* expropriation, the federal government, in fact, accomplishing expropriation of its parts? That is the question. Can we? The federal government seems willing to bargain with that, to play with that, and to take that chance of making the big grab; and it is losing all, because I do not think that the western part of this country can possibly accept that one last straw. That is what we are reaching.

It is so hard to explain that in this House of Commons. It is so hard to explain that to hon. members opposite who say we should get on with the issue of the bill when that is, in fact, the heart and soul and the very basic issue of the most important problem facing Canada today. It is that one more little step which is breaking the relationship of the parts to the centre.

Today we are discussing part of the enacting legislation of the National Energy Program which has continued this tradition of federal intrusion into provincial rights, but has again added a new precedent and a new element. Besides continuing to hold the price of oil below world levels and introducing new tax on net revenues, the federal government, for the first time, introduced a natural gas—

The Acting Speaker (Mr. Ethier): Again I must interrupt the hon. member; his allotted time has expired.

Mr. Pat Nowlan (Annapolis Valley-Hants): Mr. Speaker, I am also glad to participate in the debate during the report stage of Bill C-57 which is now before the House. In view of the limited time we have on such a fundamental bill, I will try to make my remarks fairly short and concise. I guess this is always an interesting challenge for any hon. member, and it certainly is for this hon. member. I do not intend to become involved with this question of alienation of regions today.

We have heard quite a bit from hon. members, and certainly from those from the west. I think they have justification to feel very aggrieved at certain elements of this excise tax bill, which is what it is, in terms of how it affects the natural resources of a very specific part of the country, namely, western Canada. Without getting into the exchange which has taken place between hon. members from time to time, my fundamental concern with this bill is what will be done if this bill is enacted. Certainly, those in the viewing public and in the galleries must feel that this is pretty dry subject matter. It is the type of thing which does not only relate to regional alienation, but also raises the fundamental question of how the whole parliamentary process alienates the people.

The indexation of excise taxes started out on a quarterly basis, and I gather it is now based on the cost of living on a yearly basis. This really takes away the very real and historic reason as to why there is such an institution as Parliament. You, Your Honour, know well your history, and some of us know our history to a point. This whole parliamentary process started with the fundamental battle of the power of the purse. Parliament was not called together to legislate laws relating to all the social injustices of the land and to pass unemployment insurance bills and medicare bills which have evolved as society has evolved. It was a fundamental fight between the old king and his dukes and lords to try to raise the money so that the king could fight the wars of the crusades. That, in an elementary way and oversimplified to a point, is how Parliament—from the French word "parl" meaning to speak—came to oversee expenditures. I do not know about the ladies but, in effect, the lords and dukes said, "Look, Mr. King, we are going to provide the horses to fight the crusades and money to help pay the soldiers, so we want to have something to say about when we fight and who we fight, or if we fight all the time and whether we are going to have another War of the Roses for 100 years." It is the basic principle, the power of the purse from which the parliamentary system evolved and accordingly, it is how society evolved. At least once a year Parliament had a budget and the elected representatives of the people could decide what would be done with the money.

● (1750)

Some people might suggest that we may be getting into that kind of imperial trapping here with the long-time government

by one party. In effect, the people were able to tell the rulers or the prime minister of the day that they did not like a particular tax and that they would not vote for it.

Once the principle of indexation of the excise tax is established, Mr. Speaker, why would the government stop there? Why not have an indexation of income tax and corporation tax? In many countries, as in this, the parliamentary process has fallen into disrepute and it is under attack because of the social order of the day. We all know that of the 150 countries that constitute the United Nations, only about 25 have the type of government that we have.

As the intention of this bill is to index taxes, it is not beyond the realm of argument that the next thing would be to index income taxes and then corporation taxes. In that case, why need Parliament meet? Everything could be tied to a computer and to the cost of living. All we would have to do is push a button at home. That is what I find iniquitous and why I reject this bill.

Traditionally, ministers of finance have had to come into this chamber and face the people who are sent here to talk about finances and the taxes of the day.

The problem is not just the alienation of region against region which appears in this bill, but there is also the potential for a further alienation of the public from the whole parliamentary process.

There is a specific example of this which affects everyone who imbibes at all. It is something about which the working man, about whom we properly hear so much, should be aware and concerned, and that is the effect of indexation of the excise tax on the price of beer. Other members have spoken of how the iniquitous increases are beginning to challenge the way the Canadian consumer spends his leisure time if he wants to have some liquid refreshment. I do not think any country has ever tried to influence social mores by means of a tax bill and I do not think that the Minister of Finance (Mr. MacEachen) wants to do this either, but such is the direct effect of the excise tax.

It will mean a 29 per cent increase in the price of beer, a 155 per cent increase in the price of wine, but only a 6 per cent increase in the price of distilled spirits. When this indexation is compounded to 1991, it is clear that the cost of a two-dozen case of small bottles of beer will have increased by 157 per cent and will cost the consumer $23.64. By the same indexing principle, compounded to 1991, a 25-ounce bottle of relatively inexpensive gin will have increased 101 per cent but will only cost $16.42.

It does not take a teetotaler to appreciate the effect this will have on our social mores. We have to recognize that there are those who like to imbibe. Rightly or wrongly, the libation at five o'clock or six o'clock has become a way of life in most western industrialized countries—even in Russia I am told they imbibe the odd vodka. I do not know if they have beer in Russia, but if they do, I am sure that the working man who goes to his commune and votes for his commissars would not put up with a massive increase in the price to the tune of $23.64 for a two dozen case, compared to someone paying $16.42 for his gin or vodka. Revolutions have started on less provocation than the sledge-hammer approach of this excise tax index, compounded to produce this result.

While this appears to be a dry debate, there are elements which have some very real liquid connotations. As long as we talk only about the libation liquid and not about blood in the streets from the revolution which my hon. friend for Halifax-West (Mr. Crosby) mentioned, we need not worry, but all the same, revolutions have been started for less.

I say very seriously that this bill is bad in principle. It means more than the alienation of the region which is involved in the wellhead tax and the production tax on the natural resources of the west when there is no such tax on the natural resources of other parts of the country such as nickel, copper or electricity. The attitude is to grab some money—take it from the well. There will surely be alienation of the people who will be hit by this excise tax compounded and indexed to the cost of living. The government, which is not supposed to profit from inflation, has tried, as we all know, to index away the effects of inflation on personal income tax. But through this bill, if the cost of living goes up, so does the excise tax and the revenue to the government.

For that reason alone, I would have no hesitation in voting against this bill and I am glad to have the opportunity to speak against it this afternoon because of the effect it will have on the parliamentary process.

I see it is just about six o'clock, Mr. Speaker, so before I go on with my other points, may I call it six o'clock?

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, I do now leave the chair until eight o'clock p.m.

At 6 p.m. the House took recess.

[*English*]

AFTER RECESS

The House resumed at 8 p.m.

Mr. Deputy Speaker: When the House rose at 6 p.m., the hon. member for Annapolis Valley-Hants (Mr. Nowlan) had the floor.

Mr. Nowlan: Mr. Speaker, in view of the order of the House earlier, I know we have limited time and there are not many minutes left. Without reviewing what I said before the supper break, I do want to say that Bill C-57 is a pretty dry sounding bill. It deals with excise tax and what it will do to Canadians from coast to coast, be they high income or low income Canadians, be they people who like spirits or wine or people who like beer. This bill packs a hefty wallop. Revolutions have been caused by incidents less iniquitous than those contained in this bill. Canadian people who, in the heat of the summer, might like their draught of beer are going to be rather

concerned with the indexing provided by this bill. The minister may laugh, he may like the odd beer too, I do not know about that. But Canadians from coast to coast will realize that for the first time we are putting an indexing clause in a tax bill, not to help the aggrieved taxpayer to pay his taxes, but rather a clause whereby taxes will rise if the cost of living increases. This will occur to such an extent that a case of two dozen beer in small bottles, not the great big quarts that people in Atlantic Canada used to know in the days of yore, will increase by 157 per cent by 1991. Therefore, in 1991 a case of two dozen beer will cost $23.64. On the other hand, there will be an increase of 101 per cent on a bottle of gin, whoever drinks that, or vodka and some of the other imported liquor under indexation and the compounding of it, which is adding tax to tax. However, a 25-ounce bottle of gin or vodka will cost $16.42.

This is an iniquitous tax. If this Parliament approves a bill that forever and a day establishes a precedent for future days, not in the days of yore, then all taxes might as well be calculated according to the cost of living index. Why not calculate the personal income tax according to the cost of living index? Why not calculate corporation tax or for that matter any other type of tax in that way?

I say to hon. members that this is a fundamental affront to the whole reason why this place first began many years ago when the old dukes and the lords sat together and addressed the king. I am not referring to Mackenzie King but to the old royal kings. It might have been Mackenzie King, too, but in the old days they said "Look, Mr. King, you cannot fight the wars of the crusades unless we have a say in what you are going to do." That is why Parliament started under the old English system. It was the power of the purse, and who was going to impose taxes. Did the people have the right to send representatives to the capital of the land to discuss taxes?

But when there is an excise tax which affects items in this country, let alone beer which some people like to enjoy, I say it is an iniquitous bill. For that reason alone, I am very happy to speak against it in a constructive way.

I said earlier that we are not talking about the alienation of regions. We all know now that people think different things about members of Parliament, about what members can do and what they cannot do. Many people think that members of Parliament are trying to do things to them through the back pocket or via the open door.

I believe in this place. These are the words of the late right hon. gentleman from Prince Albert whose shadow still falls from time to time on this House, to its betterment. This is the only institution that is the embodiment of the personification of 22 million or 24 million Canadians, however many there may be tomorrow, on June 3, when we are all supposed to sign our census forms. Parliament is the living organ from coast to coast.

● (2010)

I could speak a long time about this. While men opposite, those in government, political adversaries, respected colleagues take a position, and I respect a person who does, I am sad about one thing. I am afraid that government ministers, not those on the back bench, have really lost touch with old Joe Canadian, old Jane Canada, Ms. Canadian, Mrs. Canadian and Mr. Canadian. They have been in power too long. They really have lost touch.

Getting off the subject of beer, which does not make this bill dry but makes it rather interesting, let us come to those things that other members have talked about in a serious vein. My whip tells me that I only have about two minutes left. I will not repeat all that was said about the inequities of the production tax, the 8 per cent wellhead tax, taxation of the natural resources in the west when we do not tax other natural resources such as nickel, copper or electricity in other parts of the country.

After we adjourned, the six o'clock news had confirmation that this national energy policy, which should be called nationalization of energy productivity, has failed. When I walked into the lobby at six o'clock, I heard over television an announcement by the Minister of Energy, Mines and Resources (Mr. Lalonde) that those little old Canadians who worried about 18 cents in an election a short two years ago will now pay another nine cents a gallon because this energy policy is failing.

I wonder whether the hon. member for Lincoln (Mr. Mackasey) would stand in this House and tell us what a gallon of gas—not a litre—costs. Before the nine cents was added at six o'clock, because of what is happening in the national energy scene, the basic price of gasoline in this country was $1.60 a gallon.

The only thing that saved the government and fooled the people was the conversion to metric. We all got tied up with litres—a litre this, a litre here and a litre there. How many people know how many increases there have been since the election? Before tonight there were 11 increases. Eighteen cents was the dishonest open Sesame for the finance minister for whom I have no sympathy because that is how he engineered the takeover.

I understand my time is just about up. While metric and conversion to metric might save the government in the short term, unfortunately, to paraphrase another famous quote, in the long term Canadians from coast to coast are going to rue the day, and Bill C-57 is one of the instruments that should be put down, voted down and talked down by every Canadian from coast to coast.

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I will not take too much time in this debate because much of what can be said has already been said. There are two or three points that are probably worth repeating and there are a number of new points I want to make in order that we can tie this matter together. Anyone who happens to have inadvertently tuned into this tonight must surely wonder why the House of Commons is devoting so much time to this piece of legislation, given that there are so many much more basic and

fundamental problems confronting the country that ought to be dealt with.

I was speaking to my good friend Sid Parker over supper—

Some hon. Members: Order.

Mr. Deans: I realize I should not use his name, but I cannot remember his riding.

Mr. Nowlan: And he's a good friend?

Mr. Deans: He said he cannot help but wonder when we will begin to deal with the fundamental problems confronting the Canadian economy and the people of Canada. If legislation such as this, which under normal, more buoyant conditions would be seen as fine tuning the economy, is brought forward by a government faced with an economy that desperately needs new rings and valves, we have a major problem confronting us. I am surprised that we are being asked to do what we are being asked to do tonight.

I was looking at some statistics that I am sure you, Mr. Speaker, on behalf of your constituents have been looking at and worrying about. I can tell from the additional grey in your hair that it has been bothering you immensely. I know you have recognized in reading over this bill the impact of some of the proposals that have been put before us.

This bill is designed to inflict greater hardship. You would swear that if the government had sat down to find ways to undermine the economic fabric of the country, they would have come up with legislation such as this. If the government had fully understood the problems confronting this nation at the moment, the difficulties facing the average family, whether they live in British Columbia and cannot afford to buy a house, on the east coast and cannot find a job, in central Canada in Ontario or Quebec and find the entire manufacturing sector being undermined or in the mid-west, Alberta or Saskatchewan and see the effect of the government's taxation policies on their natural resources, it would know that people in all regions of this country are asking why, in the face of the evident problems, the tax on natural gas is being raised.

Why is this being done at this time when people are being asked to switch to metric, whether rightly or wrongly, and I will not enter into the debate on its merits at the moment. The government is asking us to switch to metric, but it has not recognized that small businesses in every single part of this country must lay out dollars they cannot recover from the sale of a product or produce they have available for the consuming public. This is simply because of the bank interest rates that have so detrimentally affected their ability to carry inventory.

Why would the government not eliminate the tax entirely on all of the equipment necessary for the very smallest of businesses to convert from today's weights and measures standards to the metric system which for one reason or another the government has decided must be put in place today no matter what the cost or burden?

My colleague for Kamloops-Shuswap (Mr. Riis) spoke about the effect of this on small business. He pleaded with the government to rethink this ridiculous 50 per cent reduction from their tax burden in order to accommodate the changeover to metric. He pleaded with the government to go the whole way and remove the burden now from people who cannot afford to pay for something they frankly do not think they need. They should not be required to pay the tax at all. It might even be said that the government ought to foot some of the bill. After all, it is the government that made the determination that this changeover must take place.

I do not want to devote a lot of time to another matter that undoubtedly has taken a lot of time of the House over the last few days, namely the changes in tax on beer, wine and spirits. I think my colleague, the hon. member for Kootenay East-Revelstoke (Mr. Parker), said earlier today that this tax was aimed at the beverage of the working man. Is that not always the case. You never seem to tax the beverage of the affluent, you always hit the working man's pint of beer, and it has been that way since time began and taxes were instituted. This government follows that slavishly as if somehow or other there were no alternative ways to meet the tax burden that, over the course of the last many years, it has allowed the consuming public, the taxpaying public and the families of Canada to bear year by year.

• (2020)

This government speaks of its deficit and its tax problems as if somehow or other someone else created the problem or as if this problem were created by some other government. It fails to recognize what everybody else in the country knows, that we have been governed by Liberals for so long, in spite of that brief interlude of government by Conservatives, which reared its ugly right head, the Liberals have to assume the entire responsibility.

There is a tendency on the part of government now to introduce measures that would allow it to benefit directly from inflation. This is not the only government which has indexed its tax system to enable it to benefit from the inflation it claims day by day it is trying to fight. The province of Ontario just recently announced that it too was going to get on the inflation bandwagon as it affects the taxes it raises by indexing its taxes in some areas to the level of inflation so it would be able to reap the benefit of its own inadequacies and mismanagement.

I say to you that when a government is so incredibly negligent in its approach to the levying of taxes and, in fact, to the expenditure of funds generally, one cannot help but wonder whether this country has in fact any possibility of recovery, given that the Liberals have at least three more years to wreak their havoc on everyone.

There is an alternative, however.

An hon. Member: Not the NDP.

Mr. Deans: There is an alternative to these measures. It is an alternative that we in this party, in spite of the bleatings and hootings from certain Liberal backbenchers who rarely get to their feet to speak, suggest could be pursued by this

government. It is an alternative that, if the public of Canada were made aware of, and knew what has really taken place, they would embrace.

I suggest to you that my colleague, the hon. member for Broadview-Greenwood (Mr. Rae), when speaking during the question period, put some statistics before the House that are almost mind-boggling. It is hard to believe, without having the information provided by an independent source in front of you, that the conditions of the economy of this country have deteriorated to the level to which they have deteriorated.

I know, Mr. Speaker, that you know, and perhaps two or three other members would know if only they would take off their muzzles, rise to recognize it and do what they really feel they should be doing, that in spite of the fact that the average wage has risen only 150 per cent in the last ten years, the direct taxes levied by this government on the people of Canada, those very same wage earners, has risen by 300 per cent in the same period of time. I know my hon. friend, the member from Revelstoke sitting beside me knows, as I know that other members of the House know, that during that very same period of time bank profits, which the president of the Royal Bank and the Governor of the Bank of Canada seem to think are fair and reasonable in this country, rose by 210 per cent. Remember that wages in those ten years rose by 150 per cent, and taxes on wages in those ten years rose by 300 per cent. Bank profits during those ten years rose by 210 per cent. Do you know what the tax increase was on the banks during that period? Would you believe it was 14 per cent?

How can this government bring forward this piece of legislation which inflicts this burden upon people in this economy who frankly cannot afford to meet the commitment or the bill? At the same time, while sitting back watching the wage earners of this country being ripped off day after day by this government which does not care about their capacity to meet their needs, the government is turning a blind eye to the fact that banks, which have been able to take unfair advantage of the inflationary spiral fed by the policies of this government and its predecessor and supported day after day shamelessly by the Governor of the Bank of Canada and the bank presidents of this country, have seen their tax burden increased by only 10 per cent over ten years. These people who have reaped so much of the benefit over these ten years, with wages, I must say, considerably in excess of the wages of average individuals working eight hours a day, 40 hours a week, 50 weeks a year producing products that should be able to be sold in this country and across the world, these people who have benefited so greatly from government policies and supported by them almost without question, have seen their tax burden increase by only 14 per cent.

Mr. Knowles: That is no burden.

Mr. Deans: As my colleague, the hon. member for Winnipeg North Centre (Mr. Knowles), says quite rightly, that is no burden. You have heard, Mr. Speaker, as have I, my colleague, the hon. member for Winnipeg North Centre, rise in his place for years putting before the government the plight of the pensioners of Canada, asking the government day after day if it does not understand that the pensioners in this country are unable to meet the ever-increasing cost of living, that they are unable to meet the inflationary spiral that inevitably affects every single part of their life because of the inadequate income levels they receive. Every day he rises and the government turns a deaf ear to that plea.

What purpose does the House of Commons serve if we are not able to deal with the major problems that confront the average individual from coast to coast in this country? What is it that we say to people today as they walk out and away from their homes, not because they do not want to live there, not because they have not worked hard every day or made the effort, but because we, sitting in the House of Commons, have no vehicle for bringing under control the policy of this government which seems bound and determined to undermine the very fabric of the economy of this country and the people who live here? I say to you, Mr. Speaker, this must exist in your constituency as in mine and in that of most other members, and you must have seen the way in which those young families have given almost everything they have to buy a home they were barely able to afford, only to be faced with such an increase in interest rates that not only are they forced to leave the home, but forced to leave their investment in that home behind them because they could not sell it to anyone else at current interest levels. The people who are living in the same communities cannot afford to assume the mortgage either. Why does this House of Commons not have the time to deal with that important matter? Why is it not possible for us to have a debate on what could and should be done to try to resolve that, when we can find time to talk about an excise tax which works an even greater hardship? We should be trying to find solutions to existing problems.

• (2030)

Mr. Young: That's the Liberals.

Mr. Deans: As my colleague, the hon. member for Beaches (Mr. Young), says, "That's the Liberals", and I suppose if we think about it and look back over the years, that is the history of the Liberal party. It has always said many good things, but when it came time actually to perform, the performance has never lived up to the expectations the Liberals have been able to raise.

Any day now the Minister of Finance (Mr. MacEachen) will be coming forward with one form or another of wage controls. As I pointed out earlier, wages have fallen far behind for four consecutive years. The wages of workers have fallen behind increases in the cost of living. That has happened for four consecutive years, yet the Minister of Finance, shored up by the Governor of the Bank of Canada, has the audacity—

Mr. Rae: Chutzpah.

Mr. Deans: —or chutzpah, to suggest that somehow these workers whose wages have not even kept pace with the inflationary spiral are responsible for the inflation we have and that he will move by one mechanism or another. He can have TIP

or direct wage controls; he can call it what he likes; the fact of the matter is that he will move to restrict further the wages of those people while at the same time allowing the banks to continue to operate as they have. Together with the Bank of Canada and the Government of Canada, the banks have forced prices up and up and up. By a policy decision, they have forced small businesses into bankruptcy in record numbers in the last two years. As a matter of conscious decision they have forced small family farms into bankruptcy right across this country in record numbers over the last two years. As a matter of policy they have decided that there will have to be those who fall by the wayside. Inevitably those who fall by the wayside will be those who had little to begin with, and they will lose what little they have worked for.

I say it is an affront for the government to come forward with a legislative proposal of the type we have in this bill. It is a disgrace that we should be here tonight speaking about these changes, which are unnecessary and destructive, when we should be dealing with much more serious and much more far-reaching problems.

Mr. Douglas Roche (Edmonton South): Mr. Speaker, I am always amused when I hear a member of the New Democratic Party attacking the Liberal government on its energy and economic policies. It is just hilarious. I tell the hon. member for Hamilton Mountain (Mr. Deans) that the New Democratic Party had its chance to support a decent government and its energy and economic policies in 1979. You elected to choose that bunch over there. That is what you have to live with. I think it is ridiculous for the New Democratic Party to come in here tonight and raise hell with the government. Why are you not here defending members of this government? You put them there.

Mr. Deputy Speaker: Order, please. The hon. member's remarks should be addressed to the Chair.

Mr. Roche: Mr. Speaker, I intended to address you. It is not my intention tonight to delay the continued process of this legislation, which was already been extensively examined, but I cannot remain silent in the face of the deepening crisis respecting the energy policies and price increases which are brought about by the National Energy Program, and I cannot remain silent in the face of the intended actions of the government through Bill C-57.

Not only as an Albertan but also as a Canadian I am opposing the taxes in this legislation in the strongest possible way because of the very serious impact there will be on the industry, our energy future and the economy in general.

The arguments our party has put forward in opposing this legislation have been very clearly and extensively delineated, particularly by my colleague, the hon. member for Edmonton West (Mr. Lambert), who did an outstanding job in his analysis, and the hon. member for Etobicoke Centre (Mr. Wilson) and the hon. member for Medicine Hat (Mr. Hargrave), who also made distinctive contributions to this debate.

What are we facing here tonight? As was the case in the Constitution debate, again the government is impervious to the comments of hon. members who have a larger view of the power and the potential of Canada than the narrow, centralist concept espoused, most notably by the Prime Minister (Mr. Trudeau) and his chief energy aid, the Minister of Energy, Mines and Resources (Mr. Lalonde). As a result of what I call the continued centralist introspection which comes through in the government's policies and legislation, particularly respecting the Constitution, energy and economic fields, we have a country which is tied up in knots.

I returned this morning from a conference of educators in Winnipeg. We were discussing some of the larger questions of development and Canada's role therein. Some of those educators from across Canada turned their attention to the inability of Canada to make clear, comprehensive policies in the development field when we are at such an impasse in our federal-provincial relations. The people who were there this morning are intelligent, and they were asking why we have this continued impasse in federal-provincial relations in this country. It is madness, so much so that one person even suggested that if somebody could figure out a way to solve the federal-provincial deadlock and stop the wars which are going on in this country, that person would deserve the Nobel peace prize.

What we have now is a second imposition of a cutback in production by the province of Alberta. Alberta has now cut back production by 120,000 barrels a day in an effort to make clear to the federal government that a fair and just energy policy and pricing scheme and formula must be arrived at in the interests of all Canadians. We have had imposed on us a levy at the pump to pay for the resulting increased importation of oil.

We already know we are paying $5.5 billion a year—perhaps it will go up to $6 billion before this year is out—for imported oil while oil is lying in the ground in Canada which could be used instead. We have been through this many times in the House of Commons. I will not delay the debate any more tonight except to ask, on behalf of the people who sent me here and on behalf of Canadians as a whole, when this impasse will come to an end. When will we stop seeing oil rigs being driven out of the oil-producing provinces? Up to now, 139 oil rigs have been driven out of the country; 63 more are to follow. Each one of them is worth at least 60 jobs. Drilling activity is down 50 per cent. Canadians are being asked to put up with all of this. That is a policy of madness.

• (2040)

Is it too late? I do not believe it is too late. The people of western Canada are very anxious and concerned. They do not want to turn their backs on the rest of Canada. And I do not want to be accused of being an alarmist or crying wolf when I say again that the incidence of separatist feeling is increasing in western Canada and particularly in my own province of Alberta. I want to say that to the government again in a plea to have them hear voices other than the 20 people in Ottawa who, according to Richard Gwyn, have the ear of the Prime

Minister. The Alberta gas co-ops sent 126 oil and gas well service industry representatives to Ottawa to speak in very clear terms of severe cutbacks, lay-offs, massive budgetary reductions and idle drilling rigs, and I want to know why those distinguished industry representatives cannot be heard here. Let me quote, Mr. Speaker, just one paragraph from their brief. It is well worth hearing again. They said:

> On behalf of our members, and for the benefit of all Canadians who are, or will, use natural gas or natural gas by-products as a source of energy, we protest the imposition of the recently announced natural gas excise tax.
>
> This excise tax will have particularly harsh effects on those with low or fixed incomes, unskilled wage earners, elderly pensioners, and farmers who have only limited opportunity to recover this additional cost.

Now, Mr. Speaker, are the Alberta gas co-ops not worth listening to? Is the Alberta Chamber of Commerce, which submitted a brief along the same lines, not worth hearing? These are the voices of responsible, moderate and productive groups in our country who want to move Canada into an era of high production, one of which we are capable and which must be achieved if we are to have energy self-sufficiency before the year 2000. I have already lost hope that we will have it by 1990. These people ask, and properly so, why is it that our resources are to be taxed when others, such as gold, uranium and hydroelectric power found in other provinces, are not? That is a question I would invite some member of the government to stand up tonight and answer. I would like to know why the government is so determined to nationalize the petroleum industry, why we see this same kind of philosophy in its attempted takeover of the CDC, a philosophy which we see espoused in so many of the government's policies.

We in Alberta, Mr. Speaker, want to participate fully in the continued development of our country. I say to you that the Prime Minister, who is giving some attention these days to North-South problems, is not going to achieve gains in the North-South if he is unable to solve some of the east-west tensions in our own country. That is something which needs the attention of our government in a much larger way, taking into account the responsible voices who are pleading with the government to get on with the job of developing our country and allow each region to participate fully so that we can proceed together in a world that needs our productive ability. It is not right that bankruptcies are up 300 per cent in one year in Alberta, a province that is supposed to have one of the most dynamic economies in our country. The deleterious effects of the cutback in oil production in Alberta are being felt in the secondary industrial aspects of our society.

I say to you, Mr. Speaker, that the combination of constitutional, energy and economic policies carried on by this government, which we see continued tonight in the government's determination to push Bill C-57, are destructive and are going to destroy our country. I do not want to be around in a few years' time when my children come to me and say: "Where were you when it was clearly apparent what was happening to our country, where was your voice?" I tell you, Mr. Speaker, that here I am, one of many people in this House representing millions of people who are fed up with the way in which our country is being mismanaged. This government must really be a lover of animals because I am telling you, it is sending our country to the dogs tonight.

Mr. J. R. Ellis (Prince Edward-Hastings): Mr. Speaker, I am going to be reasonably brief in my remarks this evening. First of all, I want to do as my colleague, the hon. member for Edmonton South (Mr. Roche) did and direct a few words at the previous speaker, the hon. member for Hamilton Mountain (Mr. Deans) who had the audacity, the bravery, the courage to take on the banks from the very, very safe position of being unable to do a confounded thing about it. He knows very well that in doing that, by supporting his friends across the way as that party did a year or so ago, he will never be able to do anything about it. I want to go on record as well as having said to my friends on the left that they had an opportunity to put into place a government that would have taken action on all of our economic problems and they blew it.

An hon. Member: You too defended Bouey.

Mr. Ellis: And my guess is that they will continue to blow it.

Tonight I want to deal with one very small segment of this bill, that is motion No. 9 in the name of the hon. member for Edmonton West (Mr. Lambert), and I thank him for putting it on the Order Paper. He and I had some discussions on this, and while I could not possibly attend the various meetings in committee—and I make no bones about the fact that I do not get very involved in tax bills—they bother me more than just a little bit. Nonetheless, this particular item is one in which I am particularly interested. It has to do with the removal of the provision for commercial air service operators to deduct the tax on aviation gasoline used in flight training. This is an example, Mr. Speaker, of the government, as it has done in the past, taking a pot-shot at a very small segment of the economy, one with very little ability to fight back because it is not as big as the airlines, the banks or many other segments of the economy. In fact, it is made up of some very fine people who are very concerned about that segment of the economy.

The commercial air service operators who provide flight training are very concerned that the importance of this training is being lost sight of, as evidenced by these tax measures. In the mini-budget of April 21 last year, the sales tax exemption for commercial aircraft was amended to exclude aircraft used in flight training. In the same budget it was confirmed that refunds of the excise tax on aviation gasoline, which was imposed in December, 1978 ostensibly for non-commercial users, would not be available for flight training activity.

Now, Mr. Speaker, I want to take a moment and put on the record a picture of one of these small fixed-base operators. The one I will use as an example is a man named Jim Marker. Jim Marker has been involved in the education of students of flying in the Belleville area. In fact, he has been involved in all sorts of flying in the Belleville area for these many years. He is a very dedicated man. I doubt very much if he has ever taken a cent out of the business which he has supported so loyally for these past two decades. As a matter of fact, I know he has put money into the business on a regular basis. In fact, his position

as a vice-president of a major corporation in the Belleville area is all that allows him to do this job as well as he does.

● (2050)

There was a need for better facilities for flying in the Belleville area a couple of decades ago. At that time there were no government measures which would allow for the development of this sort of industry in a small community like Belleville. Jim Marker bought the land, and having bought it he cleared it, cut down the trees and made it ready. He erected a small building on it to act as an office and a centre for pilots. It contained a room in which pilots would receive their ground schooling. In the very early days, of course, in the spring, it was all mud, so Jim went out and bought gravel with money out of his own pocket and spread that gravel on the runway to keep the mud down.

Obviously, any activity of this sort requires aircraft. So Jim went out and bought the aircraft, again out of his own pocket. In order to repair the aircraft he trained himself to be a first class mechanical engineer capable and licensed by the Department of Transport to repair aircraft. When it was obvious in the wintertime that the cost of having the snow removed from the runway to allow flights in the wintertime would be too expensive, Jim went out and bought a secondhand grader. He keeps the grader in excellent shape in order to keep the runway clear through all types of weather, all winter long.

In the summertime, of course, grass grows up over the runway, for it is a grass airstrip. While I had an opportunity in the few years when I was mayor of the city of Belleville to quietly help him by lending him some parks equipment every once in a while, to keep the grass under control, that has not been the case since. So Jim went out and bought a tractor to cut his own grass. He rides around in the evening and on Saturdays to cut the grass, since it is necessary to keep it done. He has built more hangars. In fact, he has been the strongest supporter of general aviation in the area that this country has ever seen. He stands out as a monument, as one who has devoted a good part of his life to general aviation. Now, Mr. Speaker, Jim will be taxed again. He has one voice in this House of Commons, and I am proud to be that voice. I hope that members of the House will understand that I am speaking on behalf of all the Jim Markers all across Canada who are oppressed by this particular tax.

The commercial flying training segment of the Canadian air transport industry has, over the years, served Canada very well, not only in times of national emergency but through its continued support in the development of the vital Canadian air transport system. This segment of the industry formed the nucleus for the British Air Commonwealth training program, a major contribution throughout all of the Second World War.

The benefits of a vigorous air transport industry to the development of Canada and its economic and cultural growth have been well recognized. The survival and the continued growth of this dynamic industry is dependent upon the preservation of a healthy, well-equipped and professional pilot training service. It is essential that Canada maintain an adequate pool of well-trained and experienced pilots to meet the present and future requirements for all classes of commercial air services, as well as government air services, corporate operations, military support and any future national emergencies. I know that one of the young men who trained in the Belleville area now flies for Air Canada. I should not really say only one, Mr. Speaker, since I know that there are more than one, there are a few. Some have gone to the military. The interest in flying training is something that, when engendered in a young man, usually turns out for the best of the country. Without that vital support, the Canadian air transport industry would be unable to accommodate the requirements of the public for essential air services from Canadian resources.

It is obvious that up to date professional training organizations play an important role in achieving and maintaining an acceptable level of Canadian flight safety, not only within the air transport industry but throughout the private and corporate sectors as well. Acquisition of modern, well-equipped aircraft is essential in order to train pilots to operate safely and efficiently in today's complicated environment. Flying training facilities and operations traditionally receive an exceptionally low potential return on investment, particularly as potential pilot entry into commercial aviation must, of necessity, be within an age group which is not able to afford high cost training.

As I said a moment ago, Jim Marker has probably not taken a red cent out of his operation in Belleville, yet it is open to people who fly across Canada. We have pilots who drop in to Jim Marker's facilities; the guest book is filled with people's names, from east, west, south and north. They land and use the facilities at no cost. There is no $5 landing fee in Belleville.

It must be recognized that virtually all flying training schools, such as the one about which I have been speaking, and clubs, are also licensed to conduct other commercial air services, some of which are exempt from the sales tax and gasoline excise tax. Mr. Marker has a small charter operation and runs some sightseeing flights. He maintains personnel at his facilities year round to service aircraft. He also maintains pilots and instructors who are on duty all the time. With relatively small fleets of aircraft, it is not possible to dedicate an aircraft to any one class for which the operator is licensed, but the aircraft must be utilized in all phases of the operation. The same aircraft Jim uses to take someone up to do aerial photography is the one that I may well use, if I happen to be in Belleville. Just recently I took the mayor, the city manager and some other very important people from the Moira River Conservation Authority for a flight up and down the Moira River. At that time the river was in flood and some 500 or 600 acres of the city were under water and many thousands of acres outside the city. The same aircraft I used for that trip will be used for flying training one day and for a charter flight the next.

It is also important, of course, to learn appropriate lessons from past experience. In 1977, in the national interest, the Department of Manpower and Immigration deemed it necessary to restrict the issuance of Canadian work permits to

foreign helicopter pilots. As a result of this action, it became necessary for Employment and Immigration Canada to establish and support a two-year training program at a cost of some $2 million to upgrade the skills and experience level of Canadian pilots to ensure that Canada could continue to provide the necessary helicopter air services in the public interest. This experience graphically emphasizes the importance of maintaining policies which will support provision of regular and continuous professional pilot training and the economic fallacy of eroding this segment of the industry. Having regard to this fact, Mr. Speaker, it appears to be entirely inconsistent to now impose tax measures which would burden flying training costs and inhibit this activity.

A further adverse effect has now been produced by the sales tax on aircraft parts and equipment, inasmuch as such items bought for transportation of persons, freight or mail, if also used for flying training, will be fully taxed despite their part use for tax exempt activity.

• (2100)

As I said when I started out, this is a very narrow segment of the bill. It is one which is of importance to maybe a dozen hon. members in the House on both sides. However, it is extremely important. It is often overlooked. The little airport in Belleville which is run by Jim Marker, as I said earlier, does not charge $5. If the hon. member from Essex-Windsor (Mr. Whelan) happens to be flying over in his aircraft and finds he has to land, he can get in there safely. He knows that the radio facilities which are there are provided free of charge. There is no input from the federal government. Here we are, adding another tax on top of all of those taxes that the ordinary user of aircraft gasoline is faced with. The figure last fall was around 13 cents a litre, and now it is closer to 17 cents a litre. That is just in taxes and fees charged by the various levels of government against the private aircraft user, and particularly those who are using it for flying training.

It is coming at us from all sides. At another time and in another place, I intend to spend some time talking about the effect of the move by the Department of Revenue to reduce the income tax exemption for flying training to 35 hours. That is another very unsafe way of collecting a very few pennies. However, those few pennies are very important to those of us who are involved in flying training. They are very important to a segment of the economy in which people have dedicated a tremendous part of their lives to this very important activity. I want to say, as strongly as I possibly can, that this motion No. 9, in the name of the hon. member for Edmonton West is one that I want to support as strongly as I possibly can.

Some hon. Members: Hear, hear!

Mr. Howard Crosby (Halifax West): I thank Your Honour for the opportunity to make some remarks on Bill C-57 which is now before the House, an act to amend the Excise Tax Act and the Excise Act. At the outset, I would say that it is not my intention to direct my remarks to all the provisions of this bill of which there are 133, but rather I want to look at some of the background of these specific provisions which we now have before us and consider them in the light of the policies from whence they come.

It is simplistic to say that the provisions for the implementation of the government's tax measures are contained in this bill. In order to understand them and appreciate the basis for those provisions, we must look at what the government intends in terms of its revenue gathering and its aims and goals for the people of Canada which it exercises through its taxation policy. Just this weekend in the maritimes we have seen evidence of the conflicting views which exist in Canada with respect to the goals for the nation, and for the goals of the private sector versus those of the public sector, and how those goals intermesh.

The Prime Minister of Canada (Mr. Trudeau), in a speech before the Council of Maritime Premiers in Fredericton, New Brunswick, just this past day, said that the federal government can no longer take responsibility for redistributing wealth in Canada and that it has lost control of the resources and the financial capability of Canada to the extent that it can no longer take on this responsibility. Premier Lougheed of Alberta, speaking in Halifax just the day before, indicated in his speech that he welcomes that. He welcomes it for a very good reason, because through Canada, in the private sector and among the provinces, there is the ability to accomplish many of the goals through the exercise of the abilities and capabilities of the private sector.

Therefore, the Prime Minister, in suggesting to Canadians that his federal government can no longer take responsibility for redistributing the wealth of Canada may, in the end result, be appealing to a sense of entrepreneurship which has not been exercised here in Canada heretofore. The province of Alberta, through the private sector in Alberta, and acting through the government of Alberta, may be willing to take up that challenge and achieve these goals in that particular area. This challenge would not only be for that particular area, but for all Canadians. So we must realize that behind the taxation measures which we see before us is the real government policy, the real strength of this nation in terms of what we are able to accomplish through policies and through government and the different trends which have now become evident.

As I have already indicated, on the one part the Premier of Alberta is taking the attitude and the position that the private sector can accomplish much, while on the other, the Prime Minister of Canada is saying that unless drastic measures are taken the government can no longer take responsibility for redistributing wealth in Canada. We have to ask, who ever asked the Prime Minister of Canada to take that kind of responsibility? Certainly we want and require a level of services which is standardized throughout Canada so that all Canadians will receive services. However, to go beyond that and to talk about the authority and the power to redistribute wealth is an entirely different proposition. Therefore, when the Prime Minister of Canada stands before the Council of Maritime Premiers and before Canadians and says that he no

longer has the ability to redistribute wealth in Canada, many people welcome that remark and say that it never was his authority, and that it never was his responsibility to take on that challenge.

I want to relate some of those general remarks to the provisions in this bill because what we are looking at is an attempt to regain that ability to redistribute wealth and to regain the power and authority to gather in all the funds, the money which gives authority to that power. In the world we live in we have to recognize that money is power, that those who control the purse strings and those who have the financial resources can exercise control well beyond the simplistic dollars which are involved, because, as I have said, money is power in so many ways. So we have to look at these provisions in that light. Is this really an attempt to gain power? What is the government trying to do through the exercise of its legislative authority through this House of Commons under Bill C-57?

I say to Your Honour and to other people in this House that it is merely an implementation of a government policy to gain the financial capability which it perceives it has lost. Therefore, in spite of the Prime Minister's words, he does want, and he wants on behalf of his government and his party, to regain the ability to redistribute wealth in Canada and, in that way, control not only the private sector and that which is rightfully in the public sector, but control the whole economy. We have to look at the provisions of Bill C-57 in that light.

In that connection, I want to refer to the change which is evident in federal-provincial financial arrangements which have already been announced by the Government of Canada and by the Prime Minister, and have been evidenced by his establishment, through this House of Commons, of the task force on federal-provincial fiscal arrangements. Again we see this shift and concern on the part of the Government of Canada for its eroding position in relation to its revenue-gathering abilities, and as it relates those revenue-gathering abilities to its capacity to control the economy and the people of Canada.

What we have through this federal-provincial task force is a vehicle to spread the message of the Government of Canada, which we hear time and time again in this House in other ways and which we see evidenced here in this Bill C-57; that is, that the government needs more money. That is its problem. It is not getting its money.

I will explain why the Government of Canada is not getting the money that it needs to exercise the kind of financial and economic control that it has in the past. The reason is very simple. It is that the wealth of this country has shifted from the manufacturing sector, from the pure business community, to the natural resource community; that is to say, the wealth of this country is now evidenced by its natural resources and its ability to deal with those natural resources. The funds from them are now very clearly flowing to the provinces and the people who control the natural resources; they are not going through the same process as they have gone through in the past. In particular, that means that those who control the manufacturing and secondary industries in this country no longer have the financial clout and power that they had in the past. The government has to adjust to this change.

• (2110)

What the government is really doing is shifting taxation to that resource area in a way that has not been done in the past. What is at stake is not any great policy; it is just the gathering of dollar bills and the philosophy that with those dollar bills the future of this country can be controlled. We must examine the provisions of Bill C-57 in that light and ask what the end product will be, and why the government is moving in this direction.

Even though I come from eastern Canada, a part of the country that does not share the resource revenues at the present time, I have sympathy for the western provinces and for the philosophy espoused by Premier Lougheed in Halifax, Nova Scotia, the other night.

What the premier is objecting to is this reaction by the Government of Canada to the shift in power. The government is not willing to let the economy take its course, and transmit wealth. It is holding on to what it perceives as belonging to it in a way that works to the detriment of those people in the private sector and the resource-producing provinces which now have control of this wealth. It is not a simple matter of legislating a tax by means of this bill; it is a matter of legislating, assisting and conniving the transfer of power that the government seeks through this bill.

What I am referring to, Mr. Speaker, is the 8 per cent tax on petroleum and natural gas that will be imposed when this bill is passed. I realize and recognize, as do many Canadians, that to a great extent this will benefit many people in Canada. But we have to ask ourselves whether the fact that it is beneficial to a great many people is justification for the action. It is a question to which I am prepared to answer that I do not think it is the proper way to do it—to legislate through this Parliament the transfer of authority from the provincial authority that has these resources, to the federal authority that wants to hold on to its ability to redistribute wealth in Canada.

There are other methods to accomplish the same end but they involve agreement, reconciliation and understanding between the regions of the country. The ultimate result of enforced policy is rejection of that policy. That is what will happen if Parliament insists on this transfer of wealth through a legislative provision which implements a government policy of requiring that wealth produced by the resources of western Canada, and in particular Alberta and Saskatchewan, being transferred back to the central authority by means of an act of Parliament.

I do not believe that will work, Mr. Speaker. I believe that the government is making a serious mistake in taking that approach to the problem. It is avoiding the real issue, which is that there is a rationalization through which we can reach a mutual agreement for a sensible pricing formula for oil and gas. I realize that it may not be the price that the premier of Alberta would like and it may not be the price that we in

eastern Canada are willing to pay at this point because we want the lowest acceptable price that can be enforced on the people of western Canada, and the governments concerned, for their oil and gas.

I think this bill avoids the real issue, Mr. Speaker. The government may think that it is solving its immediate problem by gathering revenue through this source, but an enlarged problem faces us in the years ahead. That problem can only be resolved if agreement is reached on what is a fair and equitable distribution of the resources and the proceeds of the sale of the oil and gas owned by the western provinces.

I am not one of those who says that we should go through with this because we in the east will benefit from it and it will remove our immediate problem. I think the problem has to be attacked on a broader base. The government is shying away from its responsibility in this area and it is just simplistic to blame the governments of Alberta and, to a certain extent, Saskatchewan, for the failure to reach agreement on an appropriate price for oil and gas and to substitute this taxation measure for that agreement.

I think that members on this side of the House are right when they object to Parliament being a party to the enforcement of this government policy. The government, concerned with its eroding position with respect to revenues, is simply using this taxation policy as a means of transferring resources.

In the case of the east coast, that area of Canada which borders on the Atlantic Ocean and which claims submarine lands that lie under it, the government is not even giving it the benefit of a statutory implementation of its policy; it is simply attempting to seize those resources, whereas it is depriving the western provinces through a taxation policy. The government will not face up to the claim of the provinces of Nova Scotia and Newfoundland to these resources. It simply denies their claim and uses its powers and capacity as the central authority to seize them.

This is more than a shame for the Government of Canada, Mr. Speaker; it is a shame for all members of Parliament opposite who participate in it. They are denying to the people of the Atlantic coast, particularly in the provinces of Nova Scotia and Newfoundland, the possibility of going beyond their dependence on federal transfer payments and federal welfare payments and moving into a new era where the resources can be developed for the benefit of the people.

We can see how the central government contributes to this strife and difficulty which sets region against region. I hope we on the east coast will not be drawn into the centralist view of coming down on those western provinces which have, by their own fortuitous circumstances, achieved a measure of wealth. I hope that we will not support the federal government in this war on western Canada and the seizure of its assets on the basis that the federal government will distribute those assets across Canada, perhaps to the momentary benefit of eastern Canada.

It is evident from the policy of the government on Bill C-48, the Canada Oil and Gas Act, that it plans the same kind of future for Newfoundland and Nova Scotia if those provinces are able to achieve the level of resource richness enjoyed in western Canada.

Whether hon. members opposite recognize it or not, the central government is setting itself not only against the western area of the country but against the east coast as well. It will not be very long before the province of Newfoundland and the province of Alberta are joined in battle. The battle they will be joining is the implementation of the policy now before us. Through its legal capabilities, its lawyers, its counsel, its many consultants, the federal government knows a great many techniques by which to accomplish its end. Unfortunately, the new techniques which the government uses to accomplish its ends are not acceptable to the people of Canada. The technique of establishing a taxation policy to accomplish ends that were not intended to be within the power and authority of the Government of Canada are not acceptable. But that is what is happening via this bill. The government is using its taxation policy to accomplish its end, and its end is the control of wealth in Canada. That would be acceptable only if the control of wealth was for the purpose of establishing and supporting federal programs required by all Canadians. But that is not the end purpose of the Government of Canada. Its purpose is to go further and control all Canadians and to gain control for the purpose of perpetuating itself in office, and for no higher purpose than that.

• (2120)

Let me turn to some of the specific provisions in the bill beyond that provision to which I have already referred, and that is the taxation on natural resources, in other words, our oil and gas. There are other areas in which the government has tried to enforce its policy. I am thinking of the taxation of beer and wine which again is unacceptable to a great many people. We ought to foster, through government policy, moderation in the use of spirits. We ought to ensure that taxation permits moderation and encourages people to utilize beer and wine, the more moderate spirits, over the alcoholic liquors. There are many other things I could mention but as my time is coming to an end, I want to conclude by saying that there are serious objections to this bill. We will have to take them into consideration when we vote.

Mr. Simon de Jong (Regina East): Mr. Speaker, I am pleased to join in the debate on Bill C-57. Essentially I want to talk about the impact this bill will have on the artists of Canada.

Various speeches have been made in this House outlining some of our objections to this bill. I understand even the hon. member for Winnipeg North Centre (Mr. Knowles) has talked about the inequities and evil of taxing spirits covered by this bill. In any event, I leave that topic to other members.

I wish to speak on the imposition of the sales tax on prints and original works of art, of which there are limited editions and copies. I shall talk about the government's stupidity in imposing a sales tax on these works of art. This is a provision about which the whole artistic community is scratching its

head. In fact, the artistic community is downright angry at the blatant lack of wisdom in the imposition of such a tax under Bill C-57. What the bill essentially fails to do is to distinguish between original prints and reproductions manufactured by mechanical means. It is the inability of people in the Department of Finance to see that difference and to express that difference in law.

What the proposal will do is to reclassify artists and master printers as manufacturers. This is something which the visual artists in this country are not quite willing to accept. The effect of Bill C-57 will make works of art more expensive. It will make it more difficult for artists to sell their work to the private sector and to galleries. The income of over 50 per cent of full-time artists is roughly $6,000 a year or less, and making their work more expensive will make it more difficult for them to sell it. A fair number of individual artists supplement their income by having a run of sometimes 30, 40 or, at the most, 100 prints. These are wood block prints, stone prints and various other kinds of prints. These prints are generally sold through galleries. They provide an important subsidy to many visual artists. The sale of prints is also very important to a fair number of galleries. The selling of prints is generally the bread and butter for a lot of small private commercial galleries. This tax imposes an extra burden. It also adds an extra burden on the publishing and printing industry, that small section of our publishing industry which prints original fine art graphics. This tax is a needless hindrance. As well, it has some interesting implications with regard to the general acceptance of the free flow of art through international boundaries. Through this bill we will create a blockage, if you can call it such, of works of art coming in from other countries.

Most of the Inuit and native people's art consists of variations of prints. Again, an extra tax is being imposed on this art form. It is a stupid piece of legislation because it will cost more to collect the tax than the amounts of money which will accrue to the government. It is a blind interference in the art community. Furthermore, this tax will be difficult to apply. It will be a bureaucratic nightmare.

Through this bill, the government is discriminating against a particular form of art. Prints are one form of art. There are other forms of art, for instance, oils, acrylics and so on. What this tax does is to make one particular type of art form more expensive because of the extra sales tax being imposed on print making.

The artistic community has long felt that the government does not have a coherent artistic and cultural policy for Canada. The artistic community has long complained that the actions of one ministry work against the interests and the programs of another ministry. Tonight we have a typical example of how the actions and the thinking of a group of bureaucrats in the tax department are totally at odds with the stated intention of the government in the area of cultural policy.

Right now we have the Applebaum committee which is travelling across the nation trying to put together a coherent government policy on culture. Members of this committee are listening to representations and receiving briefs from right across Canada. Yet the government does not wait for those recommendations and findings to come in. The government is acting on its own in this area. It is an area which will certainly not win the government any points in the artistic community. Instead, the government will make it more difficult for artists to survive in Canada and it will force some artists to leave Canada and attempt to sell their prints in the United States. This bill will not help the young collector, for example, the young professional person who wishes to start a small modest art collection. These are the people who generally start their collections by buying a few prints. Now the cost of prints will be even higher.

In the well thought out document entitled "A Strategy for Culture" put together by The Canadian Conference of the Arts, the authors urged that there should be tax incentives for private investors. Yet the opposite is to be found in Bill C-57 which is before us tonight. The authors of this document urge that taxation policies should be used in a systematic way as a vehicle to encourage cultural development. But we have the exact opposite in this bill tonight. The writers also urge that the visual artists and craftsmen should, in all cases, be exempt from paying sales tax on materials and production equipment and from charging sales tax on their finished work. What we have tonight is the very opposite. We have a government which has set up commissions and which states certain goals, but in its action does exactly the opposite. This is not only true in the cultural field. We have seen examples of this in many other fields. There is always the promise, always the good talk. In fact, someone called it the sweet talk from the Liberals. However the reality is to be found in what the Minister of Finance (Mr. MacEachen) says and does.

• (2130)

The government has indicated that it wants to develop a coherent cultural policy. However, the history of this government in the area of culture is a dismal one. Most of the major artistic institutions in this country are on the verge of bankruptcy, yet there is no immediate action from this government. All we get is another royal commission. We have artists leaving the country because they cannot make a living in Canada selling their works of art. Instead of offering assistance, the government makes it even more difficult for artists to survive in this country.

In one of their major recommendations, the Canadian Conference of the Arts recommended that the Department of Communications have some muscle, that it have some influence in what other departments do and what their policies are in terms of the arts. Bill C-57 in front of us clearly indicates that the minister in charge of cultural affairs in Canada has very little power in cabinet, even when it comes to such a minor matter, and it surely is minor to the government, as sales tax on prints.

I again return to the question of why the government is doing this. Is there any rationale? Surely fundamental wisdom would suggest that it is more of a hassle imposing this tax than

it will be a benefit. The amount of money collected under this tax will be negligible. The cost of enforcing it will surely be more than what will be collected under the tax. What gives? Where is the rationale? There is no rationale.

I suggest this is just a blind bureaucracy grinding along, having its own impetus, its own power to drive it forward. Rational arguments cannot stop it. It is honest to suggest that what we find in this bill is not rationality but irrationality. It will not benefit anybody. It will hinder the growth and development of Canadian artists in this country.

In conclusion, this provision in Bill C-57 is not one that will earn the government many high points in the artistic community of this country. They will view this as another example of a blind bureaucracy grinding away with a total lack of commitment and will to make certain that we have a coherent cultural policy. Even on such a small matter they cannot be swayed from their determined path. It is an indication to the artistic community that we have a government which, despite all its brave words about Canadian culture, is not willing to take some positive steps in that direction but in fact is so ignorant that it imposes further hardships on artists in Canada today.

For that reason, and for the many other reasons my colleagues have mentioned during this debate, we will not be able to support the bill in front of us this evening.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I thought I would have a good lead-in if I followed the hon. member for Halifax West (Mr. Crosby). I now find I have an equally good lead-in following the hon. member for Regina East (Mr. de Jong). He talked about confusion. I have never seen a more confused bill in my life. It is from beginning to end a mass of confused notions bringing together such disparate elements as indexation of a variety of products such as beer, tobacco and wine on the one hand, and on the other petroleum, aviation, aviation fuel, flying training, prints and books. To cap it all, there is a shift from the imperial to the metric system in measuring some of the matters on which there will be levies.

We probably have to put it down to the fact that this bill is no more than a desperate search for funds required to live up to commitments which had better not been made at all. It is a frantic look for funds. In order to deal with the unusual purchase of Petrofina, which produced not one additional drop of petroleum in this country at a cost of $1.5 billion, there is to be a levy on all home owners for heating and all car owners for driving.

Instead of investing in Canada, this government seems determined to invest in Belgium, Saudi Arabia, Venezuela, and Mexico when the billions that are going overseas might be better spent here. In order to make up for that loss, there has been a scrambling around with this bill. I have forgotten how many pages there are. I am working at pages 75 and 76 because I think that is the convenient place to work.

An hon. Member: There are 116.

Mr. Munro (Esquimalt-Saanich): The bill has 116 pages. It is a desperate effort to find more funds. I mention that one of the peculiarities of this bill is that in one set of clauses they deal with the levy on absolute alcohol content. There is to be a levy there of 54 cents per gallon on absolute alcohol content. I am not quite sure I know what absolute alcohol content is, but I stress the point that the tax is to be levied at so many cents per gallon. That is on page 75. In the next section we see that there is a levy of 27 cents per gallon on absolute alcohol, and in the third one, five cents per gallon on beer or malt. In the next part dealing with tobacco, cigars and cigarettes, it is so much per pound or per thousand. Going to the bottom of page 76, we find they talk about absolute ethyl alcohol. The ethyl is obviously metric. Here we have so many dollars per hectolitre. I defy anybody on the opposite side of the House to make a comparison and tell me how much $11.88 per hectolitre is in dollars per gallon. Is there anyone opposite who can do so? I bet the Metric Commission cannot do it. How about it? How many dollars per gallon is $11.88 per hectolitre? Work it out. While they are working it out, I will go to the next one.

• (2140)

They are still trying to figure that out over there. You can talk about confusion, but why should one type of absolute alcohol have a levy placed on it per gallon, and poor old ethyl be subject to a metric level?

An hon. Member: What about Mabel?

Mr. Munro (Esquimalt-Saanich): They have not got to "mabel" syrup at all. In any event, this is just one of the idiocies or confusions brought about by this particular bill.

Have you got it worked out yet? Apparently he has not.

On the serious side, and that is serious enough, we have to wonder whether the government should really be using tax incentives or disincentives to change the drinking patterns of the people of this country. You know what this government has done? We have a breakdown of the statistics on the changes in drinking habits of the people of this country from 1974 to 1980. There has been a drop in the consumption of beer as a result of levies placed on it, I think per gallon, but I am not sure, of 3.6 per cent over a matter of nine months, and a drop in wine consumption, but an increase of 4.6 per cent in the consumption of distilled spirits. This may very well be because of the distinction between gallons and litres, a litre being smaller with more of it being bought, but in any event there was an increase in the consumption of distilled liquor. I think that is a very dangerous trend. I am sure all our police forces in this country would deplore this emphasis on hard liquor, as certainly the beer industry does.

I wonder, however, whether it is the distilling industry which has this particular government by the left hand, that is urging it to increase the levy on beer while decreasing the levy percentagewise on distilled spirits in order that it can contribute more to that Liberal party.

I should like to draw the attention of the Minister of Agriculture (Mr. Whelan), since he cannot calculate the dif-

ference between gallons and hectolitres, to the economic effect of this shift in consumption from high to low alcoholic content beverages on the agricultural industry. The economic impact on the brewing industry and on the agricultural producers, who depend on the brewing industry, will be severe. That is pointed out in a letter I have from the Brewers Association of Canada. Some 63 per cent of the value of agricultural products destined for use in producing all domestically consumed alcoholic beverages is purchased by the brewing industry, and it is being taxed more heavily. If beer sales continue to decline, the brewing industry agricultural purchases, which amounted to almost $100 million in 1979, will decline accordingly. According to the figures which are produced here, that decline will turn out to be something of the order of 8 per cent or 9 per cent.

I should like to go on and quote further from this particular letter. I admit that it is biased in favour of the brewing industry and against the distilling industry, but the indexation notion is criticized severely.

I see the Speaker is becoming a little anxious. I reserve my right to come back to this when the matter comes forward again under other amendments.

Mr. Deputy Speaker: Order, please.

* * *

YOUNG OFFENDERS ACT

MEASURE TO ESTABLISH

The House resumed from Friday, May 29, consideration of the motion of Mr. Kaplan that Bill C-61, respecting young offenders and to repeal the Juvenile Delinquents Act, be read the second time and referred to the Standing Committee on Justice and Legal Affairs, and the amendment thereto of Mr. Lawrence (p. 9497).

Mr. Deputy Speaker: Order, please. It being 9.45 p.m., pursuant to an agreement made earlier this day, the House will now proceed to the taking of the deferred division on the motion standing in the name of the hon. member for Durham-Northumberland (Mr. Lawrence), an amendment to Bill C-61, an act respecting young offenders and to repeal the Juvenile Delinquents Act.

Call in the members.

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

● (2150)

(Division No. 63)

YEAS

Messrs.

Andre
Anguish
Baker (Nepean-Carleton)
Benjamin
Bradley
Cardiff
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Cooper
Crosbie (St. John's West)
Crosby (Halifax West)
Crouse
Darling
Deans
de Jong
Dinsdale
Domm
Ellis
Elzinga
Fennell
Forrestall
Friesen
Fulton
Gass
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hargrave
Hawkes
Hovdebo
Howie
Jarvis
Jelinek
Jewett (Miss)
Keeper
Kempling
Kilgour
Knowles
Korchinski
Kristiansen
Lambert
Lawrence
Lewis
Lewycky
MacDonald (Miss)
Mayer
Mazankowski
McCain
McDermid
McKenzie
McKinnon
McKnight
Miller
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Murta
Neil
Oberle
Orlikow
Paproski
Parker
Patterson
Rae
Reid (St. Catharines)
Robinson (Burnaby)
Roche
Sargeant
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Siddon
Skelly
Stewart
Taylor
Thomson
Towers
Vankoughnet
Waddell
Wenman
Wilson
Wise
Young—83.

NAYS

Messrs.

Allmand
Appolloni (Mrs.)
Bachand
Bégin (Miss)
Berger
Blais
Bloomfield
Bossy
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
Demers
Deniger
Dingwall
Dionne (Chicoutimi)
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ferguson
Fisher
Fleming
Foster
Fox
Francis
Garant
Gauthier
Gendron
Gimaïel
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Harquail
Henderson
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Lefebvre
Lonsdale
Lumley
MacBain
MacEachen
Mackasey
MacLaren
MacLellan
Malépart
Marceau
Massé
Masters
McCauley
McRae
Nicholson (Miss)
Olivier
Parent
Pelletier
Pepin
Peterson
Pinard
Portelance
Prud'homme
Reid (Kenora-Rainy River)
Roberts
Rompkey
Rooney
Rossi
Savard
Schroder
Simmons
Smith
Stollery
Tardif
Tessier
Tobin
Tousignant
Turner
Veillette
Watson
Whelan
Yanakis—116.

● (2215)

Motion (Mr. Lawrence) negatived.

Young Offenders Act

Mr. Kaplan moved that the bill be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

Madam Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Mr. Knowles: On division.

Motion agreed, bill read the second time and referred to the Standing Committee on Justice and Legal Affairs.

Madam Speaker: It being 10.15 p.m. this House stands adjourned until two o'clock tomorrow afternoon pursuant to Standing Order 2(1).

At 10.18 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, June 3, 1981

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

FISHERIES

IMPACT OF INCREASE IN PRICE OF GASOLINE ON FISHERMEN—MOTION UNDER S.O. 43

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I rise under the provisions of Standing Order No. 43. Since the disavowal of the East Coast Fisheries and Boundary Treaties by the American administration, excessive overfishing on Georges Bank has glutted the American markets for cod and haddock, resulting in a 33 per cent drop in prices to Canadian fishermen in 1981 as compared with 1980. I therefore move, seconded by the hon. member for St. John's West (Mr. Crosbie):

That this House deplores the complete lack of principle and concern shown by the government in increasing the price of gasoline by 60 cents per gallon within the past year, including today's 9 cents per gallon, at a time of depressed fish prices, a move which has so seriously affected the Canadian fishermen that they have tied up their inshore fleet in Nova Scotia, since high fuel and operating costs make it uneconomical to continue operations.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

SUGGESTED REVERSAL OF GOVERNMENT POLICY—MOTION UNDER S.O. 43

Mr. Len Gustafson (Assiniboia): Madam Speaker, the deceitful Lalonde levy of 9 cents per gallon brings the increase in gasoline prices at the pump to 60 cents per gallon, while the price at the wellhead in western Canada remains at $17.75 per barrel. With the taxpayers of Canada paying $8.8 million per day to compensate for imported oil from Mexico and Saudi Arabia at $43 per barrel, giving a clear indication there is no relationship between the wellhead price of $17.75 per barrel and the price increase at the pump of 60 cents per gallon, which now becomes another broken election promise, I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the House deplores the government's policy and asks the Minister of Energy, Mines and Resources to reverse immediately the energy policy of this country or resign.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

PETROLEUM TAX INCREASE—MOTION UNDER S.O. 43

Mr. Doug Lewis (Simcoe North): Madam Speaker, I rise under the provisions of Standing Order 43. On May 15, 1981, as reported at page 9637 of *Hansard*, the Minister of Finance (Mr. MacEachen) promised the House that he was not proposing to introduce any energy tax increases by the end of the year except as a result of production cutbacks in Alberta. I therefore move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That the Minister of Energy, Mines and Resources immediately rescind that part of the petroleum tax increase related to higher imports and the lower Canadian dollar and not related to production cutbacks.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

IMMIGRATION

CUT IN FUNDING FOR SERVICES AND ADAPTATION PROGRAM—MOTION UNDER S.O. 43

Mr. David Orlikow (Winnipeg North): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. In view of the Department of Employment and Immigration cutting back the funding of the Immigration Services and Adaptation Program by 30 per cent this year, and considering that this will severely curtail the services provided by projects such as Operation Lifeline in Toronto which are involved in employment counselling and education for immigrants, and in view of the minister's task force which overwhelmingly pointed out that immigrants need these services, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the minister change his decision to cut back the funding of the Immigration Services and Adaptation Program in order that vital refugee and immigrant services can continue to be provided.

S.O. 43

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

DEMAND FOR MINISTERS' RESIGNATIONS—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a matter of urgent and pressing necessity, under Standing Order 43. Whereas the Prime Minister (Mr. Trudeau) won the last election by defaming the 18 cent per gallon increase on gas and promising a smaller increase; and whereas the Prime Minister has already, since his re-election, increased gas prices more than double the 18 cents and applied the increase also to heating oils and farmers, and has levied a $2.50 per barrel petroleum compensation charge to pay the subsidy on foreign oil at $40 per barrel while Canadian farms and businesses are going bankrupt and cash and jobs are being exported out of Canada to the point where the country is on the verge of breaking up, I move, seconded by the hon. member for Peace River (Mr. Cooper):

That this House demands the resignation of the Prime Minister and the Minister of Energy, Mines and Resources immediately. Canada does not need nor want persons at the head of our government who deceive the people and who are strangers to the truth.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

INCREASES IN PRICE OF GASOLINE IN ATLANTIC PROVINCES—MOTION UNDER S.O. 43

Mr. Tom McMillan (Hillsborough): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas on February 8, 1980, in Toronto, ten days before the last federal election, the Prime Minister (Mr. Trudeau) stated:

Mr. Clark has been asking us Liberals to make a clear statement on (gasoline) pricing . . . Well, let me make it. Our (increases) will be less than 14 cents a gallon.

Therefore I move, seconded by the hon. member for Halifax West (Mr. Crosby):

That this House censures the Trudeau government for pushing up gasoline prices in the Atlantic provinces since the election by 60 cents a gallon, mostly through new federal taxes which the Liberal party deceitfully campaigned against in the last election.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1410)

INCREASE IN OIL PRICES—CALL FOR REMOVAL OF MINISTERS—MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. In view of the absolutely disgraceful sneaky announcement made yesterday by the Minister of Energy, Mines and Resources (Mr. Lalonde) again raising oil prices, by an additional 9 cents a gallon, a price hike necessary only because of his inability and incompetence at the bargaining table, and in view of the blatant lies expounded by the Liberals during the last election campaign, especially by the Minister of Finance (Mr. MacEachen), I move, seconded by the hon. member for Calgary South (Mr. Thomson):

That the Prime Minister immediately relieve these two ministers from their present roles in order that the country will have a chance to survive.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FISHERIES

SPORTS FISHING REGULATIONS IN BRITISH COLUMBIA—MOTION UNDER S.O. 43

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. There is confusion and uncertainty about the sports fishing regulations in British Columbia as a result of the government's indecision in recent months. Tackle shop owners, marine operators, fishermen, conservation officers, and tourist industry people have yet to receive brochures or pamphlets stating what the 1981 salmon sports fishing regulations are going to be. They are also confused and have their own interpretation of those regulations, based on news media reports and rumours. Therefore I move, seconded by the hon. member for Skeena (Mr. Fulton):

That the Minister of Fisheries and Oceans resign his cabinet position and immediately create a fourth position in his west coast information service for himself so that he can take on the primary task of distributing definitive regulations for the 1981 salmon season to all segments of the sports fishing and tourist industries.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

PETRO-CANADA

ACQUISITION OF PETROFINA—PAYMENT BY CROWN CORPORATION—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. I draw to the attention of this House and the public the about-turn the Liberal government has taken in reneging and defaulting on its 1980 campaign promise to keep gasoline price hikes below the 18-cent level. Already Canadians have experienced seven price increases, driving the cost up by about 60 cents per gallon. Part of this alarming increase has been caused by the $1.6 billion purchase of Petrofina paid for out of general revenue, and costing approximately $67 for every man, woman and child in this country. I move, seconded by the hon. member for Assiniboia (Mr. Gustafson):

That the total cost of the Petrofina purchase not be paid for by taxing Canadians 2.5 cents a gallon on every gallon of gas purchased but that it be paid for entirely by Petro-Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

GOVERNMENT POLICY ON INCREASED GASOLINE PRICES—MOTION UNDER S.O. 43

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, under the provisions of Standing Order 43, and recognizing that the Liberals and NDP saw fit to bring down a government on an 18-cent excise tax on a gallon of gasoline only, while in just over a year the Liberal government has smuggled in seven price increases by the litre, thereby trying to camouflage a 60-cent to 62-cent increase per gallon on everything, including home heating oil, I move, seconded by the hon. member for Calgary Centre (Mr. Andre):

That the government recognize that these price increases are illegitimate, certainly unethical, and that it stop profiting from these increases by being the vampire of the consumer.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

ENERGY

JUSTIFICATION FOR INCREASES IN PRICE OF GASOLINE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is for the minister of energy. Yesterday the minister, without having the courage to come to the House of Commons with a tax increase, increased for the twelfth time in 15 months the price of gasoline by bringing in a 9-cent a gallon increase. That means an increase of more than 60 cents a gallon since December, 1979, by a government which campaigned for office on the basis of the following, and I quote an advertisement of the Minister of Finance which reads:

Vote Liberal and the prices will stay down.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

● (1415)

Mr. Clark: It is interesting to hear some noise from a Liberal party that was silent through the constitutional debate, and silent as its leaders break their one promise to the people of Canada.

Some hon. Members: Hear, hear!

Mr. Clark: How can the Minister of Energy, Mines and Resources justify breaking the one major promise his party made in winning the election of February, 1980? Will he tell the House of Commons how, having opposed an 18-cent a gallon increase, he can justify increasing the price of gas by 60 cents a gallon, and going up?

Some hon. Members: Hear, hear!

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker—

Some hon. Members: Hear, hear!

Mr. Lalonde: As is his usual practice, the Leader of the Opposition again managed to bootleg in a number of preliminary statements, to which I would like to refer. First, I do not know where the Leader of the Opposition was yesterday. I was in this House. I tabled a ways and means motion according to the rules of this House. You, Madam Speaker, ruled on this subject yesterday while the Leader of the Opposition was absent, recognizing that everything that was done was done according to the rules of this House.

Second, as far as the noise is concerned, the Leader of the Opposition seems to have his signals crossed. Most of the noise was coming from his side of the House, not this side, when he was asking his question.

The third point, and the main point of the question, has to do with the commitments of this party during the election.

There were two commitments made. Those two commitments have been and will be respected by this government.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Lalonde: I am glad the members of the opposition have finally got to read something. We made two commitments. One is that the price in 1980 would be lower than $4 a barrel and would not include an 18-cent excise tax to which we objected. And that we have respected. The second commitment was that over the four years of our mandate, the four years covered by the Conservative budget of 1979, our prices would be lower to the consumer than they would have been under the Tory budget.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Nowlan: We thought you were Pinocchio; you are Dr. Goebbels.

Madam Speaker: I wonder if there is any use in my calling the House to order. I can see this is "wonderful Wednesday".

Mr. Nowlan: The minister is telling the truth inside out.

Madam Speaker: I would point out to hon. members that we have spent five minutes on one question.

MINISTER'S REASONS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the minister can twist as much as he wishes. The people of Canada know that he promised to oppose 18 cents a gallon. He is socking a 60-cent a gallon increase to the people of Canada right now, and the Liberal party applauds.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Clark: An arrogant and callous government which once again breaks its promise to the Canadian people.

[*English*]

The minister knows very well that in February and March there was a $265 million profit in energy taxes over what is being paid out by the federal government in energy compensation. The minister did not have the courage to make a statement in the House yesterday. Will the minister of energy now tell this House of Commons and the people of Canada why he believes it necessary and how he can justify hammering the consumers of Canada with a new 9-cent a gallon tax on gasoline when the government is already making a profit on energy?

• (1420)

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, we are a long way from excessively raising prices and I must remind the hon. Leader of the Opposition that, thanks to the action taken by this government, Canadian consumers have benefited from $1.9 billion since December 1979, when the Progressive Conservative budget was defeated. It means that during that period each Canadian family of four was richer by $335 than would have been the case otherwise as a result of the Progressive Conservative budget tabled under the administration—

[*English*]

I would like also to state to the hon. member that, far from being in a surplus position, the government is still subsidizing the price of oil out of general revenues to the tune of $350 million a year. That is out of general consolidated revenues. The general taxpayers of Canada are subsidizing the cost of oil. We do not want the general taxpayers to subsidize the oil at more than that level, and that is why some increase has taken place. As far as a good part of that increase, at least half, is concerned, I suggest the hon. Leader of the Opposition should phone his friend, the Premier of Alberta, and if Alberta wants to—

Some hon. Members: Oh, oh!

Madam Speaker: Order, please. Order! Order, please.

Mr. Clark: Madam Speaker, I find it amazing that we have a minister of energy who would prefer to phone Mexicans, Venezuelans and OPEC offering them the world price when he will not conclude an agreement with producing provinces in Canada which would save Canadians millions of dollars.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Clark: And I might add that Canadians can appreciate what 60 cents a gallon means.

[*English*]

STATEMENT BY MINISTER OF FINANCE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I have a question concerning the truth for the Minister of Finance, because not only has this government broken its word of February, 1980, and broken it dramatically, but in this House of Commons on May 15 this year, less than a month ago, the Minister of Finance said quite clearly, and I quote:

—I am not proposing to introduce any new tax increases in energy.

He went on to qualify that by saying the one exception would have to do with compensation for cutbacks by producing provinces—the only exception. That was the promise he made on May 15; that was the promise his government broke yesterday. Will the Minister of Finance tell us why the word

he gave this House on May 15 is worth nothing at all on June 3?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I draw to the attention of the Leader of the Opposition the clarification which I made to that answer on May 25. The hon. member for Simcoe North asked me a question on a particular Friday afternoon which I answered, and I realized before the end of the day it could be misunderstood. The first time I was in the House following that Friday I rose in my place and clarified the answer, because it was ambiguous. I said:

I believe that my answer with respect to no new energy taxes should be interpreted to mean that no new types of taxes are contemplated at the present time.

Some hon. Members: Oh, oh!

• (1425)

Mr. Nowlan: When did you correct your ad?

Mr. MacEachen: Madam Speaker, I went on to say, and I quote:

I do not want to mislead the House or the hon. member so I am taking the first available opportunity to say that no new types of taxes are contemplated at the present time, but obviously the petroleum compensation charge might be increased or indeed decreased, depending upon developments with Alberta, exchange rate developments or international petroleum prices.

I believe instead of the Right Hon. Leader of the Opposition's rebuking me for the answer, he should at least acknowledge that at the first opportunity I returned to the House and clarified that answer. That was on May 25, eight days ago. That is the situation.

Some hon. Members: Hear, hear!

RECOMMENDATIONS MADE BY DEPARTMENTAL OFFICIALS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, it is a shame that the Prime Minister is not in the House today to hear from the true source about what real garbage is.

Some hon. Members: Hear, hear!

Mr. Wilson: Let me direct a supplementary question to the Minister of Energy, Mines and Resources because he did not give an answer to the Leader of the Opposition in response to his question as to why it is necessary at this time to have this blockbuster tax increase imposed on the consumer. Consumption in Canada was down in the months of February and March, the latest two months we have on record, by 10 per cent, which will lead to about a 40 per cent drop in imports. The world price of oil has been level over the last four months, and it looks as if it will be going down because of the world glut. Surely this means that there is less need for a tax increase of this magnitude, or for a tax increase at all.

An hon. Member: Question.

Mr. Wilson: Would the Minister of Energy, Mines and Resources table in this House the recommendations from his officials as to the reasons why it was necessary to hammer the consumer, as he did yesterday, without the courtesy of an explanation to the House regarding the need for this increase?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would be very happy to repeat why there is a need for this increase. If the hon. member could get his friend, the Premier of Alberta, to abandon—

Some hon. Members: Oh, oh!

Mr. Lalonde: We know who does not want to hear the truth.

Some hon. Members: Oh, oh!

An hon. Member: Hypocrite.

Madam Speaker: Order, please.

Mr. Lalonde: If the hon. member wants to prevail upon the Premier of Alberta to abandon his cutbacks, the price of gasoline in this country will immediately be reduced by at least 1.5 cents a litre. That part of the increase is the result of the cutbacks which have been imposed and the punishment which is being imposed upon Canadians and Canadian industry by the government of Alberta. That is part of the explanation.

The other explanation is that the cost of imports has increased because of the value of the Canadian dollar in terms of the rate of exchange. Because of this, increases are required. Of the two cents, the cutback of Alberta represents 1.5 cents a litre, if we take into account the last two cutbacks.

Mr. Wilson: Madam Speaker, I thought I heard the minister say that one of the reasons for this is the drop in the value of the Canadian dollar. Surely the minister understands that the drop in the value of the Canadian dollar is the result of the policies he and his colleague, the Minister of Finance, have followed.

Some hon. Members: Hear, hear!

Mr. Wilson: What the minister is asking Canadians to do is to pay the doctor's bill while he shoots himself in the foot. The minister is misleading the House—

An hon. Member: Too bad it is just the foot.

Mr. Wilson: —on the reasons for this 9-cent increase or the need for it.

• (1430)

REQUEST THAT INCREASE BE ROLLED BACK

Hon. Michael Wilson (Etobicoke Centre): I ask the minister today if he is prepared to roll back this price increase, have a debate in this House as to the reasons for the increase and, if they can be justified, then to proceed? But do not hammer the consumer today without presenting that case to the House.

Some hon. Members: Hear, hear!

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, what I can tell the hon. member is that if the government of Alberta—

Some hon. Members: Oh, oh!

Mr. Lalonde: —eliminates the cutbacks—

An hon. Member: That is blackmail.

An hon. Member: Sit down, Marc.

Mr. Lalonde: If you do not have any respect for the House I think you would at least—

Madam Speaker: Order, please.

An hon. Member: The Right Hon. Leader of the Opposition has lost control of his troops.

Mr. Clark: Go to court, André.

Mr. Lalonde: Madam Speaker, what I can tell the hon. member is that if the government of Alberta eliminates the cutbacks, this government is going to reduce the price of oil by 7.25 cents a gallon tomorrow morning, out of that 9 cents.

Some hon. Members: Hear, hear!

POSSIBILITY OF INCREASED CHARGES BY OIL COMPANIES

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I was in the Alberta legislature two weeks ago and I heard the Alberta ministers get up and blame the federal government, and today we have the federal minister get up and blame the Alberta government. The problem is that the consumers are the ones who are caught.

The last time the minister brought in an increased price on gasoline the oil companies piggybacked an extra 6 cents a gallon on to that increase. These are the same companies that, according to the Bertrand report, ripped us off for $12 billion. Now, the government fired Bertrand, or at least moved him aside. Will the minister assure this House—and let us forget about promises in the past—he has put up the price of gasoline—

Some hon. Members: Oh, oh!

Mr. Waddell: My friends to my right were going to put it up as well, so they can just listen to this for a moment. Will the minister assure this House that he is going to stop the oil companies from adding any additional cost increases to last night's increase?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would also invite my colleagues from the NDP to get their act together in terms of policy in this field. I remind them that their colleagues in Saskatchewan have been arguing and pressing for substantial price increases in the price of oil, and they cannot have it both ways.

As far as the companies are concerned, I also remind my friend that this government has imposed the tax that the provincial governments and the industry claim—

An hon. Member: Be serious.

Mr. Lalonde: —is going to reduce their cash flow by 25 to 30 per cent because of the large profits taken in the last year. These are steps that have been taken by this government to prevent excess profits being made by the oil and gas companies in this country.

Some hon. Members: Hear, hear!

Mr. Lalonde: As far as the specific point raised by the hon. member is concerned, my colleague, the Minister of Consumer and Corporate Affairs, is going to monitor the action taken by the companies, and I certainly hope that in the current context they will not add anything to the announced increases. I can assure my hon. friend that the Minister of Consumer and Corporate Affairs is very much aware of this situation.

ASSURANCE SOUGHT RESPECTING AGREEMENT WITH ALBERTA

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, like a lawyer with a weak defence, the minister goes on the offence. It is not so much that Canadians are against higher oil prices, although they do not like them; what they do not like is the minister nickelling and diming us to death every couple of months.

I ask the minister will he confirm that in less than a month consumers will be facing another $1 a barrel increase, and will he tell this House when will there be an end in sight—

An hon. Member: Ask Lougheed.

Mr. Waddell: —to these continuous increases? When are we going to have a full agreement with Alberta and the producing provinces, and some firm assurances that we are going to know what the future increases are?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I would like to assure the hon. member that the $1 increase announced in the budget will come into effect in September, not in July of this year. In addition, we are involved in negotiations with the government of Alberta.

I have indicated my regret over the steps taken by the government of Alberta in cutting production another 60,000 barrels a day—

An hon. Member: You have given nothing.

Mr. Lalonde: —in the current circumstances where we are negotiating in a rather positive atmosphere.

I have been asked by the government of Alberta to delay the introduction of an energy security act because of those negotiations. I have agreed and said that I will not proceed with the debate on this proposed legislation at least until the

fall, because of the negotiations. In spite of this, the government of Alberta has decided to add this cutback to the previous one, which means an increase to the consumer. I hope that we will reach an agreement whereby we will have predictable and moderate price increases to face over the next few years. What we are doing, what we are fighting for is an energy agreement that will mean the consumer will know what to expect, and by all accounts what the consumer can count upon is that what comes in the end will be lower than that foreseen by the Conservative party.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

* * *

FINANCE

QUERY RESPECTING ENERGY TAX CREDIT

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, without engaging in an argument about who is going to have lower prices, let me ask about what I consider to be a very positive step that could be taken by the government.

This latest increase comes at a bad time because, as he knows, the consumer price index is at its highest level in 38 years. The Minister of Energy, Mines and Resources said last May that for every dollar increase per barrel in the price of oil, the consumer price index goes up half a percentage point, which means that last night's increase will raise the CPI almost to 14 per cent. I ask the Minister of Finance if he is prepared to cushion this increase for the low and middle income consumer by bringing in an energy tax credit—

Some hon. Members: Oh, oh!

An hon. Member: The NDP voted against that when they defeated the Conservatives' budget. That is a Conservative proposal.

Mr. Waddell: —by bringing in a tax credit that will help—

An hon. Member: You have been reading Crosbie's budget.

Mr. Baker (Nepean-Carleton): I want to hear this answer.

Madam Speaker: Order, please.

Mr. Hees: Your little brother voted against it, and now listen to him! Lord Almighty!

Madam Speaker: Order, please.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, in the event the hon. member did not hear my answer, it was that it is not my intention to introduce an energy tax credit. The purpose of part of this charge is to avoid increasing the deficit in the petroleum compensation account, which at budget time was stipulated to be $350 million. If this particular charge were not imposed to meet the contingencies mentioned by the Minister of Energy, Mines and Resources, the over-all deficit in the account would be increased as well.

Mr. Clark: Prove it, Allan. Table the figures.

Mr. MacEachen: That is the reason that, it seems to me, in order to maintain the fiscal framework and the stipulated deficit in the petroleum compensation account, it would be unwise at that very moment—

Mr. Clark: To help anybody.

Mr. MacEachen: —to frustrate the purpose by taking on a new expenditure.

* * *

ENERGY

ALBERTA GOVERNMENT CUTBACKS IN PRODUCTION

Hon. John C. Crosbie (St. John's West): Madam Speaker, the energy critic of the NDP on December 13, 1979, voted against the energy tax credit that he asks for today.

My question is directed to the Minister of Energy, Mines and Resources, the patron saint of Maurice Strong and the Belgians, and not of the Canadian consumers. In the last year there have been 12 increases in oil and gas prices in Canada, nine of which are solely and purely increases in federal taxes, with nothing for the oil producing provinces themselves. The minister has offered to reduce by 7.25 cents, I think he said, the 60-cent increase in the last year if Premier Lougheed would agree not to reduce oil production. Will he reduce it a further 52 cents and take off these federal taxes if Premier Lougheed agrees to do that, or is he asking only Alberta to make the sacrifice while the federal government gets all the tax revenues?

Some hon. Members: Hear, hear!

● (1440)

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I only wish to remind the hon. member for St. John's West that after having brought down the outrageous budget which he tried to impose on the Canadian public—

Miss MacDonald: For 18 cents.

Mr. Lalonde: —he walked around the country in January and February of 1980, during the election campaign, saying that his budget had already been overtaken by events and that he felt there should be further increases over and above those contained in his budget. He should be the last one to complain about tax increases.

As far as the government is concerned, I repeat that we have made commitments about the prices in 1980 and over the period up to 1984. I assure the hon. member that Canadian consumers—

Miss MacDonald: Are paying for it.

Mr. Lalonde: —will have paid less under this government than they would have paid under the Conservative budget.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

REVOCATION OF PRICE INCREASES

Hon. John C. Crosbie (St. John's West): Madam Speaker, my supplementary question is directed to the Deputy Prime Minister and Minister of Finance. I cannot ask him to stop beating his wife, but I can ask him to stop beating the Canadian consumer.

Some hon. Members: Hear, hear!

Mr. Crosbie: When the 18-cent excise tax was proposed in December, 1979, it did not apply to heating fuel. In St. John's, Newfoundland, heating fuels are up 50 cents per gallon in the last year because of federal tax increases. They would not have been up a dime under our 18-cent excise tax.

Mr. Lalonde: What about the other increases?

Mr. Crosbie: The minister's colleague has tabled, since the budget, four increases by non-budgetary notices in the House. There were two yesterday—the Canadian ownership charge and the first Lalonde levy; $2.6 billion in additional taxation since the budget came down; over 15 cents per gallon. Is the minister prepared to revoke these increases and to eliminate these notices given yesterday in an effort, no matter how feeble, to meet his commitment to Canadians when he asked them to vote for him and the price would stay down? Will the minister make some pretence at trying to observe that, for the people of Cape Breton are now paying over a 60 per cent increase in their heating fuel oil and over 60 cents more per gallon for gasoline since he came to office and stabbed them in the back?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, of course I will not accept the suggestion of the hon. gentleman. In every speech he makes, he urges me to contain the fiscal deficit. The step which was taken yesterday will contain the fiscal deficit.

Mr. Crosbie: Meet your promises.

Mr. MacEachen: Let me also add that I will be pleased at any time to present my program, in comparison with that of the hon. gentleman, to my electors in Cape Breton-Highlands-Canso. I have no doubt which they will choose.

Mr. Nowlan: Will you show them your ad, Allan?

PRICE PAID BY FARMERS FOR DIESEL FUEL

Hon. Don Mazankowski (Vegreville): Madam Speaker, I should like to direct my question to the Minister of Energy, Mines and Resources. The price of diesel fuel to Canadian farmers has increased by some 62 cents per gallon or, to put it another way, the price of diesel fuel to Canadian farmers has doubled since the Liberals and the NDP combined forces to defeat our government in December, 1979, on the issue of oil pricing. During that period of time domestic oil prices have increased by some 30 per cent, from $13.75 per barrel to $17.75 per barrel. This currently represents 41 per cent of the world price.

In view of the fact that this price increase amounts to nothing more than a massive federal government rip-off, in view of the serious impact of this price increase on the agricultural producing sector and the need for relief in that particular sector, as was recognized in the Conservative budget of 1979 which provided for a rebate and an energy tax credit, will the Minister of Energy, Mines and Resources recommend to his cabinet colleagues some relief for the producers of Canada?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the government has the fate of the producers of the country very much in mind, particularly the farmers.

Some hon. Members: Oh, oh!

Mr. Lalonde: This is why, under our budget of last year and our energy program, we have proposed a scheme whereby—

An hon. Member: Scheme is the correct word.

Miss MacDonald: Try manipulation.

Mr. Lalonde: —Canadian consumers and farmers in particular will not have to pay the type of prices planned under the Conservative budget.

Mr. Clark: They will have to pay twice as much.

Mr. Lalonde: I want to stress quite clearly that Canadian consumers at large, as I have indicated, have saved $1.9 billion, thanks to the measures we have adopted.

Some hon. Members: Oh, oh!

Mr. Lalonde: Also the farmers of Canada have benefited from this. A family of four has saved $335—

Mr. Crosbie: They have not saved a dime.

Mr. Lalonde: —since December, 1979. This includes the farmers of the country, as well as every other family.

Mr. Clark: Is that why they are going bankrupt?

Mr. Lalonde: That is what has happened under the Liberal government and the budget presented by my colleague.

REQUEST FOR RELIEF FOR FARMERS

Hon. Don Mazankowski (Vegreville): Madam Speaker, since all we are able to elicit from the Minister of Energy, Mines and Resources is nothing more than nonsensical rhetoric, I should like to direct my question to the non-Minister of Agriculture. I am sure he is aware that while domestic oil prices in the country have increased by less than 30 per cent at the wellhead, the price of diesel fuel to Canadian producers has more than doubled.

In view of the fact that the Minister of Agriculture is simply standing idly by, watching his colleague, the Minister of Energy, Mines and Resources, rape the producers of Canada, will he undertake to recommend to his cabinet colleagues some relief for the producers of Canada so that they can keep their input costs down?

Some hon. Members: Hear, hear!

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member knows full well that the producers of agricultural products in Canada have many benefits from programs.

Some hon. Members: Oh, oh!

Miss MacDonald: Such as interest rates.

Mr. Whelan: First and foremost, any Canadian agricultural producer can compete with any farmer any place in the world. They get their fuel at 40 to 50 cents per gallon cheaper in Canada than anywhere else in the world.

* * *

EMERGENCY MEASURES

MEASURES TO ALERT ONTARIO CITIES FOR POSSIBLE EVACUATION

Mr. Jack Burghardt (London West): Madam Speaker, in light of the conference on emergency planning scheduled for June 5, I should like to direct my question to the President of the Privy Council. In the past few years the transportation of hazardous commodities has created an active awareness in all municipalities of the need for emergency planning. Many problems arise when a community is faced with large-scale emergencies, one being the large-scale evacuation of the populace. As is the case in most cities, the city of London does not have adequate alerting devices for a large-scale evacuation. I am aware that a federal warning system, controlled from Petawawa base camp, when activated, alerts ten counties in southwestern Ontario.

Some hon. Members: Question!

Mr. Burghardt: Because hazardous commodities are transported through London daily, would it not be feasible to design a system to segregate communities, one from another, so that the mayor of a given community could request, under extreme emergency conditions, that the particular community be alerted from Petawawa base camp?

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I want to thank the hon. member for his question. It is a fact that Friday I will have an opportunity to meet my provincial colleagues to discuss the principles which will pave the way for improved co-operation between the various levels of government so that emergency measures in Canada will be better planned. This ought to enable all regions, including of course the region of London, to cope much more efficiently with various emergency situations.

[*English*]

With respect to the specific matter raised by my hon. colleague, I will give instructions to officials in Emergency Planning Canada and ensure that they report to me in time so that in the very near future I can report to the hon. member.

* * *

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE—REQUEST FOR ASSISTANCE TO HOME OWNERS

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, we need emergency planning for thousands of home owners who are being poisoned by urea formaldehyde foam.

• (1450)

My question is directed to the minister for CMHC. Thousands of angry home owners and renters are organizing across the country because they are suffering from health problems and their homes are worthless because of this poisonous form of insulation. They hold the federal government directly responsible, and particularly CMHC which endorsed this program through its own CHIP program. They want action, not just a survey by telephone of 400 homes.

I would like to ask the minister, through Your Honour, since CMHC is responsible through CHIP, will the minister right this wrong? Will he take initiatives to set up information, testing and advice centres through local CMHC offices? Will he help to provide different accommodations for people who have health problems? Will he extend the RRAP program, a home repair program already in place, to help people get rid of this contaminated foam in their homes?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, first of all I would confirm that I am aware of the problems addressed by the hon. member for Vancouver East.

Some hon. Members: Oh, oh!

Mr. Cosgrove: I would like to say that in my own constituency there has been a meeting of affected home owners. I am quite aware of their concerns.

Mr. Clark: Got more hair than brains!

Mr. Cosgrove: However, I would hasten to advise the hon. member that I am sure she must have overlooked the fact that the CHIP program was transferred into the auspices of energy, mines and resources earlier this year.

Mr. Clark: Like the Department of Finance!

Mr. Cosgrove: I would like to remind the hon. member of the reply given by the minister just a few days ago in this House that, indeed, a special committee of cabinet is presently looking at the many problems raised in the question put by the hon. member. First of all, we are concerned to know the extent of the problem. We are concerned to know that a response in a scientific way is one which has a certain certitude and is not haphazard. As the minister indicated, the government has this actively under consideration. I would expect that within a few weeks we will be able to give a definitive answer.

Mrs. Mitchell: As usual, this minister is passing the buck and refusing to take any initiatives.

COMPENSATION TO MEET COST OF REMOVAL

Mrs. Margaret Mitchell (Vancouver East): My second supplementary question is directed to the Minister of Finance. Home owners who are afflicted by urea formaldehyde gas cannot live in their homes; they cannot sell them because they are useless; they are worried about their children who have bad health problems, in many cases; and most of them have their life savings in their homes. Will the minister, in view of this tragedy, approve a compensation program for home owners so that they can remove this hazardous insulation and be paid for it by the government which contributed to the problem?

Some hon. Members: Hear, hear!

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, I would remind the hon. member that the matter is now under review by an interdepartmental committee and that within a few days, we shall announce a series of measures that will specifically meet the expectations of the people, and that will indeed allow us to assess the exact extent of the problem.

I would submit to the hon. member that it is absolutely useless to make the kind of statement she has been making about Canadians that are now supposed to be ill. We will check the facts and the government will face its responsibilities only as far as it is bound to, nothing more and nothing less.

* * *

[*English*]

ENERGY

FUTURE INCREASE IN PRICE OF CRUDE OIL

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, I would like to seek some clarification, if I may, from the Minister of Energy, Mines and Resources. Some of us were under the impression that, in the absence of any agreement with Alberta or the other producing provinces, there was to be a further increase of $1 a barrel on crude oil as of July 1 of this year. Did I understand the minister correctly to say that that will not take place at that time but will instead take place on the 1st of September? If Alberta again cuts back production we can, of course, expect a further increase of another $1 a barrel on the 1st of September. Would there then be an increase of $2 a barrel as of the 1st of September, 1981, in the absence of any agreement?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Obviously, if the government of Alberta introduces another cutback on the 1st of September, we will have to provide compensation for that unfortunate decision. As far as the first question is concerned, the budget announced an increase of $1 a barrel effective the 1st of July, but it will be delayed for 60 days before it reaches the consumer through the refinery process. Therefore that increase will not come into effect until the 1st of September, as far as the consumer is concerned. No other increase is planned, at least until the 1st of September.

FEDERAL SHARE OF INCREASE

Hon. Allan Lawrence (Durham-Northumberland): Perhaps the minister could correct my rather poor arithmetic. The way I then compute it, there will have been a total increase in September, of the total price of crude oil per barrel in 1981, which will be close to $10 a barrel by next fall. The federal government will be collecting approximately $8 out of that $10. Could the minister confirm those figures for me, please?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I think the calculations of the hon. member are excessive.

An hon. Member: Give us yours!

Some hon. Members: Oh, oh!

Mr. Lalonde: I would like to remind the hon. member that, out of whatever total figure he has in mind, about $3, or somewhat over $3, would be the result of the Alberta cutbacks, a decision by that provincial government. In addition, there are $2 which go to the wellhead, to the producing provinces. Therefore I suggest that my hon. friend bear those facts in mind in making his calculations.

Mr. Clark: What are your estimates?

[*Translation*]

THE ECONOMY

ATTITUDE OF GOVERNMENT TOWARD THE CAISSES D'ENTRAIDE ÉCONOMIQUE DU QUÉBEC

Mr. Pierre Gimaïel (Lac-Saint-Jean): Madam Speaker, I will try to put a somewhat shorter question than my honourable colleagues opposite did. It is directed to the Minister of State for Finance. He is no doubt aware of the current situation concerning the economic mutual help unions in Quebec. In view of the importance of those unions, and of the fact that they have been, along with DREE, one of the major instruments of economic development in our Quebec regions for the last ten years, could the minister state the Canadian government's position on the current situation within the economic mutual help unions movement in Quebec?

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, in the first place I agree with the hon. member that the mutual help unions are important to consolidate the economies of the various regions in Quebec. I would further suggest to the hon. member that under the present conditions, it is no wonder that a financial institution may face difficulties. However, the best possible protection for depositors or members of a mutual help union in my view is for them to retain their trust in that financial institution. Finally, under an agreement between the Quebec Deposit Insurance Board and the Canada Deposit Insurance Corporation, in case the Quebec Deposit Insurance Board were in need of cash, a line of credit of some $100 million has been granted by the Canada Insurance Deposit Corporation, a federal institution.

* * *

[*English*]

PENITENTIARIES

RIOT AT MATSQUI INSTITUTION IN BRITISH COLUMBIA

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is directed to the Solicitor General. As the minister knows, there has been a full scale riot at Matsqui Institution in British Columbia, starting last night, in which all cell blocks and a number of other buildings were burned and, in fact, completely gutted. At least seven prisoners were injured, one critically. The army has been called in, among other things, to evacuate staff from the roof of the institution.

Will the minister inform the House what sparked this very serious riot and what the present status of the riot is? Will he assure the House that he intends to visit the site of Matsqui Institution immediately to take control of the situation?

Some hon. Members: Hear, hear!

Hon. Bob Kaplan (Solicitor General): Madam Speaker, when I came into the House at two o'clock today, the riot was still ongoing. In view of that I think that it would be better not to speak about the causes of it or about the steps which are being taken to quell the riot. However, I want to indicate to the House that the perimeter security is standing and that the community surrounding that institution is not in any risk. Members of the Armed Forces have come on to the site, along with members of the Royal Canadian Mounted Police, to reinforce the perimeter security.

A special inquiry will be held. In fact it was launched this morning in the normal course in relation to a serious incident such as this. When the disturbance is over I would be very glad to answer questions of the sort the hon. member has asked.

• (1500)

RECOMMENDATIONS OF PARLIAMENTARY COMMITTEE

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my supplementary question is again addressed to the Solicitor General. As he knows, in 1977 a special subcommittee of Parliament passed a unanimous report making recommendations for changes in the penitentiary system, saying that there was a state of crisis in the system. In view of the fact that many of those recommendations have not been implemented by the government and by the commissioner, and in view of the fact that there clearly exists a state of crisis in the system today when we look at Laval, Dorchester, and now Matsqui, what steps does the minister intend to take to implement the unanimous recommendations of the special subcommittee report, to prevent the possibility of a very long, hot, and possibly explosive summer in the Canadian prison system?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I do not anticipate a long, hot, explosive summer in the penitentiary system. In fact I do not think this incident can be characterized as being a crisis. Almost all of the recommendations of the parliamentary committee have been implemented. There have been four progress reports made to the committee, of which the hon. member is a member. He has had a full opportunity, as have all members, to see the extent to which there has been full implementation of that report. A fifth progress report is in the course of preparation. I think it would be very far from accurate to say that there is a state of crisis in Canada's penitentiaries.

* * *

[*Translation*]

ENERGY

CURRENT POLICY

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, my question is for the Minister of Energy, Mines and Resources, if he can come back to his seat.

During the last election campaign in February 1980, the Liberals promised Canadians that the price of gasoline would remain low. In fact, the Minister of Finance published the following announcement about this issue in a paper in his riding on January 23: "Vote Liberal and Keep the price down!" Fourteen months later, Canadians have to pay 60 cents

more a gallon, 9 of 12 increases of which only go to pay Liberal taxes. This is another example of a Liberal flip-flop. This 9-cent increase per gallon will add to the tax burden of Canadians. I shall now ask my question, Madam Speaker! Will the Minister state once again that his energy policy is the best solution and that he must, accordingly, increase the price of gasoline even though he has no valid reason other than masking his own and his government's inability to solve the energy problem?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I timed the question and I hope that you will give me as much time to reply.

First, I wish to repeat to the hon. member, to the House and to the Canadian people that our action as far as oil is concerned has saved each Canadian family of four members $335 since December 1979 compared with what the Progressive Conservative budget proposed. These are facts. These are figures which are easy to prove. Second, I also remind the hon. member that Canadians today will still pay 40 cents a gallon less for their oil than people in the United States.

Third, I remind the hon. member that our commitment, which we have kept, not to increase prices in 1980 as much as the Progressive Conservatives planned to do, that is not to impose the 18 cents tax, called for a price increase of under $4, and I repeat to Canadian consumers that our energy policies will mean that they will have to pay less than they would have had to under the terrible Progressive Conservative budget which was voted down in December 1979.

EFFECT OF NEW GASOLINE TAX ON CONSUMERS

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, the Minister and his colleagues are against consumer rip-offs except when they are the main cause of them, as is the case for energy and uranium. Does the minister, who is a member from Quebec, a province where there are quite a few low-income people intend to tell Quebecers that this new tax will not affect them and that they can always rely on him and Liberal miracles to help them face the shameful increase in the price of oil?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, Quebec members as well as Quebec consumers and voters have a better judgment than himself. Of this I can assure him. I went to Quebec City two days ago to talk to people there. I am going tonight to speak to people in Montreal, and I shall tell them the facts as they are. We are not ashamed to defend our record in view of what the Progressive Conservatives intended to impose on the consumers. I also remind the House that if the Alberta premier were to decide to cancel the production cutbacks which he has imposed on Canadian consumers, we would reduce oil prices by 7.25 cents a gallon tomorrow morning.

[*English*]

POINT OF ORDER

MR. PATTERSON—MATSQUI INSTITUTION RIOT—REQUEST FOR STATEMENT BY SOLICITOR GENERAL

Mr. Alex Patterson (Fraser Valley East): Madam Speaker, my point of order concerns the reply given by the Solicitor General regarding the riot at Matsqui Institution. I believe that this is an incident of such magnitude that it would call for a statement on motions by the Solicitor General (Mr. Kaplan), because the military forces were called in and because of the fire that destroyed over 50 per cent of the facilities. I think this all adds up to the point where there should be a statement on motions by the minister. I wonder if he would give that assurance.

Madam Speaker: Order, please. That might be a request from the hon. member but I certainly have no jurisdiction to ask the minister to make a statement on motions. That is his choice and he can do so if he sees fit.

An hon. Member: He said he wants to.

An hon. Member: Here he is.

Mr. Baker (Nepean-Carleton): A point of order, Kaplan!

Mr. Clark: Send Ouellet to court and stand up!

ROUTINE PROCEEDINGS

[*English*]

HAZARDOUS SUBSTANCES

TABLING OF MEMORANDA ON FUNGICIDE CAPTAN

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, in accordance with the provisions of Standing Order 41(2), I should like to table two memos from Dr. A. B. Morrison, assistant deputy minister, health protection branch, Department of National Health and Welfare, to Dr. J. E. McGowan, assistant deputy minister, food production and inspection branch, Agriculture Canada, concerning Captan. I regret that I can only table these documents in English at this time as the French documents have not been completely translated. They should be here in five or ten minutes.

* * *

[*Translation*]

SUPPLEMENTARY ESTIMATES (A), 1981-82

A message from His Excellency the Governor General transmitting supplementary estimates (A) with regard to sums required for the public service of Canada for the financial year ending March 31, 1982 and, pursuant to the provisions of the

British North America Act, 1867, recommending those estimates to the House of Commons, was presented by the President of the Treasury Board (Mr. Johnston) and read by Madam Speaker to the House.

[*English*]

REFERENCE TO STANDING COMMITTEE

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, pursuant to Standing Orders 58(15) and 59, I move:

That the Supplementary Estimates (A) 1981-1982, tabled this day, be referred to the Standing Committee on National Resources and Public Works.

Madam Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

● (1510)

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

ENERGY

TAX INCREASE ON OIL PRODUCTS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, earlier today I gave you notice, and I now ask leave to move the adjournment of the House under the provisions of Standing Order 26 to allow an emergency debate on the unprecedented price increase and tax increase introduced yesterday by the Minister of Energy, Mines and Resources (Mr. Lalonde).

I might just elaborate very briefly on the reasons for my proposal. The Minister of Energy, Mines and Resources announced the government's decision yesterday to impose a major tax increase on oil products. It was a tax increase. A part of this tax increase represents an increase of 50 per cent of a tax established in the October 28 budget, which is part of a ten-year price plan. No justification of this tax was given to the House by the minister. It represents a major increase in energy taxes for the consumers of Canada with no opportunity for a debate on it here in the House of Commons.

In my opinion, its impact on the economy is similar to that which could be expected from a regular budget, and a regular budget would be subject to a full six-day debate. But the minister has chosen a manoeuvre which allows no debate at all.

Because it is the role of Parliament to debate substantial tax increases imposed by the government, I believe it is essential to allow full debate on this emergency situation in the House. Further, because this tax is effective immediately, time is of the essence.

Therefore, Madam Speaker, I think it appropriate to move to adjourn the House to permit us to debate a tax increase which was sneaked into this House yesterday, as we would debate a tax increase as introduced in a direct and regular way.

Some hon. Members: Hear, hear!

Madam Speaker: I have received the proper notice from the Right Hon. Leader of the Opposition (Mr. Clark) as is required under the provisions of Standing Order 26 for an emergency debate. I have, of course, examined his statement.

I have to admit that the problem raised by the right hon. member is obviously a very important one. It refers to a situation which undoubtedly has a certain character of urgency. However, I am also sure that it is a matter of continuing interest to all members of the House. As all hon. members are aware, there have been periodic increases in the price and tax of oil products.

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): The public is aware, too.

Madam Speaker: The inevitable conclusion is that the problem is one of continuing concern.

The provisions of Standing Order 26(5) are very clear. Referring to the Chair, it reads:

In determining whether a matter should have urgent consideration—

And it concludes with these words:

—shall have regard to the probability of the matter being brought before the House within reasonable time by other means.

Standing Order 60(11) reads as follows:

The adoption of any Ways and Means motion shall be an order to bring in a bill or bills based on the provisions of any such motion.

The tabling of notices of ways and means is the first step in the legislative process, as the minister stated yesterday, which allow for ample debate when a motion is called.

Hon. members are aware that we are presently in a supply period which provides an opportunity for members to discuss a subject of their choice. The government House leader has indicated in his weekly statement on the business of the House that two days per week will be designated as opposition days under our supply proceedings.

For all of those reasons, I regret that it is not possible at this time to put to the House the motion proposed by the Right Hon. Leader of the Opposition.

Order Paper Questions

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,284, 1,665, 1,787, 2,327, 2,328, 2,501 and 2,503.

I ask, Madam Speaker, that the remaining questions be allowed to stand.

[*Text*]

DEFENCE INDUSTRY PRODUCTIVITY PROGRAM

Question No. 1,284—**Mr. Herbert:**

In each of the past five years, what amount was contributed to the Defence Industry Productivity Program (DIP) fund and, by how much per cent, did the annual contribution change in constant dollars?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned, for each of the past five years DIP contributions were:

	Actual	1973/74 Dollars*	Percent Change In Constant Dollars (73/74 Dollars)
1979/80	$57.9 million	$33.1 million	+ 1.22 per cent
1978/79	$52.2 million	$32.7 million	+ 13.54 per cent
1977/78	$43.2 million	$28.8 million	− 10.00 per cent
1976/77	$44.9 million	$32.0 million	+ 4.92 per cent
1975/76	$39.0 million	$30.5 million	

* Using the implicit price index for the gross national expenditure published by Statistics Canada, the above values have been computed in terms of the FY 1973/74 dollar.

DIVISION BETWEEN FOREIGN AND CANADIAN CONTROLLED OIL AND GAS PRODUCING COMPANIES

Question No. 1,665—**Mr. Herbert:**

1. Is the division between foreign and Canadian controlled oil and gas producing companies in the chart on page 20 of the publication entitled The National Energy Program 1980 based on 51 per cent ownership of voting stock or were effective controls the criteria used?

2. Does any change in control, in order to be effective, arising from a change in status of preferred stock attributable to non-payment of dividend, require approval of the foreign investment review agency?

3. What percentage of the voting shares of the Canadian controlled companies listed, other than Petro-Canada, are owned by Canadians?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments of Energy, Mines and Resources and Industry, Trade and Commerce as follows:

1. The division of companies between foreign and Canadian controlled is based upon the ownership of voting stock (50 per cent plus 1) expect where the Foreign Investment Review Agency has determined control on an effective control basis to be different from the statistical basis.

2. Ordinarily the transfer of control of a Canadian business enterprise to a non-eligible person arising from a change in status of preferred stock attributable to non-payment of dividends would not be subject to review under the Foreign Investment Review Act.

3. The ultimate Canadian ownership of the Canadian controlled companies listed according to Statistics Canada at the end of 1979 was as follows:

Pan Canadian Petroleum Ltd.	73.2 per cent
Dome Petroleum Ltd.	27.2 per cent
Norcen Energy Resources	93.1 per cent
Home Oil Company Ltd.	98.7 per cent
Husky Oil Operations Ltd.	83.7 per cent
Alberta Energy Company Ltd.	99.9 per cent
Ocelot Industries Ltd.	99.3 per cent

When the newly-established Petroleum Monitoring Agency completes its assessment, there may be changes in these ownership percentages.

ADVERTISING EXPENDITURES

Question No. 1,787—**Mr. Stevens:**

For the current fiscal year, what are the estimated expenditures of Consolidated Computer Incorporated for (a) advertising (b) free or subsidized publications (c) other information conveyed to the public?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned, the company has provided the following information: for 1980, Consolidated Computer Incorporated estimates that its expenditures in the requested categories will be as follows:

(a) Advertising: $69,300 (including $25,800 for pure advertising, $15,000 for promotional material, and $28,500 for trade shows).

(b) Free or subsidized publications: Nil

(c) Other information conveyed to the public: $18,099 (To produce quarterly statements and financial reports.

DSS—DEPARTMENTAL ADVERTISING CONTRACTS

Question No. 2,327—**Mr. Cossitt:**

What is the value, by department, of all advertising contracts processed through the Department of Supply and Services for the fiscal years 1979-80 and 1980-81?

Hon. J.-J. Blais (Minister of Supply and Services): In so far as the Department of Supply and Services is concerned:

April 1, 1979 to March 31, 1980

Department	No. of Contracts	Value of Contracts
Secretary of State	1	$ 25,000.
Supply and Services	3	26,800.
Canadian Unity Information Office	3	3,280,000.
Regional Economic Expansion	1	10,000.
Employment and Immigration	6	1,420,000.
Industry, Trade and Commerce	5	8,625,456.
Energy, Mines and Resources	4	1,744,800.
Finance	1	90,000.
Public Works	1	300,000.
Transport Canada	1	325,000.
Solicitor General	1	31,466.
Health and Welfare	1	250,000.
National Defence	7	1,940,000.
	35	$18,068,522.

In addition, there were five contracts that pertain to work performed during the fiscal year 1979-80 but which were not actually issued by DSS until the fiscal year 1980-81. The number and value of these contracts are as follows:

Department	No. of Contracts	Value of Contracts
Industry, Trade and Commerce	4	$ 3,263,456.
Employment and Immigration	1	435,000.
	5	$ 3,698,456.

Total ($18,068,522 + 3,698,456) = 21,766,978.

The figures above reflect only the advertising contracts processed through the Department of Supply and Services. Prior to September, 1979, departments and agencies were not required to request advertising services through DSS. With the promulgation of TB Circular 79-30 dated September 19, 1979, all departments and agencies were required to have DSS issue advertising contracts on their behalf. It should also be noted that no advertising contracts were awarded during the election compaign, December, 1979, to February, 1980.

April 1, 1980 to March 31, 1981

Department	No. of Contracts	Value of Contracts
Secretary of State	8	$ 885,738.
Supply and Services	4	2,512,998.
Justice (Canadian Unity Information Office)	13	13,570,000.
Employment and Immigration	21	4,268,130.
Industry, Trade and Commerce	18	8,885,974.
Energy, Mines and Resources	10	8,924,413.
Finance	9	3,489,411.
Regional Economic Expansion	4	995,000.
National Defence	20	4,232,015.
Transport Canada	9	682,176.
Indian and Northern Affairs	1	161,402.
Agriculture	2	82,505.
Royal Canadian Mounted Police	5	120,385.
Environment	1	20,000.
Canada Post	5	141,993.
Canadian Wheat Board	1	339,000.
Health and Welfare	9	1,868,330.
Public Works	1	200,000.
Statistics Canada	4	1,948,400.
National Research Council Canada	1	1,683.
Solicitor General	1	25,916.
External Affairs	1	53,944.
Revenue Canada, Customs and Excise	1	202,229.
Fisheries and Oceans	1	41,337.
	150	$53,652,979.

Order Paper Questions

DSS—VALUE OF CONTRACTS BY ADVERTISING AGENCIES

Question No. 2,328—Mr. Cossitt:

What is the value, by advertising agency, of all advertising contracts processed through the Department of Supply and Services for the fiscal year ended March 31, 1981?

Hon. J.-J. Blais (Minister of Supply and Services): See list below.

Value of Advertising Contracts awarded by Agencies for period April 1, 1980 to March 31, 1981

Agency	No. of Contracts	Value of Contracts
Ronalds-Reynolds & Company Limited—Tor./Mtl.	9	$ 8,530,480.
Vickers & Benson Ltd.—Toronto	8	5,552,184.
Foster Advertising Ltd.—Regina	3	604,000.
Atlantic Canada Advertising—Fredericton	1	10,000.
Goodis, Goldberg, Soren—Toronto	1	2,023,500.
Reidcorp Advertising Consultants Ltd.—Toronto	2	317,196.
Baker, Lovick Limited—Calgary	2	270,570.
Wilshar Advertising Ltd.—Halifax	2	159,167.
DIR-AD Ltd.—Montreal	1	85,000.
March Chait & Associates Limited—Toronto	1	690,000.
Cockfield, Brown & Co. Ltd.—Montreal	3	878,902.
Price, Rubin & Partners Inc.—Toronto	4	509,663.
Hill-Gordon Hill Adv. (Western) Ltd.—Winnipeg	7	1,572,090.
Crombie Advertising Ltd.—Toronto	4	235,211.
Richmond Advertising Associates Inc.—Toronto	1	300,000.
St. Alexander Advertising Academy Ltd.—Montreal	4	126,529.
Lindley Kova & Associates—Toronto	1	50,000.
Glowinsky & Gee, Advertising—Toronto	3	58,491.
Maclaren Advertising Ltd.—Toronto	1	2,800,000.
The Jerry Goodis Agency Inc.—Toronto	2	2,201,578.
West-Can Communications Ltd.—Vancouver	1	500,000.
Smith Publishing Co. (Travel Times)—Montreal	5	1,796,013.
RVHA Advertising Ltd.—Toronto	1	20,000.
Canadian Media Corporation—Tor. (Agency of Record)	25	10,063,839.
Krohn Advertising Ltd.—Toronto	2	65,000.
PIR Advertising Ltd.—Toronto	1	50,000.
Palmer Jarvis & Associates Advertising Ltd.—Van.	1	172,530.
Howard, Ian & Associates—Vancouver	1	42,000.
Development Publications Limited—Willowdale, Tor.	1	1,250.
Hunter Daniels Ltd.—Vancouver	1	1,683.
Ford Advertising Ltd. J.—Edmonton	1	41,675.
Quantum Communications—London, Ont.	1	907.
Commercial Associates Limited—Toronto	1	35,409.
Rowntree Adv. Ltd.—Vancouver	1	41,337.
Atlantic Canada Plus Association—Halifax	1	125,000.
Publi-Media Inc.—Montreal	3	1,937,429.
BCP Group Ltd.—Montreal	5	1,174,025.
Tremblay, Publicité Inc., Pierre—Quebec	4	487,409.
Payeur Publicité, Inc.—Quebec	3	466,159.
Des Communicateurs Associés PLT Inc.—Montreal	2	1,800.
Communication PNMD Inc.—Montreal	4	2,355,964.
Cabana, Séguin Inc.—Montreal	4	255,644.
B & B Advertising Ltd.—Montreal	2	875,500.
Planicom Publicité Ltée—Montreal	6	3,100,975.
Le Groupe des Communicateurs Unis du Canada-Mtl	2	1,156,955.
Feedback Agence de Communications Commerciales et Sociales Ltée—Montreal	1	500,000.
Léveillé & Associés Inc., Jean—Montreal	1	115,000.

Order Paper Questions

Value of Advertising Contracts
awarded by Agencies
for period April 1, 1980 to March 31, 1981

Agency	No. of Contracts	Value of Contracts
Hill-Maheux/Hill et Associés Inc.—Montreal	5	$433,050.
Gilles Ste. Marie—Montreal	1	2,000.
Publitheque—Montreal	1	635,900.
Publicité Media—Montreal	1	216,055.
L'Imprimerie acadienne—Moncton	1	7,910.
Total	150	$53,652,979.

In addition to the above, there were five contracts that pertain to work performed during the fiscal year 1979-80 but which were not actually issued by DSS until the fiscal year 1980-81. The details of these contracts are as follows:

Agency	No. of contracts	Value of contracts
Vickers & Benson Ltd.	2	$2,585,000
Cockfield, Brown & Co. Ltd.	2	303,456
McLauchlan, Mohr, Massey Ltd.	1	810,000
	5	$3,698,456

DND—PURCHASE OF PULSE GENERATOR AND TRAINING MANUALS

Question No. 2,501—**Mr. Stewart:**

Did the Department of National Defence purchase pulse generator and training manuals from Sheppard Agencies at a cost of $127,428 and, if so, what was the (a) number purchased (b) cost per manual (c) reason for purchase?

Hon. J.-J. Blais (Minister of Supply and Services):

The Department of Supply and Services on behalf of the Department of National Defence purchased a pulse generator and training manuals from Sheppard Agencies at a total cost of $127,428.

(a) One (1) pulse generator.
Nine (9) training manuals.

(b) Cost per manual: $62.50.

(c) For use as a power source for a simulator already in place aboard the DDH 280 class destroyer.

CIDA—PURCHASE OF DIESEL ELECTRIC GENERATOR SETS

Question No. 2,503—**Mr. Stewart:**

Did the Canadian International Development Agency (CIDA) purchase diesel electric generator sets from Cummins Ontario Ltd. at a cost of $135,410 and, if so (a) for what purpose (b) what was their destination?

Hon. J.-J. Blais (Minister of Supply and Services):

The Department of Supply and Services, on behalf of the Canadian International Development Agency (CIDA), awarded a contract to Cummins Canada Limited for the provision of diesel electric generator sets at a total cost of $135,410, under the grant aid program.

(a) The generator sets are destined for the Burma visual aid project to provide stand-by power at five airports in Burma.

(b) Rangoon, Burma.

[*Translation*]

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Shall the remaining questions stand?

Some hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, notice of motion for the production of papers No. 51 is acceptable to the government, subject to the usual reservations about confidential documents.

Madam Speaker: With the reservations and conditions mentioned by the parliamentary secretary, is it the pleasure of the House that notice of motion No. 51 be deemed to have been adopted?

Some hon. Members: Agreed.

[*Text*]

COPIES OF LETTERS, PAPERS AND STUDIES CONCERNING MOVE OF RCMP HEADQUARTERS "E" DIVISION FROM VICTORIA TO VANCOUVER

Motion No. 51—**Mr. McKinnon:**

That an Order of the House do issue for copies of all letters, papers and studies concerning the move of RCMP Headquarters "E" Division from victoria to Vancouver, British Columbia.

Motion agreed to.

[*Translation*]

Mr. Collenette: I ask, Madam Speaker, that the remaining notices of motions be allowed to stand.

Madam Speaker: Does the House agree?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—AGRICULTURE—CALL FOR GOVERNMENT POLICY

Mr. Stan J. Hovdebo (Prince Albert) moved:

That this House condemns the inadequate policies of the present government in agricultural areas and calls on the government to institute an agricultural policy which would:

(1) implement a national stabilization plan available for all farm products and based on the cost of production and supported by producer and federal contributions;

(2) encourage the establishment of national orderly marketing agencies for all farm commodities;

(3) expand the role of a sufficiently-capitalized Farm Credit Corporation to include provision of short-term and long-term financing as well as operating costs for beginning farmers;

(4) provide continuing emergency aid to farmers on the basis of cost-shared agreements negotiated in advance to avoid the problems associated with last year's drought and herd maintenance programs;

(5) condemn the use of grain embargoes in Canadian foreign policy and pay immediate compensation to Canadian farmers who have waited for 17 months for payment on the Soviet grain embargo;

(6) affirm the role of the Crowsnest Pass freight rate in developing western Canada by implementing Crow-related rates to move semi-processed and finished agricultural products; and

(7) negotiate a land-use policy for Canada in conjunction with the provinces.

He said: Mr. Speaker, this is the second opposition day on agriculture this week and the week is only half over.

The Canadian Federation of Agriculture has stated that we are in a crisis situation in the agricultural industry. I say that what is happening in the agricultural industry these days is more than a crisis, it is a disaster. Therefore, it is very important that we have an opportunity to debate this subject in this House on the second day devoted to agriculture.

Farmers are going under at a fast rate. We have heard about many bankruptcies. When the Minister of Agriculture (Mr. Whelan) spoke on Monday, he also referred to bankruptcies. Most farmers do not wait for bankruptcy; they sell out when they can still see some hope of getting out of the situation with a few dollars. Surprisingly, the inflated price of land has had something to do with farmers staying in business. With the price of a farmer's land rising almost on a daily basis, a farmer finds that he can always sell his land to pay off his debts.

To date the government has admitted to the existence of a crisis. The government has projected disaster in some areas but it has suggested only band-aid treatment, but now it seems to be running out of band-aids. The government is cutting back on some programs which have helped farmers. Agencies, such as the Farm Credit Corporation, have less money this year than last. In some cases, instead of applying a band-aid, the government is applying a tourniquet. We all know what happens if you leave a tourniquet on for too long—the limb eventually drops off. That is what is happening in certain parts of our agricultural industry today. I sometimes wonder whether the government is trying to slip that tourniquet around the neck of the industry. Instead of solving the problem, it would eliminate that industry entirely.

• (1520)

The motion before the House is an omnibus motion. It covers many areas. There is good reason for that.

The approach of this government offers no real solution to the problem. This motion is an attempt to impress on the government the need for a co-ordinated approach to the crisis, which is, in fact, a disaster in agriculture. We need a planned and co-ordinated approach rather than a patchwork or band-aid approach. We need a plan which deals with high interest rates, the cost-price squeeze, high land prices, marketing problems, the emergency drought situation, transportation, rail line abandonment, and so on. We need Canadian foreign policy which does not use food as a weapon against the poor in other countries.

My party will be presenting some solutions to the crisis in agriculture. Some of our difficulties today are related to the failure of the stabilization program which has become a tattered patchwork quilt rather than insulating the farmer from the vagaries of the market place.

Many producers are upset by the recent decision not to pay hog support to producers receiving provincial support. Farmers in Saskatchewan will not receive hog support on their first 1,500 pigs. We agree with the government that an equitable national hog stabilization program is needed. However, the government has failed to provide that.

Farmers would support a national plan based on the cost of production rather than the present average market price with contributions by the federal government and the producers. This should be available for all commodities. The government should put its principles into practice. The Minister of Agriculture expounds these principles on a daily basis. Rather than just talking about orderly marketing, he should do something about it.

Plebiscites could be held under draft legislation which could be produced and debated, or the producers could have votes under the Farm Products Marketing Act to set up an agency for marketing of pork. New legislation might be required for beef. This would be a method of achieving lasting stability and fair prices.

The NDP motion seeks a policy which would put into place long-term stabilization plans. If an effective national stabilization plan is implemented, it must be based on certain principles. First, the program should be national to avoid provincial balkanization because some provinces produce more than others. Since agriculture is a shared responsibility, this will require provincial negotiations. Second, payments should be based on cost of production not on the average market price which may bear no relation to the cost of production. Third, the program should be funded by federal contributions and producer premiums, and payments should be quarterly. Fourth, a ceiling on eligibility should be included to discourage large scale corporate farms and encourage the family farm.

Fifth, the program should be available for all farm commodities and include segments of the industry which are separate marketing entities, such as cow-calf operations and weaner pig operations.

If this program is to operate in conjunction with a tariff and quota system oriented toward maintaining Canadian farm production and food processing with orderly marketing where possible, such a program need not be either costly or in constant operation. However, it should be in place so that it is there when it is needed.

We are losing our food production capacity in many vulnerable commodities such as fruits and vegetables. These sectors must be preserved and encouraged to expand. Without this kind of income insurance, this will not happen. The NDP policy would be to establish a stabilization program which would keep all farmers in operation and ensure them of an adequate income.

Over the past few months there has been much talk about interest rates and crushing debt loads which are affecting farmers and will affect them as long as the present high interest rate policy is maintained. Less has been said about the fact that high interest rates also affect the price the farmer receives for his product.

I would like to give one example. On November 21 last, before this current round of increases in interest rates, No. 1 Canadian western red wheat sold for $7.42 a bushel. Yesterday it sold at $6.40 a bushel, a lower price by more than a $1 a bushel. Why do I say the price dropped because of high interest rates? At high interest rate levels, buyers are not willing to keep much grain on hand. They reduce their inventories and consequently less grain is sold. Sellers do not want to move their product as quickly; they want to get the highest possible price.

Rapeseed prices have also been affected by this phenomenon. This loss of $1 per bushel in income along with high interest rates will affect the farmer considerably. He will have $1 per bushel less to meet the $2 billion commitment in interest payments which the Minister of Agriculture so carefully explained to us on Monday. The amount of interest paid by farmers right now is fully one third higher than it was last year. Farmers are caught in a classic cost-price squeeze. The cost of farming is increasing. The amount of income available to meet costs is decreasing sharply because of lower prices. Both these conditions are being caused by a conscious policy of this government to keep interest rates high.

● (1530)

Under these circumstances I think the government should have more than just a friendly chat with the Canadian Bankers' Association to try to do something about high interest rates. I believe the time has long passed for governments to consider debt relief and a moratorium on debt payments by farmers who have reached the point, as mentioned by the hon. member for Yorkton-Melville (Mr. Nystrom) on Monday, of requiring $8 per bushel to pay the interest on the money they borrowed to buy the land. The situation has developed to such an extent that the particular farmer about whom the hon. member for Yorkton-Melville was speaking, who owns a farm valued, now with inflated prices, at $400,000, finds that on every bushel of grain he sells he needs about $2 to pay the interest. Why should he farm? He could sell out, invest the $400,000 and get a foreign investor to buy his land, and he would earn about $60,000 a year in interest. Then he could sit back and watch a young Saskatchewan boy rent the land from this foreign investor. That young man would never be able to hope to buy the land under the circumstances established by this high interest rate policy.

The demise of the family farm, which again was discussed on several occasions last Monday, is part of the result of this kind of a policy. We believe the Farm Credit Corporation should attempt to meet the needs of the farmer for credit at a level which would allow him to survive. It might even be necessary to provide funds at a very low interest rate, possibly with only a service charge, to make it possible for the farmer to survive. We also need more money in that particular fund so it is not underfunded, as seems to be the chronic situation.

I would now like to turn to an issue that has occupied a considerable amount of my time and the time of this House of Parliament, and that is Canadian participation in the grain embargo on the Soviet Union which began 17 months ago, on January 4. I wish my time could have been spent a little better in this last few months. It has been no great pleasure to continuously ask the government what it is doing about this particular situation. It has been no great pleasure to be talking to a government which has been following a U.S. policy which has meant that innocent populations were denied food, with Canada dangerously alienating our best grain customer, the Soviet Union.

In the 17 months the government has been attempting to give us some answer, it has continuously suggested it would pay the farmers compensation because of the fact that farmers were the people who took the brunt of a decision made by both governing parties over that period of time.

Back on April 15 of last year I asked the Prime Minister (Mr. Trudeau) if he intended to support the previous government's policy on the embargo, and his answer to that question was:

> Indeed, Madam Speaker, that is our policy.

This commitment to assist the farmers has not been fulfilled. I am listed in *Hansard* index lists as having spoken on grain on 20 occasions in that period of time. Virtually every time I spoke in the House on grain I asked about the embargo, yet no one on the government side has been able to tell me how much, what grains or at what level farmers are to be compensated.

The grain embargo has affected the incomes of Canadian farmers. Are they not entitled to a public discussion about the compensation they have been promised? The embargo also affected the athletes of the country, and I think they also should be given an opportunity to discuss the government

policy which has forced them into the position of missing the Moscow Olympiad last year.

Do we as Canadians really understand and support the implications of this policy? Do we know that it has recently been applied in the United States to Mozambique, a very poor country? It was applied to Mazambique because that government dared to expel four U.S. diplomats whom it thought to be CIA agents. Do we as Canadians want to go along with this kind of policy which threatens physical starvation in return for actions which the U.S. does not like? Do we really value human life of innocent people so cheaply? I have yet to hear the Secretary of State for External Affairs (Mr. MacGuigan) address himself to these questions, although there is no limit to the bureaucratic statements he has made in trying to keep the United States happy.

This motion condemns the decision taken by the government on the embargo, but it goes further, or it should go further. We should look at it and find out what the level of compensation should be.

● (1540)

Three or four studies respecting compensation have been undertaken. The Minister of Agriculture has refused to tell the House and the public at what level farmers will be compensated or what grains will be subject to compensation.

There has been no progress in the last 17 months in relation to the embargo. One of the studies was undertaken by a very august group which is probably the best analyst of grain marketing in this country. I will read the following statement from the annual report of the Canadian Wheat Board:

> However, having withstood much of the downward pressure from the expectation and harvest of large wheat and corn crops in the U.S., market prices in late December were showing signs of moving to higher levels in the winter. World demand remained strong with Chinese purchases continuing at a record level. The additional supplies of grain that could be provided by Canada during the winter months would be limited.

Then there was the embargo, prices went down and the Canadian Wheat Board will tell us that they went down, to the extent of a possible $100 million loss to farmers on wheat alone. A study, which I asked the Library of Parliament to conduct, showed a $150 million loss, or an average of approximately $1,000 per farmer. These two figures are approximately the same; one takes into account all grains and the other wheat only.

I would like to spend a few minutes on another matter. Over the years the New Democratic Party has devoted much time and effort to protecting the Crow rate. The Crow rate has been and still is a cornerstone in the development of agricultural policy in the west. What many people tend to overlook in Crow rate debates is that the question is far broader than simply the cost of handling grain. If I could convince a few hon. members opposite and to my right of anything this afternoon, it would be that the Crow rate does not involve a question of transportation economics alone. Rather, it is a question of the political economy of western Canada. The farmers of the west realize this. They know that the Crow rate is part of their birthright as farmers, and they know that the provinces of Alberta and Saskatchewan joined confederation with this rate in force at the time of joining. Therefore, it is a *de facto* constitutional guarantee to them, just as much as language and religion are to all of us. If the wider political economy of the west is taken into account when we consider the Crow rate and if we remove the Crow rate, we threaten the established agricultural economy of the west. The statutory Crow rate guarantee should not be removed, and variable rates should not be put in its place. That is what the railways wish to do. The railways dress terms up considerably and suggest such variable rates be called incentive rates. If those rates were put into place, we would simply allow the railway companies to increase the volume at certain points and effectively to abandon lines which do not pay, which would make it more costly for the farmer to get his grain to market.

The Crow rate problem involves the amount of money farmers will get. They are already in a price-cost squeeze. If additional transportation costs are added to their other costs, the pressure on them to get out of farming will be increased.

I see that the time allotted to me is coming to an end. I had wished to cover a number of other matters. One such matter is the price of land. The price of land has become a major factor in the cost of production. On Monday many speakers spoke about the cost of land, but no one suggested a basic solution. I suggest that the government should be considering some basic solutions such as controlling what land stays agricultural and what land does not. We should be looking at such things as increased farm size, which is causing the price of land to go up. We should be looking at foreign investment in farm land. We should be looking at speculation in farm land. Many people are buying land as a haven from inflation and have no intention of farming it. However, they are willing to pay almost anything for that land.

In closing, I wish to reiterate that agriculture is in a crisis situation which is approaching disaster. The band-aid solutions the government has used to try to stop this disaster are just not working. Farmers are being forced out of the industry on a daily basis. There will be a much greater movement out of farming throughout this year as well as when the effects of high interest rates are felt after the end of this crop year. What we are doing with this motion is calling on the government to put before this House a planned policy for agriculture which would deal with the problems of agriculture on a co-ordinated and far-reaching basis so that farmers can remain farmers and farm families can stay together.

Mr. Murray Cardiff (Huron-Bruce): Mr. Speaker, one of the problems, which has plagued Canadian agriculture for decades, as all hon. members ought to know, is that Canadian farms have been losing their youthful population to the cities, where shorter working hours and higher wages have made the hard and risky life of farming seem an unfair burden. We have always had such an abundance of cheap food in this country that we have as a country been able to put this problem on the back burner, paying only lip service to the crisis toward which this situation was building. Today, June 3, 1981, we may see recorded in the census a welcome reversal of the trend of past

censuses toward a depleted agricultural population growing older decade after decade.

In 1966 when the mid-term census was taken, only 13.5 per cent of Canadian farmers were under the age of 34, while nearly twice as many were over the age of 60. Ten years later, in 1976, there had been a change. The number of younger farmers had increased marginally, and the number of farmers at or near retirement age had declined slightly in percentage terms. It is obvious how important this trend is to Canadian agriculture.

Farming is hard work, and learning to farm well takes a long time, so long that it is almost true to say that one must be born to it. Obviously, if the majority of those born to farming continue to leave farming, there must come a point when there are too few farmers to produce food for the urban population. What saved us from ever reaching that point in Canada is that although our farm population was declining and getting older, both at once, it was also increasing its productivity tremendously through improved methods of agriculture. But these improved methods have depended on two forces: first, a great increase in the use of expensive machinery, expensive fuels and expensive fertilizers and pesticides; and second, a great deal of very important agricultural research to develop new seed varieties, new crops and newly introduced livestock breeds as well.

Two things have happened to agriculture in recent years which have created a brick wall for this kind of productivity increase. First, the cost of fuels and petroleum-based fertilizers which made these spectacular productivity gains possible has skyrocketed.

The Minister of Energy, Mines and Resources (Mr. Lalonde) just yesterday delivered another hefty blow to agriculture by adding nine cents to a gallon of gas. In the long run, consumers who will be paying for this increase by driving their cars will also be paying for it through increased food prices. But in the meantime, farmers are paying it, just as their crop year gets fully under way. They face the immediate pressure brought upon them by a budget that makes no allowance for cheaper prices for fuels used in food production, as the budget of our previous government did.

● (1550)

The other thing that has happened to agriculture is that the very valuable efforts of Canadian agricultural research are not being supported as they should be by this government. Research pays dividends many times the cost of research, but they come slowly and without much fanfare, and so a government that wants to cut costs in a showy manner yields, as this one has done, to the temptation to let agricultural research lie fallow, even though it is an investment that can profit us all whether we grow food or consume it.

Now that we have run up against this brick wall, making further productivity gains harder to achieve, we must hope that young farmers will still be attracted into farming, for it is as certain as snow in winter that older farmers cannot continue forever to put food on Canadian tables. We may all hope that today's census shows that the average age of Canadian farmers has declined further, and that we have definitely reversed the trend that was creeping up on us. Civilizations have died because their land base was depleted. We are foolish if we think that we, as an industrial society, are somehow exempt from this law of nature.

Another trend we might hope to see from today's census is a continuation of the trend toward higher farm incomes. Certainly we cannot hope to hold younger farmers on the land if easier and higher incomes continue to draw them to the cities. During most of the 1970s, farm incomes were beginning to edge up toward the average for Canadians as a whole. But in 1970, farmers earned on average only 42 per cent of what male workers as a whole earned, and by 1978 they still earned less than four fifths of the average. There are some compensations in life on the land to make up for the lesser income, but something of frightening proportion has happened since 1978 to create a crisis in agriculture that is this year growing much worse. Land costs, of course, increased tremendously throughout the 1970s, but farmers can live with that. Their problem is that they must finance the purchase of their land over many years and at the same time cope with the enormously increased costs of necessary machinery, more efficient buildings, and much higher annual operating costs.

Now, how is a young farmer going to do this? Well, the answer is apparent. Many of them cannot. Because it blindly follows a policy of short-term advantage, this government negotiated a few years ago a beef import quota that allows considerable surpluses of U.S. beef into Canada and depresses prices. The result is that most Canadian beef farmers are now operating at a loss. Any businessman can carry a loss for a while if he is efficient. But this year farm bankruptcies are up by 70 per cent over the first quarter of last year. And we can certainly expect to see considerably more farm bankruptcies this year, particularly in my province of Ontario. Obviously, many farmers cannot carry the losses they are now facing. And among those who are not bankrupt, many farmers are watching their equity decline month after month. There are beef farmers in Ontario paying $80,000 a month in interest payments to finance their operations. If the costs of borrowing were normal, they would possibly be in a slight profit position.

Mr. Whelan: Eighty thousand dollars?

Mr. Cardiff: That is right, $80,000. I can take you to a farmer who is paying $80,000.

Mr. Whelan: A month?

Mr. Cardiff: At present, far from being able to make a profit that allows them to retire some of their long-term debt for land purchases so that their equity position improves, many are watching the equity they have already built disappearing, while those important younger farmers who should be feeding us tomorrow are finding in increasing numbers that they cannot even manage to hold on to their land. There are too many reports of farmers in Ontario selling their cattle, hogs and quite often their breeding stock because they are in

default on interest payments and, quite often, on their principal payments. There is a similar situation in Ontario as well where we are seeing very good productive farmland sold to quite often foreign investors and then leased back to the former owner for at least a five-year term. That seems to be the only way that some of the young farmers can stay on the farm and, hopefully, in the next five years will be in a position to buy at least a small piece of land in order to stay in agriculture.

This is a crisis, Mr. Speaker, not only for farmers but for all of us. Recent reports showing that consumer confidence is at its lowest ebb since early 1978 ought to be causing alarm bells to ring in the heads of this government opposite. We live in a country that can and should be growing, producing more and employing more people. Of course, inflation is a major problem, but it is being aggravated by this government. The high interest rates caused by government policy of depressing demand must either put more farmers out of business or put food costs up by more than is necessary. Only a very sinister government would even attempt to make it more difficult than necessary for Canadian families to buy food. But clearly, if farmers must pay interest rates that range up to 22 per cent or higher in order to buy seed, fuel and fertilizer, or to buy calves to raise, then they must pass on this cost in the price of their produce. The structure of the food industry is such that these higher prices at the farm gate are subject to markups that are figured in percentage terms, not in mere dollar terms. Thus the increase in the farmer's cost of production is magnified as the percentage markups all along the line are built into the price the consumer must pay. Even trucking the marked up food to market has taken a cost leap since midnight last night. Clearly, then, the present high interest rate policy is fuelling inflation in this most vital of all areas of consumer spending.

All these pressures are faced by farmers, Mr. Speaker. Higher land financing costs, higher cost of seed, fertilizer and fuel, as well as livestock, and tremendously increased rates to finance the cost of all these higher prices, are hitting farmers, while imported meat keeps the prices paid to Canadian farmers temporarily low. I say temporarily because once Canadian farmers go out of business in great numbers, there will be no more cheap imports. We will be in the position in agriculture that we are in energy where an incompetent government has just added 9 cents to the cost of a gallon of gas because it has followed a policy that depresses Canadian production and increases the need for imports. Today the consumer can see quite clearly how dearly this government intends to make him pay for its clumsy energy policy, and some day soon the consumer is going to face similar unnecessary burdens because of its clumsy agricultural policy.

We on this side of the House have recognized that the way to combat inflation is not by forcing food prices to rise because of a high interest rate policy added to the higher input costs, but to shelter the crucial food sector from any unnecessary exaggeration of the general rise in the costs of production. We who first introduced the small business development bond because we know that small business creates most of the jobs in this country have recommended again and again that this interest-cutting program should be extended to unincorporated farms as well. It is the consumer who will benefit from lower interest costs to farmers, not farmers themselves. By keeping the cost of food when it leaves the farm gate as low as possible, we would be helping to contain the added cost of the percentage markups added after food leaves the farm gate and moves through the processing, distribution and merchandizing system. If this government is at all serious about controlling inflation, Mr. Speaker, it would realize that its wisest course is to stop trying to make tax dollars out of the business of farm credit, and allow the small business development bond to be used by Canada's family farms, to everyone's long-term advantage.

This of course is not a permanent solution to the problem of farm credit, Mr. Speaker. Some more stable method of farm financing is necessary if we are to preserve the extremely efficient farming system we have developed. We need only to look at the dismal state of a country like Poland to see how lucky we have been that an efficient, self-motivating agricultural economy has continued in Canada to provide us with food as cheap as any in the world, or nearly so.

If we are to preserve this kind of efficiency in the future, then we need to provide the necessary financing instruments to help young farmers and expanding farmers buy their land and facilities. What we on this side of the House have suggested time and time again is an increase in the funding available to the Farm Credit Corporation. It is a very useful instrument for farmers who, along with the high costs of what they must buy and of the money they must buy it with, must also pay high prices for their land and buildings. The trouble is that there is not and never has been enough money for the Farm Credit Corporation. If the government cannot provide the lending capital itself, it should be bringing in legislation now to allow the Farm Credit Corporation to borrow in the commercial markets. What is needed from the government is the means of making that commercially borrowed money available to farmers at rates that do not force them to contribute to inflation. No doubt the finance minister believes that any mechanism to keep interest rates low when the Farm Credit Corporation is borrowing commercially must involve a drain on the treasury. But the finance minister might do well to weigh the costs of such a policy against the benefits. Revenues that are forgone in the interest of decreasing Canada's rate of inflation may replenish themselves in the savings realized in government expenditure later. Considering that the federal government will be paying indexed pensions to more retired civil servants than Canada has farmers, it is clear that the finance minister ought to be seeking ways of ensuring that he does not contribute to inflation through a misconceived policy.

• (1600)

It is important too for Canadian senior citizens that the costs of food be contained. Taking steps to ensure that food production costs are not pushed up by interest rates is clearly part of the duty of the government toward senior citizens for whom food costs are a very important item in the budget.

Canada's agricultural community is very strong. What it needs from government, above all, is a stable environment in which to operate. Increased lending power for Farm Credit is an important element in stabilizing farm financing, but it is apparent to all who deal with the Farm Credit Corporation that it also needs an improved operating budget. For too long now it has been starved of sufficient funding to maintain an adequate staff in its field and regional offices. This necessary area of the public service merits the kind of concern which has been shown for the propaganda arms of the government, such as the Canadian Unity Information Office and certain branches of the Department of Energy, Mines and Resources.

It is clear from the fact that the Minister of Agriculture (Mr. Whelan) has not brought in legislation to deal with the enormous problems facing farmers that he has little clout in the present cabinet. If the Minister of Finance (Mr. MacEachen) will not listen to the Minister of Agriculture, then it is time he listened to reason and recognized that the agricultural sector is of the most basic importance to the economy and deserves to have its productivity enhanced, not destroyed by Canadian government policy.

Similarly, the President of the Treasury Board (Mr. Johnston), regardless of what he may think of the Minister of Agriculture, should recognize the need for an effective administration of existing agricultural programs and should ensure that his cabinet colleagues do not squander on propaganda money which should be spent on programs like the administration of farm credit.

There is one area in which the Minister of Agriculture has recently shown his disregard for the responsibilities he carries, that is, in the area of stabilization payments. Beef producers in my riding and elsewhere who pay as much as $80,000 a month in interest charges on their operating capital have been told, along with cattlemen everywhere else, that they do not qualify for stabilization payments this year, even though they are marketing cattle below their total costs of production. How the Minister of Agriculture can justify not making stabilization payments when this named commodity is being marketed below the cost of production is an interesting and unanswered question.

One of two things should be explained by the minister. Either he should explain how it is that the prices being received for cattle are too high to justify stabilization payments, or he should explain how it is that he can permit a situation where farmers are producing beef at a loss now and still getting more than 90 per cent of the average price over the past five years. Either way, the failure to pay stabilization on beef cattle is a clear indication that the minister's policy is a failure in the beef industry.

In the hog industry his failure is even clearer. It is also calculated bad policy designed to create discord among the provinces. Presumably discord among the provinces is seen as a source of national unity by the minister's cabinet colleagues. When the hog stabilization subsidy was announced a week or so ago, the minister announced that he would be spending about $100 million on the program this year. A while ago he told us he expected the plan would cost about $146 million. But presumably the minister was told that his ministry was not important enough, when compared with spending money on promoting the Liberal view of Canadian unity, and was told to cut back on the program.

Well, he found an ingenious way of doing so. He has saved $46 million he expected to spend by cutting some provinces out of their share of the hog subsidy. In particular, Ontario suffers. The press release announcing the hog stabilization payments indicates that hog producers in Ontario will receive $3.63 per hog less than hog producers in provinces like Quebec on their first 1,600 hogs.

The reason given is that Ontario has a hog stabilization plan and that those producers who are covered by it will be receiving $3.63 per hog from the provincial government. The fact is that Ontario does not have a hog stabilization plan. It has a weaner pig stabilization plan, just as Quebec has. Market hogs are not covered under the Ontario plan, and weaner pigs are not covered under the federal plan. Clearly, under the legislation, Quebec hog producers are entitled to full federal coverage for their market hogs up to the limits of the plan, and so are farmers in Ontario.

Judging by his press release, the minister appears not to know the situation in his own province. The same lack of knowledge seems to govern his thinking when it comes to Alberta and British Columbia. One can sympathize with the minister's desire to save money, but to try to do so by making unreal and incorrect distinctions among the provinces is not only unfair and inequitable, but it makes a mockery out of the federal stabilization system. Many provinces have their own stabilization plan for hogs because the federal plan is so inadequate, paying only 90 per cent of the five-year average in the preceding five years. Ontario's own plan was brought in after close consultation with federal officials. The minister himself recognized that the federal plan is inadequate when he proposed two or so years ago to bring in a plan guaranteeing 100 per cent of the previous average market price, with producer involvement in the plan.

This plan was shelved, but provincial plans serve the need which the federal government will not serve. Now, through lack of knowledge or something worse, the Minister of Agriculture has made a mess out of the stabilization program in two of the commodities named for stabilization programs. He has undermined the value of provincial programs, since those producers who joined the provincial plan in Ontario—and perhaps those in other provinces—are penalized compared with those who did not join. The minister might object that those in the provincial plan receive the same money as those in the federal plan, but it is not true. The producers who enrolled in the Ontario sow weaner stabilization plan pay part of the costs of that plan directly and would still be behind those who did not enrol to the full extent of the premiums they have paid.

This seems like a clumsy attack on the provincial stabilization programs by a minister who has demonstrated that he cannot run the federal plan with anything like the degree of stability producers need, if they are to operate effectively in

producing Canada's food. Perhaps his cabinet colleagues, who no doubt have told him to go and save money, will know how to help him out of this ridiculous position.

All in all the farmers of this country who once had considerable respect for the Minister of Agriculture, whether or not they agreed with his policies, are wondering what has happened to agricultural policy at the federal level, and so are their provincial governments. The present high interest rates policy, operating in the food production sector where there is no excessive demand to be curtailed, is feeding inflation in this most vital of all spending areas—food. The stabilization program designed to bring order into the fluctuations of price, which can cripple production, is being used as a clumsy tool of unrelated government ambitions while the industry it was designed to serve is being denied the full legislated benefits of the stabilization program.

It is time for the government to get its house in order in fulfilling its responsibilities to the agricultural sector of the Canadian economy. It is time for legislation to bring the Farm Credit Corporation and the stabilization programs up to what is needed to meet present realities, and it is time to ensure that farm financing is protected from insane interest rates.

Some hon. Members: Hear, hear!

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, this is the second time this week that opposition parties have given us an opportunity to debate agriculture policy. I welcome their interest and concern, but I would welcome it even more if I felt they had expressed the same interest and concern in assisting us to move legislation through the House, particularly some of the agricultural bills which have been ready for some time.

It is difficult to understand why the hon. member for Prince Albert (Mr. Hovdebo) would use this day to debate agriculture, since we have already used one day this week. He knows full well that there is an agriculture bill before the Standing Committee on Agriculture. That committee of the House of Commons should be dealing at this very moment with that bill and possibly finishing with it. I realize the hon. member does not have a high opinion of what that piece of legislation is capable of doing, and I know it has some shortcomings, but it is a bill which the agricultural community has requested for a long, long time. It should be given speedy passage in the House.

As I said the other day, we are talking about agriculture probably instead of acting. Some of the things which have been said in the House are not accurate. Hon. members opposite have talked about me not being well-informed. When we talk about beef subsidization, we use the calendar year, for example, from January 1 to the end of December, 1980. The facts are available to anyone. The formula used by the stabilization board shows no payment for that year. We are using 90 per cent of the average of the last five years, which is statutory, and we must use current input costs. It shows no payment for that particular calendar year.

• (1610)

The big thrust that beef producers felt, as far as extra costs are concerned, especially in interest rates, was from the first of January, and maybe a short part of December, into the first four months of this year. That is where they really felt it and it really hurt, plus the fact that that is when the cattle from the U.S. came in here and depressed the market from 10 cents to 15 cents a pound, live weight. This would have destroyed, as I said the other day, anything that I may have been giving in subsidized interest rates, etc. However, that is what the Canadian Cattlemen's Association wants. They want a free movement of live cattle back and forth across the border. They have lambasted me for saying that we should have some kind of controls on that type of thing. The hon. member for Huron-Bruce (Mr. Cardiff) who just spoke said that I did not know what was going on. I certainly do know what is going on when cattle can move in, say, to the province of Ontario and take over 24 per cent of the slaughter market week in and week out. That is the system which the Canadian Cattlemen's Association has advocated for a long, long time. When I interfered with that, and when I put quotas on live cattle coming into Canada, who objected and wrote to all my cabinet colleagues, and said, "Do not let the Minister of Agriculture do that"? The Canadian Cattlemen's Association wrote every one of them at that time. I do not pretend to be a messiah, or anything.

Mr. Kilgour: Just a socialist!

Mr. Whelan: I do not pretend to be as smart as the hon. fellow who is making the noise over there. He would not know how to feed a sow or cow or how to take care of them in any fashion or form, either, as far as that goes.

Mr. Kilgour: On a point of order, Mr. Speaker. That is a completely incorrect statement, Mr. Speaker. I happen to be in the cattle business.

The Acting Speaker (Mr. Ethier): Order, please. The hon. Minister of Agriculture (Mr. Whelan).

Mr. Whelan: Yes, I can imagine how the hon. member is in the cattle business. I can imagine for what reason.

However, I just want to say that the cattlemen have asked for the kind of a system they have, and they are the ones who are suffering the consequences. It is not of my doing, because the Americans did not even fill one third of the quota we gave them; but they retaliated on veal, they retaliated on pork and in other fashions. This is what I am saying, when we say that the trade system does not work the way it should.

Mr. Kilgour: Gene, you don't know what you are talking about!

Mr. Whelan: The free market system does not work at all, and it had a depressing effect on cattle, which it should not have had.

Mr. Kilgour: Socialize it, Gene!

Mr. Whelan: The fact that there was overproduction of pork in Canada also had a depressing effect on all other forms of meat consumed in Canada, whether it be poultry or beef. That was the free, productive system working to its full capacity or capability.

Mr. Kilgour: So let's socialize the industry!

Mr. Whelan: Some of the most efficient producers in Canada are suffering unnecessarily. It is not because of being non-productive, but as a result of putting too much product on the market. In essence, what some of the hon. members are suggesting is that we subsidize the U.S. economy because, for instance, pork products—

Mr. Kilgour: Balderdash!

Mr. Whelan: People are going bankrupt in the pork production industry. For instance, practically 30 per cent of their production goes to the United States. Therefore, they are putting it in the United States below the cost of production, and yet they are saying to the federal government that it must subsidize them. We are not controlling them on subsidization. They are making their own decisions. The finance establishments of this country were the ones which lent them the money.

Referring to the Farm Credit Corporation, it was set up to be the lender of last resort, not the lender of first application. It was to be the lender after all other lending institutions said no. Therefore, we encourage the private lending institutions to get into the lending business. However, it is obvious to me that a lot of them did not know what they were doing and did not understand agriculture. They made tremendous loans to these people.

When one talks about giving them the short-term money and paying $80,000 a year in interest, we know that that is reference to no ordinary farm. I am talking about some of the young farmers who are maybe paying $80,000 a year in interest, and then having the banks move in and foreclose this year because they get scared. I am saying that the banks should be giving them a stay of time, because I am sure some of these red meat industries will come around in time, but they need a stay so they can get back on their feet. However, they need some better marketing system than they have at the present time.

I have probably farmed as much in this country as anyone has, as much as many agricultural people, and more than most, as far as that goes. Sometimes we have talked with farm organizations, agribusiness groups with special concerns, service clubs, you name them, chambers of commerce or boards of trade. We have talked to them about agricultural policy to try to get their opinions.

Mr. Kilgour: That's just terrific!

Mr. Whelan: —to try to get their opinions.

Mr. Kilgour: Just speak to the subject, Gene; do not tell us what a great guy you are, okay?

Mr. Whelan: Well, Mr. Speaker, you have an assistant over there who seems to want to sit in your chair. I do not know. Maybe Your Honour should offer it to him, because the hon. member seems to be an expert on everything.

Mr. Kilgour: Just speak to the motion, Gene.

Mr. Whelan: So the hon. member is giving Your Honour a little free advice, which is about as much as it is worth, too.

Mr. Kilgour: Oh, that's fantastic!

Mr. Whelan: In most cases, my speeches are printed. I have to say they are made available to the media and to a wide range of interested people. I am sure that the hon. member from the New Democratic Party opposite must be on the mailing list. When I read the list of things which they say should be part of a national agricultural policy for this great country, I feel as though I am reading some of my own speeches. That must be where the hon. member got the idea.

Mr. Kilgour: Sit down, Gene!

Mr. Whelan: I just want to say that it is easy and to see that the NDP members opposite have never had the responsibility of being in office and forming the government. Converting policies into laws, plans and programs is not something which is done at a snap of one's finger. We are a responsible and representative government, and the laws must be debated and approved both by the Commons and the Senate. What is even more important, as far as agriculture is concerned, is that we are a confederation of provinces. Each of those ten governments has considerable jurisdiction and authority in the field of farm policy.

Mr. Kilgour: Hear, hear!

Mr. Whelan: We worked very closely together. The hon. member for Huron-Bruce referred to stabilization. It is longer than two years ago that I proposed to the provinces that we join in a national stabilization program. This would produce harmony. I know the hon. member knows, just as well as I do, and just as sure as he is sitting there, what the farm organization said about Whelan's plan at that time. It said it was too lucrative and would cause too much production. That would have been with producer and federal government participation. Only one province really endorsed that, that is the province we both come from, namely, Ontario. The province said it was a good program and should proceed, but we did not have enough participation from the rest of Canada, so it did not. Now, from the telegrams, letters, and responses from delegations I am receiving, it is evident that they want that kind of plan. However, that kind of plan was proposed to them again two years ago. We will be talking to them again, not this month, but in July, when we meet with the provincial ministers in Alberta. At that time, we will again be proposing harmonization and stabilization to see if they will pick it up.

I am sure that all hon. members of this House are well aware that we have a national stabilization program. It provides for mandatory stabilization of a certain number of what

are called named products, which include beef and pork. It also provides for any commodity to be covered in any year which is so designated. If producers make representations to me, and I feel that their representations are proper and that it should be a designated product, then we name it and go ahead and designate that product in faith. The record shows that we have used it time and time again for those producers who say they are affected by overproduction or an influx of crops in some other part of Canada or some other part of the world which depresses the prices which they are receiving for their crops here.

However, over the years, various provinces have chosen to implement their own stabilization program based on what commodities they think are most important to their areas, and also based on what their provincial treasuries can carry. I have been strongly opposed to this from the beginning. It balkanizes farming in Canada and works against the basic idea of confederation. Provinces have agreed, time and time again, not to piggyback and not to pile their programs on top of any of our federal programs. However, that is the very thing they are doing and the very thing they said they would not do. They said they would not piggyback on top of any of our programs.

Therefore, in essence, when we are working this out on hog stabilization, I can honestly say to Your Honour that my cabinet colleagues did not interfere at all, because that is a mandatory program. I make the decisions on how the payments will be made after I receive advice from the stabilization board. We have told them time and time again that to provide economic equity, we cannot have, say, a rich province putting in a program, while a province which does not have those economic resources has no program. We cannot say to them, "All you are going to get is a federal program, but you are paid as much as $12 a hog plus the $8.96 we are giving you, so you will receive over $20 a hog," while a person, say, in Manitoba will only receive the $8.96 and must depend solely on the federal program. There are provinces in Canada which have that kind of program. There are other provinces that have income assurance programs, such as British Columbia. Under that program they took our money, which is their right as that was the arrangement, but they objected to the way in which we ran it. All anyone has to do is to check the records and the precedents set under ASA 75 and see that the bill says very clearly that there must be fairness in the administration of the act. That is what we are trying to do, Mr. Speaker. We are trying to provide equity for pork producers. No matter what part of the country they are in, they are competing for the domestic market or the international market and economic equity must be provided for them.

● (1620)

It is wrong for anyone to say that I do not know what is going on with the hog industry in Ontario. I am well aware of the agricultural programs in the province of Ontario. The federal government contributes many more millions of dollars to agriculture in Ontario than the provincial government does, although it has the economic resources to do more.

I object when my old friend, the minister of agriculture for Ontario, says that this is a federal responsibility. He should look around to see the programs that other provinces have put into effect for agriculture in their areas. The purpose of stabilization programs is to offer a stop-loss factor. It is poor planning for producers not to be concerned about how much the market can absorb, especially with perishable dairy and meat products and things that have a short storage life. It is just economic nonsense and economic suicide. The programs that the provinces started on their own have been wrong, Mr. Speaker. I know that.

For the first time this year we have built a provision into the hog stabilization program that deducts provincial payments from the federal payment. We do not deduct the payments made by producers. It has not been well received by those provinces that have supplementary programs, but has been praised by the others.

It is the one thing that I could do within my authority to bring about equal treatment of all Canadian producers. I will not belabour that point, Mr. Speaker.

On the subject of orderly marketing, I will also welcome any assistance members opposite would care to give. They can start with the beef and pork products. I do not think anyone has done more to encourage producers to adopt orderly marketing than I have, Mr. Speaker.

But the point is that to encourage is all that can be done. How farmers market their produce is up to them. The fact that dairy farmers and turkey, broiler and egg producers have established national marketing agencies, is a credit to them. They have brought order into the production and marketing of their commodities and at the same time they have undertaken to provide Canadian consumers with a steady supply of high-quality produce at reasonable and stable prices. The figures show, Mr. Speaker, that over the past 15 years, the consumer prices of commodities marketed national supply management programs have increased less than the over-all food sector of the consumer price index and far less than prices for beef and pork, where producers insist on operating under something they call "free enterprise." It is free for some but the people who handle the product make the same or a higher profit than they did before. The producer has no real trust in the market place. Under the pork and beef marketing systems which are operating in Canada today, the producers must take what they are given for the produce. There is a hodge-podge of pork producers' organizations trying to do a job of marketing the product. They have not done badly. To subsidize the United States and Japanese treasuries by selling their product below the cost of production is just economic nonsense, but in essence that is what they are doing.

As we saw on Monday, however, the demand for supply management in the hog industry is growing. Several hundred producers were here on the Hill to demonstrate their concern. A similar movement is growing in the beef industry as well, although the Canadian Cattlemen's Association likes to pretend it is just a small radical group.

I base my view on the reports that come to me of meetings held in different parts of the country and on what the producers are saying. Some of them are even taking votes and the vast majority have voted for a better marketing system for their product.

Potato farmers in eastern Canada have just decided to form a marketing agency and I am confident that in a few years' time they will be operating a supply management system that gives them the same benefits enjoyed by dairy farmers and egg producers in other parts of Canada.

Not all commodities need national supply management to ensure an adequate return to the producer. There are more than 100 marketing boards across the country, operated by producers, helping them market their produce. For instance, Alberta has some of the strongest provincial marketing boards in the country and they are continuing to forge ahead. The Alberta pork producers have taken over a pork processing plant in Alberta and one in British Columbia. As directors, they have famous people who used to be members of this House—Dr. Hugh Horner and Dr. Bert Herridge, just to mention a couple of them.

Are these men incapable of making judgments and decisions? We all recognize them as capable men who have been very successful in other enterprises and they will be successful in this one. Why would Dr. Herridge offer his services as a member of a three-person beef commission which recommended a better system of marketing beef? It is because he recognized the failures of the beef marketing system which had been there since time immemorial. We had been marketing beef in a very old fashioned way. Not all producers need this type of system, but some of them do. The marketing boards provide a wide range of services for promotion, negotiating contracts, central selling and operating joint storage facilities.

Producers can accomplish many things by joining together to market their product. Five large supermarket chains distribute 65 per cent of the food that goes to the consumers of Canada. That means that over 300,000 farmers are trying to deal with five giants. The only way they can do that efficiently is by organizing themselves into a group that can negotiate a fair deal for them. Some of them are doing this. They are doing a good job and they are not ripping off the public.

I am not spending millions of dollars on those programs, Mr. Speaker. For instance, I am not spending one penny on the poultry industry. The hon. member for Huron-Bruce was formerly a member of a board in Ontario so he knows that there are contractual marketing boards in good old Tory Ontario. I grew crops for them at one time for vegetable processors and they did not give me anything for nothing, but if I were efficient and produced according to my contract, I could make a very good living. The hon. member knows that.

The farmers of Ontario who are operating under that system do not write letters to him or to me. They are not going bankrupt and they are making a decent living. There is the same kind of thing in some of the other provinces. Indeed, there are 110 such systems in Canada today. The jackasses who say that I created the marketing boards and who condemn marketing boards should investigate to find out how fair they are. There are some people who think—even though our farmers are efficient—that they should not have any say in how their product is marketed. I am not saying there are not even some within government who think that way or some within the civil service who think that way, but there are certainly some in society who think that way also. This country is one of the few which has granted that right to producers. It was granted by legislative assemblies and this House. A Conservative Prime Minister, R. B. Bennett, established the Canadian Wheat Board and that is the only time a marketing board was imposed in this country. He saw the necessity to put fairness into wheat marketing because of the unfair system that existed at that time.

• (1630)

Mr. Justice Emmett Hall is not known for his liberalism. His report on the western grain transportation system was really a western Canadian agricultural report. What did he say? He said that if there was anything obvious to him, it was pretty near unanimous support for the Canadian Wheat Board, which was evident in nearly all of his reports on western Canada. When we have loud noise and things like that, we have wind which causes drought. There is a drought here in the intelligentsia on agriculture today, slightly to your left at the present time, Mr. Speaker.

The Acting Speaker (Mr. Ethier): Order, please. I think there were two speakers before the minister. Courtesy was extended to both of them. I would invite hon. members to extend the same courtesy to the minister.

Mr. Whelan: Mr. Speaker, when we talk about the national commodities that are marketed in a national forum, those with price setting capabilities which use a cost pricing formula, hon. members know that the products which are sold stay much below the inflation rate for food in Canada. If all products had stayed at about that rate, which is 9 per cent or 9.5 per cent, we would be the utopia of the world. But the products not grown under that system are the ones which are much higher.

Do hon. members remember there ever being a shortage of eggs, broilers, turkeys, etc., on the market? There never has. I have never given those producers one penny of taxpayers' dollars. I challenge anyone to find an industry, such as the egg industry producing one of the most perishable products in the world, which loses less than one half of 1 per cent of production. The loss is so small that you cannot measure it. In fact, there is no measure for it. The highest quality is put on the marketplace. Efficiency has never been greater in the egg industry than it is now. It used to take eight pounds of feed to produce a dozen eggs. Now it takes less than four pounds of feed to produce a dozen eggs. Up to one third of the laying crop used to be lost to mortality; they died trying to lay eggs. Now veterinarians and scientists have come up with serums, with feeding and nutrition programs, less than one half of 1 per cent of the crop is lost. The efficiency that has crept into the egg production system of this nation is greater than nearly any other part of our society. You hear these know-nothings

say bad things about inefficiency, etc. But they have never been so efficient before.

I have just returned from a meeting of the World Food Council. All these things are being tried under socialist systems. In Yugoslavia it costs 25 cents to buy one egg. Think what a dozen eggs would cost. You do not buy a dozen eggs in Yugoslavia under that socialist system. We still have the independence of every farmer in a production unit. This is something which does not exist in their system. Ninety five per cent of our farm units are family owned and operated. They are very efficient and 95 per cent of our food is produced without any hired help. The family itself works. No other nation can claim that right. No other nation can claim the independence that our farmers have. No other nation can claim having vested in their farmers the right to run their own system, even as far as letting them sell their own products.

People say we have done nothing for agriculture. I know there are other things we can do, but we need the co-operation of the House and the co-operation of producers. I do not have to beg money from Treasury Board for these producers, as I am being asked to do for pork and beef producers, who stubbornly refuse to organize themselves a better marketing system so as to get from the marketplace what the products should return to them, which is a decent living for their managerial ability, for their capital invested and for their labour. That is all that is asked. No farmers have asked for exorbitant returns during my history with farm organizations or during my 19 years in this House of Commons. This is why I say we have such a healthy agricultural industry.

I visited the Winnipeg research station just the other day. A new variety of wheat is being placed on the market which will increase wheat production on the prairies in three years by 4 per cent. Scientists are working on several other varieties, including barley. Some varieties are almost ready to be released. But how long did it take our scientists to develop this new variety of wheat? It took 14 years to develop that one variety of wheat. Just imagine what a 4 per cent increase will do to production and to the economy of the prairie wheat-producing provinces. We have not lessened our drive on research. Research is the only area in my department which has had an increase. It was increased also by the former minister of agriculture, the hon. member for Elgin (Mr. Wise). I have increased funds again this year. We are not downgrading research. We would like to have more money. In the federal system we do 98 per cent of all government agricultural research. The provinces do 2 per cent. With respect to public research, meaning universities and other such institutions, over 50 per cent is still done by us.

Agriculture Canada is the envy of the world with its agricultural production entity. Huge giants, for example, Russia and China and even the European countries, come to us wanting to sign agreements to work with our scientists so they can learn as much as we have.

The hon. member for Huron-Bruce knows that we are one of the most efficient pork producers in the world, but we are one of the worst marketers. I shall use an example I used the other day. Denmark, no bigger in size than the distance between the city of Toronto and the city of Windsor, produces 12 million hogs. All of Canada, which comprises 4,000 miles from sea to sea, only produces 12 million hogs. There is one big difference: the Danish operation, from production, to genetic breeding, to processing, to selling on the world market, is run 99 per cent by the Danish farmers. Only 1 per cent is run by somebody else. Our pork is every bit as good as the Danish pork. I think in some instances it is better. Our pork is better than the pork produced in the United States or for that matter pork from any other part of the world. When you buy Canadian pork, there is at least 10 per cent less moisture in it compared to American pork. This is a result of our feeding programs.

The hon. member for Medicine Hat (Mr. Hargrave) made some good suggestions with regard to the Farm Credit Corporation. Other members have made good suggestions as well. The hon. member for Chicoutimi (Mr. Dionne) made suggestions several weeks ago in a meeting of the agricultural committee. He suggested providing a trust corporation whereby farmers would be allowed to put some money into trust. They would accept a lower rate of interest, but the money in turn could be loaned to farmers. The Farm Credit Corporation will not be the sole answer to all problems, particularly when you see how some of our young farmers got into trouble, first by getting a loan from the Farm Credit Corporation, second a loan from their banking institution, and third getting a loan through some finance company for machinery.

There is no way that a minister could, even with pork prices being very good—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. minister but I must advise him that his allotted time has expired.

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, I think it is appropriate that we have had two days of debate in one week on our agricultural industry. The agricultural industry is something we should be concerned about. After all, it is the oldest indusry we have in Canada. Why should we not be concerned about it? Why should we not have two debates in one week? Probably we should have three debates in one week. In my opinion, much guidance and help could be given to the agricultural industry by the present government. We must also realize that the agricultural industry is a changing one. It is not the agricultural industry it was many years ago.

I remember an experience I once had. I would say it relates in some respects to the agricultural industry today. In 1965 I met an elderly gentleman. By his name I could tell that he came from a very rich agricultural area in my riding. I asked this gentleman, by the name of McEachern, why his ancestors would have a very rich agricultural area like Eldon Township in Victoria County and move up to land where agriculture was non-existent, literally speaking. The area was comprised of lakes and trees. He told me that the same thing is going on today. He said that our young people are being forced to leave agricultural areas for the cities. He told me that 100 years ago

his ancestors came to the area because that was where the industry was, he said that history is repeating itself. The minister should keep this in mind when we talk about agriculture.

● (1640)

We must be aggressive in this field. We are forgetting that the entire lifestyle in agriculture has changed. People in the country want to enjoy the same things enjoyed by those in the city, and rightly so. They want leisure time and vacations. Our forefathers worked 12 to 18 hours a day on the family farm. The little red schoolhouse is gone. The farm children are bused to the larger schools where they mix with other people.

There is only one lifestyle today. There is not the city, town or country lifestyle which we had years ago. It used to be said "This boy comes from the country". Now we are all one. This is why we have to change our methods and our ideas concerning agriculture.

The minister and the government are forgetting about the increased cost of land. I will have something to say about the minister later. I know I am talking about something closer to his area than mine when I refer to an example in Dover township. I remember a chap who bought a farm 15 to 20 years ago for $60,000. The farm cannot be subdivided or developed in any way other than for agriculture. It is a low-lying area bordering the St. Clair River. When he sold the farm last year, he got $1.25 million for it. How could anyone in agriculture today on 200 acres even make the interest on that money? That is something the minister is forgetting about.

This industry needs proper supervision because of the many pitfalls. Let us look at machinery costs. When our forefathers settled this country, they used the services of the poor, humble horse which in return only required a flake of hay and a bucket of oats. It might have cost $125 or maybe less. The machinery that went with it cost very little more. To work the farm today, one of the cheaper tractors runs to $60,000. Most run to well over $100,000.

Mr. Bloomfield: That's not right.

Mr. Scott (Victoria-Haliburton): I have some knowledge of tractors. I know that smaller tractors can be bought. I am talking about the farmer who goes out today to buy a tractor.

Mr. Bloomfield: That's not right.

Mr. Scott (Victoria-Haliburton): Well, I do not know the hon. member's background, but I do not think I am too far out on this. I know of many farmers who have paid $60,000 and they think they still have a small tractor. I do not think I am too far wrong.

What about financing and interest rates? How can we expect these people to have that kind of money? What does it cost to operate a farm? A while ago we heard from a chap who was paying $80,000 in interest on money for a feedlot. Are we forgetting all this? Yet the farmer does not qualify under the Small Businesses Loans Act.

Farming is industry. Some farming is big industry. This gracious government had all the answers in December, 1979. What is the cost of fuel to the farmer today? Diesel fuel costs have increased by 62 cents. What does my friend across the aisle have to say about that? It was his party in opposition which told us how to run the country. Where are their promises today? Why should the people have any confidence in this government? What about their promise for a better society which they made in the winter of 1980?

Last week I received a phone call from a farmer in my constituency. He not only complained about the high interest rates. I am not a corn grower; however, he asked me to bring this to the attention of the members of this House. He said that for a 45 gallon drum of Lastle corn spray he paid $1,000. I suppose this product has its origin in the chemical industry. In all fairness, I should mention that it probably would be diluted with water, but it is still pretty expensive spray for the corn field. This farmer will be meeting with the Minister of Agriculture (Mr. Whelan) tomorrow in Toronto along with the provincial minister of agriculture.

This is one of the plights our farmers are facing today. We have been ignoring this industry. We bend the knee to the motor car companies and other manufacturers which do not make as great a financial contribution to the economy of this country as the farmer. There are those who think the farmer's price is fixed in the world market. Price setting is beyond his control. All he can do is lower his cost of production. How can farmers do that? The cost of their tractors, fuel, and everything else is increasing. The increases are staggering. For some, the only option is to sell their assets and their farm and try to salvage something before they lose everything. We should have begun to help this depressed industry long ago.

I now want to refer to the chain store and the specials they carry in the red meat sector. Last week pork was selling in some chains at the following prices: liver, 29 cents a pound; pork hocks, 49 cents a pound. The consumer cannot keep this meat forever. He could not buy it last week and have it for the rest of his life. Picnic pork shoulder roasts sold at 89 cents a pound; pork butt roasts at 99 cents a pound; pork legs, 99 cents; pork loin roasts, $1.29; pork butt chops $1.19; loin chops, $1.89; and side ribs, $1.49. What is the cost of production of that animal? Stop and think about that. The farmer probably received 63 cents live weight.

Let us now deal with the beef industry. The chains go in and offer so much money for so many thousands or hundreds of thousands of carcasses of beef. I am probably a little bit premature because the advertising is not out, but I can back up these figures. Blade roasts, cut and trimmed, this week will sell for $1.39 a pound. This is lovely for the consumer. The government realizes there are more consumers than farmers, so they do not give a darn which way it goes. They receive more votes from consumers than from farmers. Blade steak roasts will sell at $1.39 a pound, short rib roasts at $1.39, cross

rib roasts at $1.59, and rib steaks at $1.79 a pound. And we wonder what is wrong with our agriculture industry!

I will now deal with the Farm Credit Corporation. Not too long ago I went to the Minister of Agriculture regarding the case of a farmer who had gone bankrupt and was forced to sell. He had an 8 per cent mortgage. Three entrepreneurs came out. If they were connected with agriculture, it was very remotely at that time. They bought the farm and assumed the 8 per cent mortgage, the preferred farm credit rate of interest. It was a very good investment. This was brought to my attention and I confirmed it to the Farm Credit Corporation. It was true, and the minister said he would take steps to correct it. I honestly think he will. I have no reason to believe he will not. Probably he has taken care of it already.

• (1650)

I believe some of our Farm Credit Corporation people have too negative an attitude. When many of our young people try to buy a farm close to the family farm, which they need today to stay in production, they can get no positive response and are turned away. I suggest that the ones I have had experience with are very legitimate cases. Yet a chap or group not connected with agriculture can buy a farm or farms from underneath these young people, who I think have a right to wonder why.

The small business development bond is still denied our farmers. Our farmers are very capable business people and should not be denied the opportunity to take advantage of the small business development bond. I am not saying that is the answer to everything, but it would be a big help. I am asking why the Minister of Agriculture cannot get the farm community included under the provisions of the small business development bond program when he can go down to the Chrysler Corporation in Windsor with the Minister of Industry, Trade and Commerce (Mr. Gray) with huge grants. We have an agricultural industry we are so proud of but which is being depressed and set aside.

I am sorry the minister is not here as I would like to speak a little bit about him. I can assure Your Honour that I will be very kind, but I will be very honest. I have known the minister for some time, even before he was a cabinet minister. In the first election when he was the Minister of Agriculture I had more opposition from the present Minister of Agriculture than I did from the Liberal candidate in the riding, because people thought he was going to be the minister who understood the agricultural industry in Canada and was really going to help the farmers. The Liberal candidate who ran against me three times was rewarded with his Valhalla last week when he was appointed a judge.

An hon. Member: What else is new?

Mr. Scott (Victoria-Haliburton): Yes, and that is just part of it.

This is not true today of the Minister of Agriculture. They think of him as a very kindly gentleman, but they do not think he is getting his fair share or is speaking up for them. This was true to some extent in the last election, but it is very evident today that he has not fulfilled the dreams and wishes of the agricultural community in Canada. Probably he should rethink his approach to the agricultural industry.

I am not a farmer to any great extent, but I am proud to be associated with agriculture in a small way. I would hate to have somebody come along to me at some future date and say, "You can have so many cows, probably as many as you have now, but you can have no more". I do not say the minister's idea of marketing boards is all right. As far as possible we should have orderly marketing. But I think we will have to promote an educational system, and I am talking about the cattle industry.

Let me say something else to the minister. It is my prediction that we will see a great change in the red beef industry in Canada. When we can grow cash crops we will not be able to afford to have cattle on our prime lands. Our cattle will have to be raised on our less expensive agricultural lands. I know of many feedlots in Ontario that have been closed down. You can see them from the air, you can see many of them from the road, and I will name some of them. Probably some of these are in the riding of the hon. member for Kent (Mr. Bossy).

A very good friend of mine was chosen the agriculturalist of the year not too long ago in his home town by the Rotary Club, and I think the hon. member for Kent was there at the time. This man was in the cattle business but is out of it now. He was in the hog business but he has gone out of that too. It was not through poor management that Crawford Langstaff went out of those businesses. He went out of business because there was more in cash crops. It is true that he was sitting on some choice land. This is something that will have great influence on the way our agricultural industry will go, but it is something we must be prepared to live with and plan for.

The Minister of Agriculture said that we never imported eggs and we never imported broilers, and that we were the envy of many other agricultural countries of the world regarding our agricultural industry. We do not argue with that at all. However, I can remember not too long ago when we imported eggs. I can remember not too long ago when we imported broilers, and we still do. We import turkeys and we rent hens. If we want hens we go out and rent them to lay eggs. I know one chap who invited me into his egg farm. He had 19,000 laying hens and he did not own one. He rented them from a company. Who controls some of these industries? This chap was renting these hens from a company. I am sorry to say this guy is not in business today, but that is an example of some of the things that go on in the agricultural world.

When the minister said we were the envy of so many countries in regard to agriculture, I think probably this is the result of God's grace in nature, and because our agricultural people are farmers. That is probably the reason, more so than because of good government management. I do not think we can take credit for the fact tht we have bounteous agricultural areas and the way they produce. We luckily are situated geographically—

The Acting Speaker (Mr. Ethier): I must interrupt the hon. member as his allotted time has expired.

[*Translation*]

Mr. Marcel Ostiguy (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, for the second time this week agriculture is the subject of debate in the House. To some extent I deplore today the fact that we were to appear before the agriculture committee to put more stress still on the beneficial effects of Bill C-46, the Meat Import Act. The motion introduced by the hon. member of the New Democratic Party contains six points, but I think that its main purpose is to say that the government should encourage the establishment of national agencies for the orderly marketing of all farm commodities. Surely the House is aware of the fact that we have in excess of one hundred marketing agencies, either federal or provincial.

Of course, through the National Farm Products Marketing Council, the federal government is responsible for three national marketing agencies, namely the Egg Marketing Agency, the Chicken Marketing Agency and the Turkey Marketing Agency. In addition, a few years ago the government established the Canadian Wheat Board and, more recently, the Canadian Dairy Commission. It is known that these marketing agencies have been a boon to Canadian farmers, perhaps more so in the case of milk since Canada is known for producing huge quantities of milk and dairy products which we sell on international markets. The Canadian Dairy Commission was not set up by milk producers. Heaven knows it was not a cinch! Suffice to recall the years 1974 and 1975 when farmers marched before the Parliament Buildings in groups, in huge delegations, to demonstrate and even decry the agricultural policies of those days. Since then, of course, the Canadian Dairy Commission has had very beneficial results, and I think that farmers who are now marketing dairy products would not leave that field under any consideration.

● (1700)

A while ago, the previous speaker referred to a farmer in his constituency who phoned him this week to complain that he had to pay $1,000 for a drum of grain corn spray, but the member forgot to say that ten years ago, the same drum might have cost $500. Ten years ago, grain corn cost $100 per ton compared to $175 today. He did not mention that fact. I referred to milk a moment ago. In 1968-70, milk cost $2 or $2.10 per hundredweight. At present, with the new indexation formula put forward by the Canadian Dairy Commission, the dairy producer gets $16 or $17—and the amount increases every three months—or even $18 per hundredweight.

Production costs have increased, of course, but the selling price of the finished product has also gone up substantially. Everyone knows that the profits derived from the orderly marketing of products by those boards and commissions are used to prevent the duplication of marketing services by providing leadership to implement and enforce quality standards, to seek and develop new outlets and markets. Those boards advise producers and take care of promotion and publicity so as to increase the sales while guaranteeing to consumers a security of supply at reasonable prices and to producers a fair return for their investment, their work and their production costs. Mr. Speaker, I think that it is most important that I deal briefly with the protection which should be granted to farming, so that the farmer will get a fair return for his product, but there is also the consumer at the other end.

It must not be forgotten that in this vast country where our agricultural industry stands as one of the most prosperous in the western world, a mere 5 per cent of our farmers are living from the farm while the other 95 per cent are just plain consumers. This I have been privileged to see some weeks ago, when we had meetings with the various farm groups from each and every Canadian province. The Canadian Consumers' Association went on record as stating that farm prices were too high, especially with regard to milk, butter and cheese.

I think that what the Minister of Agriculture (Mr. Whelan) and the Department of Agriculture have been trying to do during this past decade and have very well succeeded in doing has been to make sure that farmers get decent income while providing consumers with a healthy and stable supply of goods at competitive prices. And this is why recently, Canadian and even international statistics have shown that of all industrialized countries Canada still had the cheapest food basket. What that means, Mr. Speaker, is that we have very good farmers, very good producers, but they must keep on being more efficient, and this is important. They must be increasingly efficient. Agriculture Canada, thanks to budget appropriations for research, aims at helping these farmers produce more, in order to lower production costs and, of course, protect consumers across the land.

These national marketing boards, at least the three that come under the National Farm Products Marketing Council and the Canadian Dairy Commission, have the authority to regulate supplies. This means they can monitor production to make sure that production levels meet consumer needs so that the market is never allowed to be glutted, as I will indicate later in the case of pork. It is a matter of more or less matching supply and demand, because these are the two main forces regulating the so-called free market. However, Mr. Speaker, we know about the controversy with respect to supply management. To put it mildly, the marketing boards have been widely discussed and, I feel, will continue to be for quite some time to come.

We live in a free society within the capitalistic system, where success is almost always linked with the concept of free competition. This of course is the law of efficiency, the guarantee of success. In the pork industry, for instance, the hon. member who spoke before me referred to the price of pork in food stores. Of course, consumers enjoy very low prices for

pork chops, pork roasts, bacon or any other pork cut. And of course there is still no marketing board. In Quebec, a vote was held only a few months ago on a quota-fixing agency. Assuredly, every province will have to fix quotas within its own boundaries, and later on, hopefully, but this is not for tomorrow, pork producers will ask their provincial organizations to set up a national marketing board, as has been done with other commodities mentioned earlier such as milk, chicken, turkey, etc.

It is a fact that hog overproduction on the North American continent has caused a price slump and the Canadian hog industry must sustain the impact of the Chicago Stock Exchange reaction. Our hog industry produced over 12 million hogs last year. In my own riding of Saint-Hyacinthe-Bagot, hog production between 1979 and 1980 increased by as much as 27 per cent; similar increases were recorded in several other Quebec ridings, and elsewhere in Ontario, Alberta and Quebec, which are the main hog producing provinces. That is why the Agricultural Stabilization Board under the direction of the Minister of Agriculture will stabilize hog prices at $8.96 a carcass which should result in expenditures of over $100 million. This will certainly not cover all the losses incurred by the hog industry, but will nevertheless help hog producers plan their production.

I can assure the House that I recently had the opportunity to discuss the situation with Quebec hog producers, and was told that there will not be new producers and that production quotas will possibly be introduced at least in Quebec, and I think that Ontario and Alberta will probably follow suit. We export hogs to foreign markets, especially Japan. We produce excellent hogs. But what I want to say once again to the House is that the Minister of Agriculture and the Department of Agriculture have come to grips with the situation and through stabilization will help this industry which, for the second year in a row, is going through difficult times because of overproduction.

• (1710)

Mr. Speaker, the situation is the same in all other areas of agriculture, and the government cannot intervene vigorously and impose marketing boards on Canadian farmers for every type of production. First of all, it must come from the grassroots and our producers themselves must say: We want to organize, join our forces, control our production. And I suggest that for many years the Minister of Agriculture has never abandoned Quebec farmers and that he supports this idea. On several occasions, he has asked Quebec farmers and especially hog producers to get organized as soon as possible.

An hon. Member: That is consultation!

Mr. Ostiguy: Right. Historically, Mr. Speaker, marketing boards have been set up at the request of producers to solve problems of particular concern to each type of production according to their needs and those of consumers and the possibility of increasing or reducing production depending on demand.

Markets for various commodities must also be taken into consideration. Naturally, a commodity for domestic consumption will not be dealt with in exactly the same way as another whose production exceeds domestic demand. In the latter instance we are at the mercy of export markets for selling our surpluses. Once again, when Canagrex is set up, it will help farmers, Canadian producers, dispose of excess production. We export over $1.5 billion worth of farm products and we need that Crown corporation, to be known as Canagrex, to help our farmers. Its agricultural development strategy will have four main objectives. First to promote the development of domestic and foreign markets for Canadian agri-food products. Second, to maximize the value of our agricultural production by ensuring that our resources are used to produce commodities whose markets are most attractive. Third, increase the productivity and efficiency of Canadian agriculture in order to give producers the best return possible while lowering the cost of food. And four, to stabilize farm income and maintain a steady supply according to market conditions.

That is but an outline of what Canagrex will be in a position to do, if hon. members will just give the Minister of Agriculture the time needed to introduce that very important bill in the House. Of course, we are not necessarily saying that this marketing board should be given supply management authority. The powers of such boards therefore have to be determined according to a lot of factors, and I have just mentioned a few. Very many things should be considered before steps are taken to have all the various types of agricultural production regulated by well-structured marketing systems. Mr. Speaker, we know what the Minister of Agriculture thinks about marketing boards. He had so very often the chance to take up their cause that it would be almost illogical to think that he does not favour marketing boards. I may repeat myself, but every time he meets with producers, he asks them to get organized into marketing boards.

Actually, the Minister of Agriculture not only stands up for the marketing boards which are already in operation but he favours also the setting up of new boards in areas where there are almost insuperable difficulties, and this is the case in the pork industry I have just mentioned. It is also the case in the potato industry in eastern Canada which has been in a difficult situation for many years.

An hon. Member: This is the area of the hon. member for Chicoutimi (Mr. Dionne).

Mr. Ostiguy: Yes, this is the area of the hon. member for Chicoutimi.

Two years ago, at the annual Agricultural Outlook Conference, our Minister of Agriculture met with his provincial counterparts and sought their support for the setting up of a

potato marketing board in eastern Canada. Since then, a technical committee of federal and provincial officials has met several times. The ministers also had the chance to discuss the subject further, and a task force was established to hold public hearings and report on the subject. The report which was tabled a few months ago recommended the setting up of a board which will emphasize the exploration for new markets and the promotion of the product, but which will not be empowered to manage supply. That is another one of this minister's initiatives which was put forward. The setting up of such an office is a democratic process which should be initiated by the base, namely, the farmers themselves, and all those involved in the industry; provincial authorities should also commit themselves.

Mr. Speaker, this democratic process works quite well in the case of the Potato Marketing Agency for Eastern Canada. And I believe we can expect some action in this area very soon. The early stages of a marketing board are not always easy, as is well known, and I mentioned this a moment ago in the case of milk. A breaking-in period is required before the system works well and the various components are welded into a smooth organization. At the outset, therefore, all parties concerned must agree and recognize the need for the system, otherwise all efforts are doomed to failure. I believe my colleague for Chicoutimi knows something about this for having worked strenuously as regional president of the Quebec Federation of Potato Growers. It is essential to proceed with restraint and without undue haste. I believe that in time, the whole agri-food sector in Canada, from producer to consumer, will benefit from this.

In the area of farm credit, it is true that as a result of the financial hardships experienced by many farmers because of high interest rates, some government action in the area of farm credit is being considered. This matter was raised in this House recently and the government is now considering the possibility of empowering the Farm Credit Corporation to raise part of its funding in the private sector. Total long-term credit extended to farmers—

[*English*]

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his allotted time has expired.

Mr. Terry Sargeant (Selkirk-Interlake): Mr. Speaker, I must admit that, like others who have spoken before me today, I am not a farmer but many of my constituents are. Indeed, farming is the largest single industry in my constituency. For that reason and for the effects of agriculture on the whole of western Canada, today's debate is of great interest to me.

• (1720)

One of the most significant areas in which westerners feel the federal government is not working in their best interests is that of its present inadequate agricultural policies. At present the minister sports a stetson and western boots and gallops about the country mouthing platitudes about helping farmers and fighting high interest rates charged by the banks, and making hundreds of other promises. For all his promises, he and his colleagues have been unable to do anything in a meaningful way to help the farmers.

Mr. Whelan: That is not true.

Mr. Sargeant: Perhaps the minister does not understand how serious is the situation of our farmers.

Mr. Whelan: We give them more money in Manitoba than the government of Manitoba does.

Mr. Sargeant: I know how he talks about high interest and farm incomes.

Mr. Whelan: You seem to forget about the herd maintenance program.

Mr. Sargeant: Also he talks about other problems, but perhaps it is just an intellectual exercise for him. I find it rather strange that hon. members on this side of the House were asked to extend a little courtesy to the minister when he was speaking, but he does not extend the same courtesy to me.

Mr. Whelan: I will, I will.

An hon. Member: You are getting to him!

Mr. Sargeant: While it might be an intellectual exercise for the minister, in my home province it is not an intellectual exercise. It is hard, cold economic reality, and it hurts.

In Manitoba last year total farm cash receipts were up only 6.9 per cent, while farm operating and depreciation charges were up 8.7 per cent. In other words, in 1980 the realized net income for the average Manitoba farmer increased by only 1.8 per cent. Considering that inflation was running at 11 per cent, Manitoba farmers lost quite a bit. If it was a bad year in general for Manitoba farmers, it was a particularly bad year for cattle and hog producers. Their cash receipts actually decreased by one half to one per cent. A little later I will talk about that.

What does next year hold in store? It will be more of the same. The projections that have been prepared call for a decrease of 8 per cent in the net income of Manitoba farmers in 1981. If the government has some agricultural policies, clearly they are not working. Certainly the government does not have the answers or, if it thinks it does, they must be the wrong ones.

Let me turn for a moment to some of the areas in which we feel the government has failed or taken wrong-headed actions. Perhaps the underpinning of our agricultural policies has to be a sound approach to the transportation of goods. My colleagues and I believe that for the further development of western Canada, the Crowsnest Pass freight rates are vital, must be maintained and extended.

Presently there seems to be a monumental battle taking place within cabinet as to how the Crow rate issue should be

resolved. We have the Minister of Agriculture (Mr. Whelan) staking his position; we have the Minister of State for the Canadian Wheat Board in the other place with another position; we have the Minister of Transport (Mr. Pepin) with a third position.

If that were not enough, we have the hon. minister from western Canada, who knows as much about transportation and freight rates as he knows about humility and women's rights, who also wants to get into the act. Of course, it is little wonder these ministers are confused. After all, Conservative provincial governments in Manitoba and Alberta tell them one thing, farmers' groups tell them another and the CPR, which incidentally contributes $35,000 to the Liberal party coffers, tells them something else.

The Crow rate is more than just a sacred cow. It is a vital component in a transportation policy which allows us to sell our landlocked grain in the competitive international market. If the Crow rate were abolished and farmers were forced to pay the commercial rate for moving grains, prairie farmers would lose $320 million per year. In other words, each and every Wheat Board permit book holder would pay an additional $2,000. When one considers that this extra cost will reduce the farm spending of farmers, it could take almost $1 billion out of the western Canadian economy.

The Crow rate benefit scheme proposed by some would give carte blanche to the railways to charge higher rates on those branch lines they wish to abandon. Farmers will be forced to abandon branch line elevators and, in turn, the communities which sprung up around them to service the elevators will wither to dust. Our rural way of life will be changed, perhaps beyond recognition.

Of course, any Crow rate benefit scheme would also be open to unwarranted government abuse. Crow benefit cheques would be presented as hand-outs to farmers, just as acreage payments were given prior to elections and then later withdrawn. If the benefit is frozen, farmers could be forced to pick up the tab on all inflationary increases.

Justice Emmett Hall said the following:

> There is a school of thought which keeps repeating that, yes we favour the Crow rate, but maybe there is another way of doing it. My frank opinion is that the other way is to load it on the backs of the grain producers.

In 1977 Justice Hall presented the report of his commission to the government. It was well received in the west, but successive governments have ignored this worth-while report. The NDP stands wholeheartedly behind the recommendations of the Hall report.

The CPR simply has not pulled its weight when it comes to hauling grain. Over 14,000 hopper cars have been provided by provincial and federal governments and by farmers' groups. Every year the government pays the railways $85 million in branch line subsidies and another $70 million to fix up the branch lines, because the railways have not reinvested branch line subsidies in branch lines.

The statutory Crow rate should be monitored for western farmers. At the same time the railways should be paid directly for their losses. However, the railways in turn must also pledge to fix up their track, buy more hopper cars and extend Crow related rates to processed goods. Extending the Crow related rates to processed goods would be a positive step in aiding our struggling cattle and hog producers.

Since 1972 the west has lost 40 per cent of its meat packing capacity because of high freight rates for meat. For example, from Saskatoon it costs $33.80 to ship a 1,000 pound slaughter steer to Montreal, but it costs $53.04 to ship the same animal processed as meat, hide, tallow and blood. If Crow related rates were established for meat, livestock and other processed goods, western economic development would be encouraged, but not at the expense of our grain farmers as could be the case under other propositions.

While I am on the subject of the problems livestock producers have with freight rates, let me turn to a fair return for producers. This is another area in which the government has failed miserably. Orderly marketing should be a priority for any minister of agriculture. He should be encouraging the establishment of orderly marketing agencies for all farm commodities.

In my riding of Selkirk-Interlake there are cattle producers and hog producers living alongside fishermen. The fishermen in Manitoba's Interlake have experienced the value of a marketing board for their product for over ten years. Through the work of the Freshwater Fish Marketing Corporation, fishermen have seen how the unstable, wildly fluctuating price which existed prior to 1969 has been replaced by a stable and fair return that has kept pace with changes in the economic climate. However, livestock producers have not had the same benefits as their neighbours, the fishermen. As many members of the House know, cattle prices are currently about 25 per cent below the cost of production and hog prices are worse.

Earlier in my speech I referred to the bad year experienced by hog and cattle producers in 1980. Their cash receipts were down .8 per cent and .3 per cent respectively. I would like to compare that to the areas where there are marketing boards—dairy and eggs. Manitoba dairy producers increased their cash receipts by 14.8 per cent in 1980 and egg producers increased their cash receipts by 16.8 per cent. While it may not be possible to state categorically that marketing agencies are responsible for all of this difference, there can be no doubt that the boards did provide their members a stable price and stable incomes, not the down-again-up-again incomes of some producers.

Surely the time has come to take effective action permanently to end the boom and bust cycles in our red meat industry. Recently the hon. member for Humboldt-Lake Centre (Mr. Althouse) asked the minister to hold a plebiscite to establish orderly marketing for hogs and cattle. The minister has not responded to that request and we are condemning him today for this lack of action.

However, should the minister have a change of heart, stop talking and start actively promoting the establishment of marketing boards, I suggest on behalf of my party that he consider a marketing board for rapeseed, flax and rye. Without

such efforts by the minister, we may never see lasting stability and fair prices for many producers.

● (1730)

When I began to speak, I noted the minister's crusade against high interest rates and their effects on short and long-term financing and operating costs of beginning farmers. Here we believe it is the responsibility of the government to use the vehicles which it has at its disposal, such as the Farm Credit Corporation, actively to intervene on behalf of farmers.

One does not have to look much further than farm bankruptcy statistics to find proof of the crisis in farm financing. In 1980, as we all know, farm bankruptcies were 78 per cent higher than the previous year; and so far, in the first quarter of 1981, farm bankruptcies have risen a further 70 per cent. Record interest rates are squeezing our farmers right out of business and yet our government sits back and does virtually nothing.

There is a line from an old Woody Guthrie song that is rather appropriate today:

> The mortgage worked the steadiest and the hardest of us all;
> It worked all week and Sundays, it worked each holiday;
> It settled down among us and never went away.

Let me show the House how severely interest rates are affecting farmers. Here are two examples. The first case concerns a Saskatchewan farmer who bought one half section of land three years ago for $130,000. His three-year mortgage is renegotiable this year, which will result in an increase in the interest rate of from 10 to 20 per cent. This will mean a further doubling of the interest payments on his land. This farmer also owns a further one and one half sections which are paid for. For every bushel of wheat grown on this farm, including the owned portion, the cost of interest is increasing from $1 to $2. The cost of interest on wheat grown on the recently bought one half section of land is $8 per bushel. The current price of wheat at Thunder Bay for that same bushel of wheat is $6.57. Why should he farm? He can sell out, invest about $400,000, earn $60,000 per year on the interest, and watch some European rent the land to a young Saskatchewan boy who could only dream about buying the farm he now works as a tenant farmer.

The second case is a young Ontario tobacco farmer who has been farming since 1973. In the last couple of years his crop has been hurt by frost and disease. He recently formed a corporation solely to qualify for a small business development bond, but by doing so, he has increased his interest costs. On April 30, 1980 they were $26,934. On April 30, 1981 his interest had risen to $58,163. While extending small business development bonds to unincorporated family farms would help and should be considered, high interest rates simply cannot be sustained by farmers much longer. The Farm Credit Corporation should be used positively by this government, but instead the FCC is chronically underfunded and this year it has less money than in any of the last five years.

Months ago, groups like the Canadian Federation of Agriculture asked the minister to increase FCC funding by $150 million. Instead he raised FCC interest rates to 14 per cent. It is hard to believe that this same minister really wants producers to refinance short-term debts through the FCC.

My colleagues and I believe that the Farm Credit Corporation can be used to challenge the banks by allowing more flexible terms for borrowing and at the same time allowing more flexibility of use for the money borrowed. In the past our recommended changes have fallen on deaf ears, but I will repeat them on the unlikely chance that they may yet provoke some action.

First of all, the minister should agree to the Canadian Federation of Agriculture's suggestion and increase the FCC's available capital by at least $150 million.

Second, the Farm Credit Corporation should be allowed to borrow money on the Canadian market using government guaranteed long-term bonds.

Third, an annuity program for retiring farmers should be established to allow some relief from capital gains in exchange for long-term investment commitments with the Farm Credit Corporation.

Fourth, an income-averaging trust account should be established through the Farm Credit Corporation, as has been requested by the Canadian Cattlemen's Association, to allow farmers to average incomes and to provide the Farm Credit Corporation with more capital funds.

These are just some suggestions we have made regarding the Farm Credit Corporation and, of course, we could go into others, but I do want to mention one other change in particular; that is, removing discrimination on the basis of age as contained in the present Farm Credit Corporation regulations. The Human Rights Commission has found that restricting the Farm Credit Corporation assistance to farmers under 35 is a violation of human rights. I have attempted to have drafted a private member's bill that would right that wrong in the legislation; but House rules prevent me from introducing such a bill, as it has some financial implications. So I ask this government, one that seems fervently to believe in a charter of rights, to take immediate action to end that blatant discrimination.

Before I close, let me offer the government some thoughts on its ill-fated drought relief and herd maintenance programs. In my short tenure as a member of Parliament, I have not seen any other program that has so confused, frustrated, and angered my constituents. The rigid and inflexible criteria that were established in order to qualify for relief have kept deserving farmers from receiving aid, and at the same time have left them questioning the sincerity of the government's motives. Some are still awaiting aid, hoping these appeals will be successful, while others have been told that cheques they have received will have to be returned. What this confusing mess underlines is the urgent need for the federal government to negotiate cost-shared agreements with the provinces in advance, and that these agreements should form the basis of ongoing emergency aid to farmers. Instead of the present ad

hockery, farmers would then know what to expect when emergencies arise.

In March, 1981 the government of Saskatchewan requested federal sharing for a long-term drought relief program. Since that time, the federal government has indicated its concern with the drought situation and has agreed with the need for a co-ordinated effort to deal with the problem. However, no cost-sharing agreement has been reached. Let us hope that the government moves quickly to provide our farmers with assured long-term relief.

In conclusion, Mr. Speaker, what is the situation facing our farmers today? It is bleak. We have a government unprepared to use the tools at its disposal to rescue farmers from the high interest rates. We have a government which is unprepared to assure producers a stable and fair return for their product through the establishment of marketing boards. We have a government which is split every which way on the question of grain transport and the Crow rates, and one which is unprepared to implement the recommendations of Chief Justice Hall for fear of upsetting their friends at CPR. As well, we have a government which is smitten by ad hockery and that refuses to establish a long-term aid program for farmers who must cope with the uncertainties of our environment.

What does that mean for our farmers? It means higher farm bankruptcies, more farmers selling their land to foreign speculators, an increasingly powerful agribusiness conglomerate, and even tougher economic times for the farmer who is just barely managing to get by. Surely we have good reason to condemn the inadequate policies of the present government in agricultural areas and to call on them, and, indeed, plead with them, to consider some of these very useful suggestions that would have nothing but a positive effect for our farmers.

• (1740)

[*Translation*]

Mr. Marcel Dionne (Chicoutimi): Mr. Speaker, I have read carefully the proposal made by a member of the New Democratic Party, and I believe that we cannot reject it entirely. Where I disagree with the sponsor of the motion is when it comes to the means which he would use to achieve his objectives. Mr. Speaker, I think that whatever our political differences in the House of Commons, we must pay homage to the Department of Agriculture, and especially to the present Minister of Agriculture (Mr. Whelan), who has shown for several years that he can listen to farm producers from all regions of Canada. Mr. Speaker, obviously, the minister cannot solve by himself all the agricultural problems which face a country as vast as Canada. Of course, I have even more respect for the Minister of Agriculture because of the way he has consulted the producers in one region after another in Canada. It is easy for me to say this, Mr. Speaker, because I knew the Minister of Agriculture long before I entered politics. When I met him, I never thought that I would one day become a politician. I say this without any partisan feeling. What I like about the attitude of the Minister of Agriculture is that, as he so clearly stated in his speech earlier, he believes that the decisions must come from the farmer himself. I support this consultation policy favoured by the minister even though we have financial problems occasionally in several sectors of agriculture in Canada. It is, however, up to the farmers to organize.

Mr. Speaker, I was a farmer for many years and I would never have agreed to—sometimes risk capital of $500,000 is invested on certain farms—any level of government or public servants telling us what should be our role and our vocation.

Mr. Speaker, I think that we have to look at the progress made in Canadian farming. Recently the Department of Agriculture has stabilized and supported the price of certain products. I should mention that we now have marketing boards in Canada. We have the Turkey Marketing Board, the Canadian Egg Marketing Agency and the Chicken Marketing Board. Not so long ago certain opposition members now in the House must have heard, and I am convinced that these are not people who defend Canadian agriculture, blame the Minister of Agriculture for the slaughter of hens to maintain the price of eggs at an acceptable level. One day, they think one thing, and the next, they think another. When we try to stabilize prices to provide a better income for the producers of certain goods in Canada, there are always some people who are shocked to see that for once we want to provide a fair income to producers who have made major investments.

Mr. Speaker, we also have the Canadian Wheat Board, which is now working very effectively in Canada and whose role it is proposed to extend. We also have the Dairy Commission which, as I noted last Monday during another debate on agriculture, nearly provoked a revolution among dairy producers a few years ago when it made certain decisions. Today, like my colleague for St. Hyacinthe (Mr. Ostiguy) also noted, the dairy producers would not want to leave the sector of agriculture since it has been stabilized once and for all, and I believe that this production could be a model for several others in Canada on the condition that the farm producers can play their proper role. Whatever the decisions of the Department of Agriculture, whether they come from the other side of the House or from this side, and whether or not they are the best possible decisions, if the farm producers do not want to co-operate with a farming policy, no board and no national plan can function. I could describe something which has just happened in the Quebec pork industry, for instance, where some say the support price of pork has been detrimental to the industry in other provinces. I disagree completely with that statement since the minister had announced a $100 million hog price stabilization program with a subsidy of $8.96 per carcass. Of course if some provinces have implemented different programs of their own, certain amounts may be deducted from the provincial program, but nevertheless the fact is that

the provincial and the federal levels provide together a total amount of $8.96. The minister said a moment ago that he wanted to be fair to all Canadian producers wherever they live.

This week we discussed Bill C-46 which is tabled before the House and deals with meat imports. I took part in the discussions in the committee of agriculture. I expressed my views and urged the minister to take into account in his policies the needs of Canadian producers, our structures, our climate, while reviewing to some extent the GATT agreements which might often work to our detriment.

That being said, Mr. Speaker, I would like to speak today of a type of farming in which I was involved for several years, namely potato farming. I would like to try to explain how a marketing agency works, its complexity, how long it can take to establish one and how much time is often required to convince producers of the need for such an agency. Since 1970, I have worked in close co-operation with potato farmers from New Brunswick, Prince Edward Island, Ontario and Quebec, and we have held many meetings in Quebec City, Fredericton, Ottawa and Montreal and have achieved a fair degree of success.

Mr. Speaker, I recently attended a provincial potato growers convention held in Drummondville, Quebec, where producers agreed to abide by strict regulations, and it will no doubt surprise many to learn that Quebec producers agreed this year to set membership fees into the marketing agency at $35 an acre. Regulations are very strict and the agency will control production, quality, production costs and marketing. I was personally very surprised to see this. Since 1970 producers have been working on the establishment of this marketing agency.

In 1974 I was involved in a study on production costs for seven types of crops. I think any type of farming requires a basic scientific study of its production costs. No farmer in Canada can hope to have an efficient operation if his production costs are not adequate. I was looking at the way these potato growers in Quebec were going about this. Quebec produces only 50 per cent of all potatoes consumed in the province and yet, even though there is no overproduction, growers got together and organized. I was comparing this to New Brunswick and P.E.I. New Brunswick produces 600 per cent of all potatoes consumed in that province and yet to date growers are not organized. The situation is about the same in P.E.I.

Now that growers in Quebec are well organized, Mr. Speaker, I am sure that meetings between the five eastern provinces will continue so that this provincial marketing agency can lead to the establishment of a national agency. Because in my view, Mr. Speaker, we will still have to find a way to market our commodities from one province to another. I also considered how Quebec producers organized themselves to market their products. I looked more fully into the legislation or the services provided by the Department of Agriculture through subsidies which have transformed potato production in the province of Quebec. I say this, Mr. Speaker, because I believe it is possible and even desirable that a similar agency be set up in all other provinces.

I looked up the subsidies granted to producers by the Department of Agriculture for storage purposes. A few years ago, Quebec potato growers marketed their produce in the months of September and October, while the remainder of the year, potatoes had to be imported from other provinces or even from the United States. Thanks to the building of modern refrigerated storage facilities, Quebec growers now can market their produce practically year round, and washing facilities, also subsidized, have helped further improve the quality of the product. I think that we must pay tribute to the Department of Agriculture for these subsidies, given the fact that when the pre-washed potatoes from the U.S were imported into Canada they were in direct competition with the Canadian produce and looked much better. The situation has changed in the past few years and these washing centres have a very high efficiency rating since pursuant to the policy of the Department of Agriculture, many producers are requested to bring in their production to these centres where it is classified, packed and delivered.

We must therefore keep up the good work and once again, Mr. Speaker, what is most important, indulge in consultation. This process must be intensified in order to sell the idea and convince additional producers that no matter in which area they live they must develop these marketing tools. There again I agree in part with the suggestion made by a member from the Opposition but with regard to the manner in which to get it done I disagree with him. It has to originate from the people concerned, Mr. Speaker, and I am convinced that something imposed on them would not be that efficient. That is evidenced within the marketing boards that are at present successfully serving the interests of Canadian producers and they also put to the test the efficiency of these producers since the production costs of these boards are figured out in a very scientific way and are related to very cost-efficient farms.

I do not yet see the Canadian farmer's situation as being disastrous. However, he will soon have to get organized and the government, as advised by the minister and his officials, has never been against any well-structured organization of the Canadian farmers. Mr. Speaker, it is my pleasure to yield the floor for a period of five minutes to my colleague for Portage-Marquette (Mr. Mayer) who is in a position, I believe, to make interesting suggestions regarding the farmers of Canada.

• (1750)

[*English*]

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, I thank my good friend and colleague on the Standing Committee for Agriculture, the hon. member for Chicoutimi (Mr. Dionne), who has given me a few minutes this evening. I spoke to him previously and although I pointed out to him that some

of the things I was going to say about the Minister of Agriculture (Mr. Whelan) would not be very complimentary, he still granted me five minutes. At any rate, I want to point out some of the shortcomings in the minister's speech.

I was appalled that the Minister of Agriculture would talk for 20 minutes, have extra time, yet not mention very much about interest rates, which are a major problem in this country. Nor did he mention anything about energy prices and the problems industry will have as a result of the 9-cent a gallon increase we had yesterday. He did not mention the problems associated with Bill C-57 which will produce increases in natural gas prices, resulting in increased fertilizer prices. The minister did not mention anything about what needs to be done with the western grain stabilization fund. I have written letters to the minister with suggestions to make it more effective. Those are just some of the things the minister could have talked about in terms of implementing programs to benefit agriculture. He did not talk about grain transportation.

We heard that great grain farmer who comes from Winnipeg, the Minister of Employment and Immigration (Mr. Axworthy), talk about the Russian grain sale involving 25 million tonnes over the next five years. Yet we see no policies coming forth from this government to ensure that we have a transportation system in place to meet our commitments to the Russians. That is a national priority. This sale will benefit the whole country in terms of our balance of payments, our interest rates and the value of our Canadian dollar.

We did not hear the Minister of Agriculture mention those things. Nor did he mention anything about transportation as it relates to livestock. We have major problems with the CNR and the CPR with regard to the moving of livestock in Canada. Representatives of both the CN and the CP have been before the Standing Committee on Transport. There seems to be no leadership nor movement on behalf of the CN or the government to see that we have cars for moving livestock.

I did not hear the minister mention anything about the Grain Transportation Authority in Winnipeg which was set up by the previous minister of transport. A co-ordinator was appointed but it took the previous minister roughly five months to do that. It has been eight months since the director, Dr. Hugh Horner, resigned last October, and this government has not been able to find a replacement in that period of time. I would have liked to see some reference to that as far as agriculture in western Canada is concerned.

The Agricultural Stabilization Act is certainly in need of some amendments and revamping to make it more useful. Many producers would like to see more of a participatory plan where producers and the government could contribute to make it more meaningful when producers encounter problems in marketing.

The sheep industry in this country is in very bad shape. Literally we get clobbered when we get into the ethnic market. There are problems there. It is a small industry but an important one to the people involved. We did not hear the minister say anything about what he has done for the sheep industry. Nor did we hear anything about the Farm Credit Corporation.

There have been some interesting ideas expressed about how we could increase funding for the Farm Credit Corporation. As my colleague from the New Democratic Party, the hon. member for Selkirk-Interlake (Mr. Sargeant), mentioned, we could simply increase capitalization from the government. The head of the Farm Credit Corporation has suggested that it issue bonds to people who sell land. That is a way to increase the funds available to the corporation without its having to go back to the government or into the market itself. That would be a very useful tool to use. I suggest the minister should take that suggestion seriously and pursue it. It would be one way of keeping capital generated in agriculture and working in agriculture after land is sold. Very briefly, those are some of the things which the minister fails to recognize.

In the two minutes remaining to me, I want to castigate the minister as strongly as I can for some of the things he has said on Bill C-46, which is the meat import bill. He mentioned speedy passage. This bill was referred to in the Speech from the Throne which was delivered over a year ago. My colleague from Medicine Hat (Mr. Hargrave) and myself have both asked the President of the Privy Council (Mr. Pinard) to get the meat import bill on the order paper so we can get it through second reading.

The committee on agriculture did not meet for two months at the beginning of this year. We would have been very happy to get that bill through second reading and into committee. The agriculture committee has had one meeting on the meat import bill, and that was yesterday. Yet that bill was promised in the throne speech over a year ago. In my opinion, it is disgraceful that we could not have had that bill through committee, back into the House for third reading and thus have it passed. There was willingness by our party and also, as far as the NDP was concerned, to put it through second reading very quickly. I find it incredible that the minister would come here and say that we should have had speedy passage on Bill C-46. All the minister had to do was talk to his own government House leader to get it on the order paper. The opposition would not have put up any more speakers than needed in order to get it to committee.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order. It being six o'clock, it is my duty to inform the House that pursuant to

Agriculture

Standing Order 58(11) proceedings on the motion have expired. This House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 2(1).

At 6 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, June 4, 1981

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

ENERGY

LIBERAL PARTY ELECTION ADVERTISEMENTS—MOTION UNDER S.O. 43

Mr. Charles Mayer (Portage-Marquette): Madam Speaker, with the latest increase of 9 cents per gallon in petroleum products, gasoline and heating oil prices have increased by as much as 60 cents a gallon in the last year and a half. Yet during the last election campaign the Minister of Finance (Mr. MacEachen), in newspaper advertisements, said "Vote Liberal and the price will stay down". Therefore I move the following motion, under the provisions of Standing Order 43, seconded by the hon. member for Crowfoot (Mr. Malone):

That this House condemn the Liberal government for the deceitful and dastardly way that it has disregarded its campaign promises to keep oil price increases below 18 cents a gallon.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

CALL FOR HOLDING OF GENERAL ELECTION—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. In view of the government's absolute deception of Canadians in taxing energy supplies to pay for its own financial incompetence, thereby imposing unnecessary excise taxes, high interest rates, and spiralling inflation upon all Canadians; and given the government's total failure to produce a long-range industrial development plan so that Canada might realize its true potential heritage for generations to come, I move, seconded by the hon. member for St. Catharines (Mr. Reid):

That the Prime Minister admit to the lying, deceitful practices of his government since its election last February 18, by calling an immediate federal election so that the Canadian people might pass judgment on the dishonest political trickery of the Liberal Party of Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ROYAL CANADIAN MOUNTED POLICE

SALARY NEGOTIATIONS—MOTION UNDER S.O. 43

Mr. Chris Speyer (Cambridge): Madam Speaker, in view of the fact that it was the clear understanding of all Royal Canadian Mounted Police men and women that their new salary adjustment would be retroactive to January 1, 1981, and in light of the fact that the government's incredible decision to make this salary award effective as of April 1, 1981, has fuelled anger and frustration within the ranks of the force to a level that is difficult to exaggerate, under the provisions of Standing Order 43 I move, seconded by the hon. member for Calgary West (Mr. Hawkes):

That the government be condemned for yet another breach of faith, the regrettable consequences of which will be a serious deterioration in the morale of the men and women on the force and a concerted demand for unionization to prevent similar inequities.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FOREIGN INVESTMENT REVIEW AGENCY

CANADIAN GENERAL ELECTRIC PLANT AT DAVENPORT, TORONTO—MOTION UNDER S.O. 43

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I am sure the House will recall that on April 3 I asked the Minister of Industry, Trade and Commerce (Mr. Gray) to look into and take action to solve a problem created by Canadian General Electric's takeover of Federal Electric in Winnipeg and the loss of jobs in Toronto. Subsequent to that the minister has indicated to the people involved that he is still looking into the matter. Therefore, under the provisions of Standing Order 43, seconded by the hon. member for Beaches (Mr. Young), I move the following motion:

That the Minister of Industry, Trade and Commerce be required to explain what action he took to safeguard the jobs of the workers at the Davenport CGE

plant in Toronto, and further what action is now being contemplated by Canadian General Electric to ensure that these workers and their families will not be required to shoulder the burden of the corporate decision to discontinue building transformers in the city of Toronto.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

CALL FOR ENDING OF ALBERTA OIL PRODUCTION CUTBACKS—MOTION UNDER S.O. 43

Mr. Maurice A. Dionne (Northumberland-Miramichi): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the response of the federal government to the blackmail of the Alberta government which has seen a 2-cent per litre rise in the cost of gasoline, I move, seconded by the hon. member for Don Valley East (Mr. Smith):

That this House urges the Leader of the Opposition and his colleagues to impress upon their Alberta cousins, in particular Premier Lougheed, to end at once their threats to the integrity of the Canadian nation by restoring the oil flow so that the 2-cent per litre tax can be eliminated.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

INCREASE IN PRICES—AID FOR PEOPLE IN REMOTE AREAS—MOTION UNDER S.O. 43

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, the motion that I shall move under the provisions of Standing Order 43 is with regard to recent increases in petroleum products. Considering the serious impact such increases in energy costs have as they are passed through to northern residents of our country, to whom energy and transportation costs represent the single most contributing factor in already disproportionately high living costs, I move:

That this House request the government to produce forthwith and lay before the House measures designed to shelter those Canadians who live in isolated, remote and northern regions of our country, from the effects of the latest unjustified increases in energy costs, and to consider the special circumstances of residents in such areas as they relate to the already excessive costs of transportation and being able to maintain an adequate and equitable standard of living.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

PENITENTIARIES

RIOT AT MATSQUI INSTITUTION, BRITISH COLUMBIA—MOTION UNDER S.O. 43

Mr. Alex Patterson (Fraser Valley East): Madam Speaker, I rise on a matter of urgent and pressing necessity. Earlier this week a riot broke out in the Matsqui institution at Abbotsford, British Columbia, during which over 50 per cent of the medium security complex was destroyed by fire. Reports indicate that 200 members of the RCMP, 20 Matsqui police officers, and over 150 troops from Canadian Forces Base, Chilliwack, were called into action to restore order.

Because of the challenge to authority and the wanton destruction of facilities built by taxpayers' money, I move, seconded by the hon. member for Surrey-White Rock-North Delta (Mr. Friesen), the following motion under the provisions of Standing Order 43:

That the Solicitor General assure the public that those responsible for this act of destruction will be held accountable, and suitable penalties be imposed, including the withholding of pay, the use of the prison population in the rebuilding of the facilities, and any other procedures available to lessen the financial burden on the Canadian taxpayers.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1410)

SHIPPING

REPORTED INCREASE IN TOLLS ON ST. LAWRENCE SEAWAY—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, I rise under the provisions of Standing Order 43. The Canadian shipping industry was shocked to learn that the government is again considering a further increase in Seaway tolls, tolls that have increased by over 100 per cent since 1978, and on an industry now subject to world prices for bunker fuel oil while other modes of transport engaged in international trade enjoy the benefit of a heavily subsidized domestic oil price. I therefore move, seconded by the hon. member for Dartmouth-Halifax East (Mr. Forrestall):

That this House instruct the Minister of Transport that Canadians want to maintain a viable Canadian shipping industry and that the minister make a clear unequivocal statement that no increase in St. Lawrence Seaway tolls is contemplated in the foreseeable future.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ENERGY

ALBERTA CUTBACKS IN OIL PRODUCTION—MOTION UNDER S.O. 43

Mr. David Smith (Don Valley East): Madam Speaker, I rise on a matter of urgent and pressing necessity under Standing Order 43. In view of the defeat by the Canadian people in the 1980 election campaign of the heartless Crosbie budget which proposed, among other things, a callous 18-cent per gallon tax on the price of gasoline and an acceptance of 85 per cent of world oil prices, I move, seconded by the hon. member for Guelph (Mr. Schroder):

That this House applaud the compassionate and reasonable responses now being made by the government in response to the Conservative plan to divide this country by supporting Premier Lougheed's dictatorial oil cutbacks.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NORTHERN PIPELINES

DANGER OF OIL SHIPMENTS TO WEST COAST—MOTION UNDER S.O. 43

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I too rise on an urgent matter. Whereas on October 16, 1979, the Prime Minister (Mr. Trudeau), the then leader of the opposition, spoke out against increased tanker traffic on the west coast of Canada, and that on October 17, 1979, the Leader of the Opposition (Mr. Clark), the then prime minister, also opposed such tanker traffic, and that on October 23, 1979, the present Deputy Prime Minister (Mr. MacEachen) asked, this as reported at page 494 of *Hansard*:

Is the Prime Minister or the Secretary of State for External Affairs now prepared to tell us that under no circumstances will the government consider, support or recommend a proposal that involves tanker traffic on the west coast of Canada?

—and whereas the government and opposition in British Columbia are also opposed to such a plan, I therefore move, seconded by the hon. member for Vancouver East (Mrs. Mitchell):

That this House of Commons recommend that the government reject the decision by the National Energy Board favouring a TransMountain pipeline from a west coast oil port delivering American oil to Americans at the risk of the beautiful and environmentally sensitive British Columbia coast.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Oral Questions

ENVIRONMENTAL AFFAIRS

ALICE ARM, B.C.—DUMPING OF TAILINGS BY AMAX MINE—MOTION UNDER S.O. 43

Mr. Tom McMillan (Hillsborough): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Amax Canada Ltd. has decided to reopen its mine on the north coast of British Columbia despite the fact the company was alleged by Canadian environmental officers to be exceeding allowable limits on the dumping of tailings into the Alice Arm inlet in that province. Since the controversy continues as to whether Amax is actually harming the delicate ecology at Alice Arm, I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That this House urges the Minister of the Environment—not the Minister of Fisheries and Oceans but, rather, the Minister of the Environment—to launch immediately a full scale independent public inquiry into all facets of the issue.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

REQUEST FOR REDUCTION IN PETROLEUM COMPENSATION CHARGE

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is for the heartless Minister of Finance. The Bank of Canada bank rate has gone to 19.10 per cent, the highest in our history, a heartless rate. Gasoline prices in St. John's Newfoundland are up 64 cents a gallon since the minister took over this office. Heating fuel prices are up 43 cents a gallon, over a 50 per cent increase since the heartless minister took office. Yesterday in the supplementary estimates the petroleum compensation tax went up $2,143 million. The minister is going to take $4.8 billion from the consumers of Canada this year through the petroleum compensation charge.

● (1415)

Are not your interest rates and the gasoline and heating oil increases enough? Is it not time to give lower income Canadians a break? Will the government now consider reducing the petroleum compensation charge and the other new tax that has just increased gasoline nine cents a gallon this week?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has brought into his question a large number of comments and allegations which, if dealt with, would take most of the question period. I would tell the hon. member that even though

there have been increases in the price of gasoline, Canadians, because of policies followed by this government, are paying the lowest price for gasoline of any industrialized country in the world.

* * *

FEDERAL BUSINESS DEVELOPMENT BANK

LEVEL OF INTEREST RATE CHARGES

Hon. John C. Crosbie (St. John's West): Madam Speaker, for my supplementary I would like to pass on to something simpler for the minister to grasp. The minister's colleague, the Minister of Agriculture, said on May 15 that he would introduce legislation to tax away the excess profits of the Canadian banks and that young farmers should not be forced to pay 22 per cent interest rates.

The government has its own bank, the Federal Business Development Bank, wholly owned by the government. It exists to promote the establishment and development of business in Canada, particularly small business. That bank is today charging from 20 per cent to 23 per cent interest rates on its loans. This is the government's own bank, not some bank that is a figment of the minister's imagination. Will the government instruct its own bank to carry out the Minister of Agriculture's policy, or does the Minister of Finance admit that his colleague is talking completely through his little green hat and trying to fool the farmers of Canada in what he says?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I do not know what the hon. member is asking. He said he would ask something that would be simple. If he is asking me to subsidize interest rates charged by the well functioning Federal Business Development Bank, then that is a proposal that runs totally counter to the prescriptions which he offers in every speech, that I should restrain government expenditures and reduce the deficit. I knew there was a conflict between the Right Hon. Leader of the Opposition and the hon. member for St. John's West on their financial policy, but now there is a conflict within the breast and the full heart of the hon. member for St. John's West—the bleeding heart.

USE OF BANK'S PROFITS

Hon. John C. Crosbie (St. John's West): Madam Speaker, I am not asking the minister a question about my views, nor about my prescriptions, but about the policy of his colleague, that heartless hippo who sits farther down from him who appears to have the heaves about interest rates. I have a letter from a small businessman in British Columbia who had a loan from the minister's bank at 14.5 per cent interest on December 2. It is now at 22.25 per cent. He is a small businessman.

The government owns its own bank. Will the government order its own bank to pass over any profits it has to its consumers in the small business and farming communities, so as not to have excess profits and to reduce its rates, giving a good example to the commercial banks of Canada about which his colleague is complaining, and bad mouthing, while the government goes on exhibiting the same practices as those very same commercial banks? That is what I am asking this minister.

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, I am surprised that the hon. member failed to do his homework before asking such a question. He should know that not only has the Federal Business Development Bank not earned any profits in 1979-80, but that it actually lost around $38 million. So the bank's losses could be passed on to small businesses, as the hon. member suggests, but that is not what we saw fit to do. During the 1980-81 fiscal year, the bank granted over $500 million in loans to more than 48,000 Canadian businessmen, and furthermore the bank experienced some losses because it got more involved in the financing of venture and working capital.

So I think the bank fulfilled its mandate rather than implement the hon. member's wild imaginings.

* * *

• (1420)

[*English*]

THE ECONOMY

INTEREST RATE FORECASTS

Mr. Jack Murta (Lisgar): Madam Speaker, my supplementary question is directed to the Minister of Finance. The bank rate today is 19.1 per cent, which is outrageous. Is the Minister of Finance aware that his colleague, that other minister of finance, the Minister of Agriculture, is forecasting an interest rate of some 30 per cent? The Minister of Agriculture forecast a 30 per cent interest rate in terms of the government's forecasting, as reported at page 10129 of *Hansard* for June 1. He said in part: "even though interest charges are forecast to go up to 30 per cent".

Is this the latest government forecast? Is this what the government is looking at in terms of the peaking of interest rates at the present time—a 30 per cent Canadian interest rate?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, since the Minister of Agriculture actually gave his speech I have not read it to refresh my memory, but quite apart from the interpretation the hon. member may put upon the speech, there is no forecast by the government that interest rates will rise to any particular level. As the hon. member knows, forecasting is one of the most popular businesses in the country. It is engaged in by hon. members of all parties. I have no objection if any individual wishes to make forecasts, but that does not constitute a forecast from the government.

Mr. Murta: Madam Speaker, it appears that what the Minister of Agriculture needs is not a big green cowboy hat but a big green muzzle to keep him quiet.

FARM CREDIT CORPORATION LOANS

Mr. Jack Murta (Lisgar): Madam Speaker, on Monday, June 1, in a letter to the editor of the Ottawa *Citizen* once again that other economic minister, the Minister of Agriculture, stated, and I quote:

I am also considering changing the lending policy of the Farm Credit Corporation by instituting a moratorium for three years on payments of interest and principal on corporation loans.

Can the Minister of Finance confirm whether this is government policy? It was in the newspaper under the name of the Minister of Agriculture in a letter to the editor. If this is government policy—and obviously it would be welcomed by the agricultural community—could the Minister of Finance indicate when this change may take place?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, if I understand the quotation read by the hon. member correctly, it said that the Minister of Agriculture was considering such proposals. That is fine. When they become government policy, they will be announced in the House.

Mr. Clark: By Marc Lalonde.

Mr. MacEachen: I am delighted that the Minister of Agriculture is discharging his responsibilities and taking, as he always does, a sensitive attitude toward the problems of farmers. I doubt if there is any farmer in the country who would share the rather insulting description given of the Minister of Agriculture by the hon. member for St. John's West earlier in the Question Period.

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HOUSING

MEETING OF FEDERAL AND PROVINCIAL MINISTERS—GOVERNMENT'S PROPOSALS

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, my question is directed to the minister responsible for the Canada Mortgage and Housing Corporation. Provincial housing ministers stated the following this week after a two-day meeting with the minister:

Mr. Cosgrove failed to make any commitment with regard to the future role that the federal government would play in resolving the serious housing problems facing Canadians today.

Since the minister has stated for many months that this was to be a major decision-making meeting to do something about affordability and about housing problems in Canada, will the minister report to the House today on what proposals he took to that meeting as the senior minister who is responsible for housing solutions in Canada?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, unfortunately the release which the hon. member has referred to was issued by the ministers prior to the completion of the conference, and I think that, for example, they had not had time to consider, in concert with CMHC officials and myself, such issues as the year for the handicapped when, with a number of housing officials, we agreed upon a number of specific steps that the federal government, together with the provincial governments, municipalities and some private agencies in this country, will be taking toward addressing such problems as those of the handicapped. I use that as one example, but there are many others. I suspect that is why we saw five of the ministers join together and observe Question Period when the conference ended.

• (1425)

ACTION TO CONTROL MORTGAGE INTEREST RATES

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I asked the minister what proposals he took to these meetings to solve Canada's housing problems, and I assume his answer means he took none. The provincial housing ministers condemned the federal government because it is not taking any action against the amoral interest rates, particularly mortgage interest rates, which are up again today, and they also indicated they would welcome the creation of a fund through Canadian banks that would reduce the cost of mortgages and hold mortgage rates at a set amount. I therefore ask the minister will he take this matter to the cabinet and aggressively push for controlled mortgage interest rates?

Hon. Paul J. Cosgrove (Minister of Public Works): Madam Speaker, the hon. member does not give the source for the assumptions in her last question. I think I should take the opportunity of advising her and other members of the House that, on the contrary, the provincial ministers did express an appreciation for the initiatives of the federal government. For example, introducing the MURB provisions—

Some hon. Members: Oh, oh!

Mr. Cosgrove: —for example, in introducing 5,000 social housing starts last year, and in supporting increases through the rehabilitation program. Unfortunately, Madam Speaker, these programs they felt perhaps were not adequate, notwithstanding the increase in housing starts last month at an annual rate of more than 200,000. However, I asked them, what programs, what initiatives, what things are you as provinces going to do in response to the initiatives of the federal government?

An hon. Member: And there were none.

REQUEST THAT MORTGAGE RATES BE PEGGED

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, my supplementary question is to the Minister of Finance. Contrary to what the Minister of Public Works has just told the House, housing starts in May are down dramatically and

show signs of continuing deterioration. In light of that fact and that 1980 was a disastrous year for the housing industry, and in light of the fact that capacity in the housing industry has been hovering at 70 per cent for well over a year and a half, I ask the minister does he not think it is now time to peg mortgage rates and provide affordable housing for Canadians, and to separate mortgage rates from other interest rates to make sure that the Canadian people can have housing at an affordable rate, and that construction workers will have work in this industry which is so vital to Canadians?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member talks about the housing industry being a disaster. That, of course, is quite untrue. Housing starts in Canada during the month of May totalled 208,000 at a seasonally adjusted annual rate. This does represent a decline from a record high level in April and is more a reaction from that April increase than it is to any weakness in the housing sector itself, because the performance is considerably better and has improved very substantially over the first five months of this year. I do not think the hon. member is entitled to describe the situation as a disaster.

* * *

SMALL BUSINESS

REQUEST FOR EXTENSION OF DEVELOPMENT BOND PROGRAM

Mr. Otto Jelinek (Halton): Madam Speaker, my question is also for the Minister of Finance who continues to demonstrate his insensitive attitude toward all Canadians suffering from record high interest and mortgage rates. In view of the fact that the government watered down and limited the Small Business Development Bond program from the original proposal in the Crosbie budget, by not including unincorporated small businesses or the majority of farmers and fishermen, and by not including venture and working capital, and in view of the continuing increases in interest rates which are crippling this small business community, will the minister assure this House and the small business community at large that he will expand and extend and, indeed, improve the SBDB program as originally planned, in order to include all these sectors which suffer most from the government's lax and insensitive attitude toward interest rates?

• (1430)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, it is rather easy for hon. members opposite to specialize, in a sense, among themselves in their questions. One group of members which the hon. member has joined is asking us every day to launch further expenditure programs. Another group of members, led by the hon. member for York-Peel, is asking us every day and in every speech to restrain expenditures and to reduce the deficit. That obvious conflict is why the Conservative party has absolutely no credibility in the field of economic policy or financial management in the country.

Some hon. Members: Hear, hear!

Mr. MacEachen: The hon. member talks rather glibly about sensitivity. In my opinion the truly sensitive person is the one who is thinking of the long-term interests of the Canadian people, not short-term palliatives which are bound to worsen conditions in the long term.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

UNINCORPORATED BUSINESSES AND FARMERS

Mr. Otto Jelinek (Halton): Madam Speaker, it is curious that the minister is not aware of the study which I have before me on the economic impact of the Small Business Development Bond program, commissioned by the Canadian Federation of Independent Business, by Infometrica, a computer system. His department is the other department in the country which has it. I am sure if he took the care, he would find out that the study concludes:

—that the SBDB will produce a net revenue increase to the federal treasury of $77 million in the first year of full operation.

Therefore his last answer is just hogwash. There is no sensitivity on the part of the government at all.

Some hon. Members: Hear, hear!

Madam Speaker: Does the hon. member have a question?

Mr. Jelinek: Madam Speaker, now that I have given the minister the facts of that program, I should like to ask him whether he thinks that the very survival of the small business community is more important than perhaps the purchase of Petrofina for $1.5 billion, which is really where government spending is taking place.

Mr. Paproski: Answer it, Allan.

Mr. Jelinek: I am asking the minister now—and not the Minister of State for Small Businesses and Tourism—whether, in view of this conclusion on the program, he will take immediate steps to include sectors of the small business economy such as farmers, fishermen and unincorporated businesses, in the Small Business Development Bond program?

Some hon. Members: Hear, hear!

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, I cannot believe what I am hearing from the opposition. Last week, as was reported in all Canadian newspapers, the Royal Bank announced that it was earmarking $500 million for the Small Business Development Bond program. RoyNat announced that it was setting aside $180 million for the bond. Now, Madam Speaker, if all chartered banks and financial institutions in the country are included, over $2 billion will be lent in the next 18 months

during which the program will be in effect, at approximately half the going interest rate, in order to help small businesses wishing to expand their operations.

* * *

[*English*]

CORPORATE AFFAIRS

PUBLICATION OF REPORT ON MARKETING OF URANIUM

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. On March 4, in reply to a question put by myself, the minister stated:

—regarding the uranium inquiry, this inquiry by the director is not completed. Obviously, when it has been completed, his findings will be made public.

When does the minister intend to make the inquiry public, as we have now learned, both from the Prime Minister and the Minister of Justice, that the report is completed? We have had representations all the way from 1977 that this report would be made public. If the minister declines to make it public, how can we believe his statement of June 2 when, dealing with the Petrofina study, he stated:

It was alleged that the study made by my department will not be made public, but I can confirm to House that it will be.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, I would not want the hon. member to misinterpret what I said in this House last March. What I said in reply to a question was that the findings of the director of investigation would certainly be known and made public. This has been done since the document has been referred to the Department of Justice for review. I can therefore say that the findings of the director have certainly been made public. This is a known fact, as the hon. member is aware. The whole matter is now in the hands of the Department of Justice.

[*English*]

Mr. Stevens: Madam Speaker, that is absolutely fantastic.

Some hon. Members: Hear, hear!

Mr. Stevens: On March 4, the minister told us that the findings of the director would be made public. Now we are told that the conclusions have been made public in the sense that there has been a reference to the Minister of Justice.

Miss MacDonald: Shame!

CABINET DOCUMENTS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my follow-up question is directed to the Prime Minister. It touches on certain representations which he has made concerning the inquiry, including the representation in 1977 that it would look into everything, including possible government illegalities. Also it is in reference to the statement made by the then minister of consumer and corporate affairs that all documents would be shown to the director, including cabinet documents.

Would the Prime Minister indicate whether all cabinet documents, including minutes and memoranda of cabinet, were shown to the director, or is what is now being represented true, that the Prime Minister secreted these documents and said that the director could not pursue them?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I will have to take that question as notice.

Some hon. Members: Oh, oh!

Mr. Trudeau: I have no recollection of any documents having been refused to the director of combines investigation. But I am very happy to take notice of the question. Perhaps the Minister of Consumer and Corporate Affairs has the answer; I do not.

Mr. Crosbie: You are the hon. secreter.

PUBLICATION OF REPORT ON PURCHASE OF PETROFINA BY PETRO-CANADA

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my supplementary question is directed to the Minister of Consumer and Corporate Affairs. He has just said that his interpretation of publication of the findings of a report are that those findings will be passed to the Minister of Justice who can then keep them secret. That is his definition of publication in so far as the cartel inquiry is concerned.

Will the minister tell us whether that same definition of being published applies, in his judgment, to his commitment in the House to publish the report and the inquiry into the Petrofina matter? Will that also be published by passing it in secret to another minister who can keep it secret? Is that the extent of his engagement to the House?

Some hon. Members: Hear, hear!

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, if the Leader of the Opposition were a bit more versed in law, he would know that two investigations were carried out by two different services in my department. The investigation concerning Petrofina was carried out by the Bureau of Corporate Affairs, and the procedure used is quite different from that available to the director of combines investigation. In the latter case, the director has the legal obligation—and if the Leader of the Opposition is not aware of this, I shall tell him—to do only one of three things. First, he can refer his investigation to the Restrictive Trade Practices Commission, which was done in the case of the oil companies. Of course, the evidence that he collected was made public at the discretion of the president of the Commission.

The second option of the director of investigation is to refer his file to the Department of Justice, which must review it and determine whether or not to press charges. If the department decides to take action, the file is, of course, made public. Otherwise, and this is the third option, the director must comment on the findings of the investigation in his annual report. Obviously, these findings are made public since the report of the director of combines investigation is tabled in the House.

Madam Speaker, I deeply regret that some members are trying to misrepresent my comments of March 4 last. If I may, I would like to quote from *Hansard,* on page 7878, when I replied to a question asked by the hon. member for York-Peel in these terms:

In relation to the second question of the hon. member regarding the uranium inquiry, this inquiry by the director is not completed. Obviously, when it has been completed, his findings will be made public.

And this is what has been done.

● (1440)

[*English*]

Mr. Clark: Madam Speaker, I, of course, would be the first to admit that I do not have the same experience with judges as the minister has had.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

UNDERTAKING TO PUBLISH REPORTS

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, the minister has given two clear commitments to this House of Commons and I quote, as he did, that "the findings will be made public." These were two clear commitments given to this House with regard to two investigations of great interest to Parliament and to Canadians, one having to do with the uranium cartel and the other having to do with the Petrofina matter. My question to the minister is simple. Will he give this House an undertaking now that those reports will ultimately, and soon, be made public to this Parliament, and be published in their totality so that the whole House of Commons and the entire Canadian public will be able to see the contents of those reports, will be able to know that elements of those reports have not been hidden by the Minister of Justice, or by anyone else, from public view?

The question is simple. We have had a commitment from the minister that he would publish those reports. Will the minister keep his word, or is he trying to find some way to hide from Parliament and the people of Canada the reports on the uranium cartel and the Petrofina purchase?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, it is obvious that the Leader of the Opposition does not have as much experience as I have with judges because he was not able to complete his law studies. Of course, he will never have my experience in these matters. However, as concerns the two commitments I have made—

[*English*]

Some hon. Members: Oh, oh!

Madam Speaker: Order. I think we need some order.

Mr. Ouellet: Madam Speaker, it seems that members of the opposition do not know that their leader was no more successful in law than he was as prime minister.

Some hon. Members: Oh, oh!

[*Translation*]

Mr. Ouellet: I made the commitment in the House that the report on the Petrofina case prepared by my officials would be made public, and I can assure once again the Leader of the Opposition that this will be done. As for the commitment concerning the uranium inquiry, I must remind the House of the comments that the hon. member for Yukon attempted to ascribe to me when he said, as reported on page 10009:

That is not what Ouellet said. Ouellet said it would be tabled.

I must point out that what was referred to the Department of Justice is a summary of evidence, and this was done under section 15 of the Combines Investigation Act. As I said, the Leader of the Opposition knows nothing about the law. I cannot blame him since he never managed to become a lawyer—

Madam Speaker: Order, please.

* * *

[*English*]

INDIAN AFFAIRS

NEEDS OF CHILDREN IN MANITOBA

Mr. Laverne Lewycky (Dauphin): Madam Speaker, my question is for the Minister of Indian Affairs and Northern Development. A recent report prepared by the federal government states that the Department of Indian Affairs is neglecting the needs of 14,000 Indian children in Manitoba. Considering that this is the second such report within a year—the other revealed the same results in Saskatchewan—will the minister inform the House what remedial action he plans to take at this time?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, as the hon. member may know, I am going to Manitoba tomorrow.

Some hon. Members: Hear, hear!

Mr. Munro (Hamilton East): I can only indicate that Manitoba receives a fair share of the total allocations in our budget relative to the number of Indians elsewhere in the

country. I do not know of a more fair way to deal with this situation than to make the money available to all Indians in Canada on an equal basis, which is precisely what we are doing.

FUNDS FOR EDUCATION

Mr. Laverne Lewycky (Dauphin): Madam Speaker, my supplementary question is for the same minister. In light of statements made by leaders of the Indian community and officials in the minister's department that the Indian education problem stems primarily from the lack of government funding, is the minister prepared to seek additional funds, instead of merely washing his hands of the matter, by transferring jurisdiction, along with the existing problem, to the Indian bands?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, the hon. member is referring to a report which has just come out. All directors of education in the department are meeting to consider the recommendations in that report. As soon as a study of the report has taken place, I will be pleased to indicate to the hon. member what action we will take.

* * *

VETERANS AFFAIRS

DELAY IN PROCESSING PENSION APPLICATIONS

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, my question is for the Acting Minister of Veterans Affairs. Veterans pension applications, new and appealed, are still not processed and finalized for as long as 62 months, as verified by the Legion. The United States department of veterans affairs takes from 60 to 90 days to finalize an application. What measures is the minister taking to correct this disgraceful situation in his department?

Hon J. Gilles Lamontagne (Acting Minister of Veterans Affairs): Madam Speaker, I think the hon. member was present at meetings of the House committee on veterans affairs and I think the presidents and responsible officers of most of the agencies for our veterans and of the pension commission and all the others were present. The hon. member had an opportunity to ask these questions, and he had some answers, which were very good by the way, that most agencies were progressing and the cases to be heard were less and less as time goes by. I think he had all the answers as far as the agencies are concerned, that progress is being made and will be made in the future.

● (1450)

REQUEST FOR CHANGE IN LEGISLATION

Mr. Dan McKenzie (Winnipeg-Assiniboine): Yes, Madam Speaker, we received answers all right. The chairman of the pension commission told us that he is hamstrung. He cannot correct a situation that is going from bad to worse because of the legislation with which he has to work. I should like to ask the minister if he will give a firm commitment to the House that he will bring in corrective legislation so that these applications can be processed within 90 days, instead of from one to five years. I want to point out that the mortality rate among veterans waiting for applications to be processed is exceedingly high and is a national disgrace.

Hon. J. Gilles Lamontagne (Acting Minister of Veterans Affairs): Madam Speaker, I can assure the hon. member that the question that he has submitted in this House will be discussed with the president of the pension commission, and if any correction can be made in order to improve the disposal of these claims, it will be made. We will do our utmost to improve the system, if it is possible at all, according to the law.

* * *

FINANCE

EXTENSION OF SMALL BUSINESS DEVELOPMENT BOND PROGRAM TO UNINCORPORATED FARMERS

Hon. George Hees (Northumberland): Madam Speaker, I have a question for the Minister of Finance. The minister's colleague, the Minister of Agriculture, has been making a number of speeches across the country in which he has quite rightly said that if the farmers are to be able to continue to do the excellent job they do for this country, they must have far lower interest rates available to them. In order to accomplish that, he has urged very strongly that his colleague, the Minister of Finance, make the Small Business Development Bond available to unincorporated farmers—that is the vast majority of all Canadian farmers—to enable them to do their job at a cost they can bear. As a result of those recommendations from his colleague, does the Minister of Finance intend to act on that suggestion and, if so, when?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I answered a similar question just recently to the effect that when the decision is made about either the extension or widening of the application of the Small Business Development Bond, I would obviously be making it known in the House. No such decision has been made. I want to assure the hon. member that I had discussions yesterday and will continue to have discussions with the Minister of Agriculture with respect to what possible way we can move to assist the farmers of Canada meet the current situation.

Mr. Crosbie: Resign. That is the best way.

Mr. Trudeau: You did that.

Mr. Crosbie: That is what you should do. If you care about the country, get out and give it a chance.

Mr. Trudeau: Go to South Africa.

Mr. Crosbie: Why don't you go skiing again?

Oral Questions

REQUEST FOR EARLY DECISION

Hon. George Hees (Northumberland): Madam Speaker, I know that the minister has been saying for quite some time that he is considering the matter and will make a statement soon. This has been going on and on. We wonder if he is trying to write a new meaning into the word eternity. I tell him that farmers all over the country are going out of business day by day. They cannot stand operating with all these very high interest rates. Would he give an answer on this most important matter no later than next week? Would he please assure the House that he will do that?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has talked about eternity. He seems to have enjoyed a good deal of electoral eternity in the House of Commons.

There are real problems in extending the Small Business Development Bond to unincorporated businesses and farmers. It is not just through ill will or a refusal to consider the problem. It would include a large number of farmers. I am sure that if these proposals were sound on their face, they would have been adopted by the former minister of finance when he constructed the Small Business Development Bond and excluded the groups which the hon. member now recommends to me. Obviously there are good reasons for the decision taken then, which still prevail.

* * *

FISHERIES

IMPACT OF INCREASE IN PRICE OF GASOLINE ON FISHERMEN

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I also wish to address a question to the Minister of Finance. One year ago Canadian inshore fishermen in Atlantic Canada received 25 cents per pound for haddock and 22 cents per pound for codfish. Today they are offered 17 cents per pound for haddock and 16 cents per pound for cod. In view of the fact that the federal government, through taxes, has raised the price of gasoline by 60 cents per gallon within the past year, including the 9 cents yesterday, which is the highest single increase in any one day in the history of Canada, at a time when the price received by our primary producers has dropped by 33 per cent, what action is the minister planning to take, if any, to help the fishermen survive?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I must say that I find it interesting, if not curious, that hon. members from the opposition should get up and draw to our attention the increases in energy prices that have taken place. They have taken place, but what we have been telling the country, and what I repeat today, is that the energy price increases which have taken place under this government are considerably less than those—

Some hon. Members: Oh, oh!

Mr. Paproski: The fishermen would have been exempt.

Mr. MacEachen: —than those that have taken place under the present government. I refer to the recent meeting of the Conservative party in February, and to their official resolution in which they said that the PC party believes that Canada should move quickly toward 75 per cent of the world price for oil and gas.

Mr. Crosbie: You are there now.

Mr. MacEachen: The world price for oil and gas now is $43. Can you tell the fishermen how you would apply that, and meet the lesser prices which were announced and are in vogue at the present time? I categorize the opposition position as rather hypocritical. It will not fool the people of Canada.

Some hon. Members: Hear, hear!

Mr. Paproski: Two decades of the rosary for that, Allan!

Some hon. Members: Oh, oh!

REQUEST FOR GOVERNMENT ACTION

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I have a supplementary question for the minister. The inshore fishermen in some parts of Nova Scotia, for the information of the minister, have been tied up for the past two weeks simply because it is uneconomical for them to continue fishing, and now this government has rammed its knee in their necks with the twelfth consecutive raise in the price of gasoline since 1980.

Let me ask the minister if he would stop being righteously indignant. Instead I should like to know what action he is planning to take—

Mr. Clark: None.

Mr. Crouse: —to help fishermen lower fuel and operating costs at least to the level of his promises during the last campaign—

Mr. Clark: That is pretty low.

Mr. Crouse: —so that the fleets will no longer be tied up beyond the fortnight they have been at the docks already and can contemplate returning to sea, and so that the unemployed shore workers can contemplate returning to their employment?

Mr. Paproski: Exempt them, as we would.

Mr. Crosbie: That is what we did.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member asks what we intend to do to help the inshore fishermen and all the consumers of energy in the country. My answer is the answer that was given yesterday—that we intend to pursue a policy that will be less burdensome, that will impose lesser price

increases on the consumers of Canada than the budget which the hon. member supported unsuccessfully in December, 1979.

* * *

[*Translation*]

RESEARCH AND DEVELOPMENT

GRANTING OF SUBSIDIES—INQUIRY WHETHER COMPENSATION PROGRAM IS CONTEMPLATED FOR QUEBEC

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is directed to the Minister of State for Science and Technology and Minister of the Environment. Recently his department published a report indicating the regional distribution of federal subsidies for research and development. The published statistics clearly show that Quebec comes last on a per capita basis in the granting of those subsidies. Thus Ontario receives a yearly amount per capita of $86 while Quebec receives a measly $36. This is my question: is the government contemplating a catch-up plan in order to remedy this unfair situation not only for Quebec but also for some other areas of Canada?

Hon. John Roberts (Minister of State for Science and Technology and Minister of the Environment): Madam Speaker, it is true that there are several factors governing the payment of subsidies made under the authority of the National Science Engineering Research Council or under the National Research Council. It is not merely a question of population, but the number of researchers and universities carrying out graduate studies, and several other factors are also taken into account. However, we are considering the problems raised by the hon. member and we are devising plans with a view to extending and correcting the few disparities which he pointed out in his question.

INQUIRY WHETHER GOVERNMENT INTENDS TO DECENTRALIZE CERTAIN RESEARCH ORGANIZATIONS

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I have a supplementary question. In view of Quebec's special cultural make-up, will the federal government further decentralize some of its research bodies, such as the National Research Council of Canada, to make it possible for Quebec's scientists to work in an environment which is more congenial to them and more attuned to the priorities of that province in the areas of small business and its traditional industries such as the textile industry?

Hon. John Roberts (Minister of State for Science and Technology and Minister of the Environment): If I understand the question correctly, Madam Speaker, I have already mentioned the case of the National Research Council. There are several statistical data related to various criteria. As I said, we are currently rethinking our policy to ascertain whether there are ways to correct the imbalance which some of the figures we have been quoted seem to indicate.

* * *

• (1500)

[*English*]

ROYAL CANADIAN MOUNTED POLICE

SALARY NEGOTIATIONS—QUESTION OF RETROACTIVITY

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, could you do me the favour of directing a question to the Solicitor General? Members, other than when they ask for you seem to get very little response today.

Using terms such double-cross, shafting, bad faith, breach of trust, and God knows—

Madam Speaker: Order, please. The hon. member might help the whole process if he proceeded with his question.

Mr. Forrestall: I am, Madam Speaker. I have asked you to intercede for me. I undertand that is your role.

Some hon. Members: Oh, oh!

Mr. Forrestall: The RCMP officers across this nation are desperately upset over what they consider to be reneging on a clear undertaking by the Treasury Board last fall to make pay increases this year retroactive to January 1, 1981. Might I ask the Solicitor General, or ask you to ask him, why it is that he allowed Treasury Board and his colleagues to put himself in a position where the RCMP must talk tough and talk unionization in order to get from government fair and just treatment?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, since the pay raise was announced I have been in four provinces speaking to members of the RCMP about the matter. I know there is some dissatisfaction. I appeared before the Treasury Board on the matter but we did not get everything we wanted. Frankly, nobody gets everything they want. I can report, however, that the increase we are to pay is a good one in the sense that it is in line with other pays now being set by the Treasury Board.

I also remind hon. members of the House, that, in general, police pay has increased more quickly than the national average across Canada. That is not only true for the present but going back at least 15 years. Members of police forces are doing better and the RCMP is doing better than at any time in the past in relation to what other Canadians are making.

I have also heard rumours about the possibility of withholding services and so on—

Mr. Crosbie: God help the Prime Minister if that happens.

Mr. Kaplan: —but I put very little stock in them. The RCMP has never failed to serve the Canadian people. It has never held back its services from the Canadian people, even at a time when its salary level was far lower than it is today in

relation to the salaries of other Canadians. Therefore, I do not think that members of the House or the Canadian population ought to be alarmed about reaction from some members of the force, or from some journalists or members of Parliament.

CONTINGENCY PLANS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, my supplementary question is also for the Solicitor General. I just remind him that there was a one-hour walkout in Montreal yesterday, that there are widespread reports of so-called "blue flu", and that RCMP officers from one end of the country to another are shutting off their radios. What steps and contingency plans does the minister have in place to guarantee and assure Canadians, such as those living in Halifax, which have been ravaged and rampaged by idiots over the last three or four days because of a police strike, that in fact emergency police services will be available?

Can the minister categorically assure the Prime Minister that when representatives of the summit nations will be here in July, the level of police and security required for such a visit will be in place?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, the pay package which the RCMP received includes a 12.2 per cent increase, and other benefits which amount to an additional few percentage points on top of the 12.2 per cent. Therefore I think it was a good pay increase in that sense, although it was not everything the RCMP wanted. However, I do not think consideration of withholding services is justified. The RCMP have always been counted on by the Canadian people and, in my opinion, they still can be.

* * *

PRIVILEGE

MR. CHRÉTIEN—URANIUM CARTEL INQUIRY REPORT—REMARKS BY MR. CLARK

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I rise on a question of privilege. Earlier in the question period the Leader of the Opposition (Mr. Clark) said that the report on the uranium cartel had been referred to the Minister of Justice (Mr. Chrétien), by the Minister of Consumer and Corporate Affairs (Mr. Ouellet) in order to hide it. I think my privileges have been affected very seriously. When the director of the combines investigation branch concludes that there might be a prosecution involved, under Section 15 of the Combines Investigation Act he must refer the file to the Attorney General of Canada whose decision it is whether or not a prosecution should ensue.

I would like to say to the Right Hon. Leader of the Opposition (Mr. Clark) that I intend to carry out my responsibility. This file was not referred to me by the minister but by the director. In addition, in every case it is important that the law of the land is respected and not played with by the opposition—

Some hon. Members: Oh, oh!

Mr. Chrétien: I intend to look into the file to decide whether or not prosecution should ensue.

Some hon. Members: Oh, oh!

Mr. Chrétien: It is very important for the public to understand that it is the duty of the Attorney General of Canada to decide those things.

Mr. Kilgour: Why do you not make it public?

Mr. Chrétien: A few months ago there was an investigation, a report—

Madam Speaker: Order, please.

Some hon. Members: Order.

Madam Speaker: Order, please. I think it is obvious to members that the hon. minister is continuing a debate which began in Question Period.

Some hon. Members: Oh, oh!

Madam Speaker: The minister does not have a question of privilege. There is a divergence of opinion about how these matters ought to have been concluded. If the hon. member wants to make further points, he could do so at times when that is allowed in the House.

Mr. Crosbie: Outside. Go out in the hall.

Madam Speaker: Certainly the minister does not have a question of privilege.

Mr. Chrétien: Madam Speaker—

Madam Speaker: Presenting Reports.

Mr. Chrétien: Madam Speaker—

Some hon. Members: Sit down.

Madam Speaker: Order, please. I would ask the hon. minister to co-operate with the Chair. I have ruled that he does not have a question of privilege. He has made a point but it does not constitute a question of privilege, and I am afraid I cannot hear him any longer.

Some hon. Members: Hear, hear!

Mr. Crosbie: Big Daddy is coming. What is your question of privilege?

Madam Speaker: Order, please. The Right Hon. Prime Minister.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I rise on a point of order. The minister was at the

point where I believe he was going to ask the Leader of the Opposition (Mr. Clark) to withdraw the accusation.

An hon. Member: So what?

Mr. Clark: Madam Speaker has ruled. The Speaker is just a nobody, right, Pierre?

Madam Speaker: Order, please. I am afraid we will not be able to get through this particular part of the deliberations if hon. members do not co-operate and stop heckling. Otherwise we will not be able to determine who has a point of order and who has not.

• (1510)

Mr. Trudeau: Madam Speaker, the Leader of the Opposition clearly in this House imputed to the Minister of Justice the motive that he was going to hide information communicated to him in a way which was contrary to his duties as a Minister of Justice. I believe the Minister of Justice had a right to make this point to you, Madam Speaker. I submit that the Minister of Justice may have been a bit roundabout in making that point, but surely he has a right in this House to ask the Leader of the Opposition to withdraw that allegation, as I think he should.

Madam Speaker: I would like everyone to know what is going on. The Minister of Justice did not have a question of privilege. The Prime Minister rose on a point of order. I listened to that point of order. There was no question of privilege. He obviously—

Mr. Chrétien: I did not finish, Madam Speaker.

Some hon. Members: Oh, oh!

Madam Speaker: He obviously gave an explanation for some of his actions. That is usually accepted by the House. It seems that point has been made.

Mr. Chrétien: On a point of order—

Madam Speaker: Order, please.

Mr. Chrétien: I am not abusing the rules of this House.

Madam Speaker: Order.

Mr. Chrétien: I won't give up.

Madam Speaker: Order. The minister did not have the floor, but I distinctly heard what he said. I have interrupted other members in this chamber—

Mr. Crosbie: You sure have.

Madam Speaker: —even though they said they still needed time to make their question of privilege. As soon as the Chair finds there is no question of privilege, that it is a continuation of a debate or expressing a grievance of some kind, the Chair sometimes interrupts. That is what I have done in the case of the minister.

Mr. Crosbie: Apologize.

Mr. Stevens: Apologize.

Madam Speaker: The treatment is no different, I hope. I like to be fair. I hope I have not treated the minister differently from other members.

Some hon. Members: No, no.

Madam Speaker: I have to tell the minister that he does not have a question of privilege. I listened to the Prime Minister's point of order. The point was made, the explanation was given, and the House usually accepts explanations given by members.

Mr. Crosbie: Now you know how we feel.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): A perfectly supportable decision, Madam Speaker.

Madam Speaker: Order, please. Hon. members are not supposed to comment on decisions by the Chair.

Some hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): I will comment no further, Madam Speaker.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Nepean-Carleton): Madam Speaker, I would like to ask the government House leader the business he intends to call today and tomorrow. I understand it is his intention to designate two allotted days next week. If he could do that, I would be grateful. Also, could he indicate the government's intention with respect to the business for next week.

Mr. Pinard: Madam Speaker, tomorrow we will be resuming debate on the second reading stage of three bills, hopefully. The first is Bill C-58, the Canada Elections Act, then Bill C-12, the Bankruptcy Act, followed by S-6, the Two-Price Wheat Act.

[*Translation*]

Monday and Thursday of next week will be two opposition days. On Tuesday and Wednesday we will continue the debate on Bill C-57 to amend the Excise Tax Act.

[*English*]

Mr. Knowles: Madam Speaker, may I ask the government House leader whether the promised legislation in the name of the Acting Minister of Veterans Affairs has yet had cabinet approval and whether it will soon be on the order paper. I refer to legislation to correct certain omissions in last summer's Bill C-40 having to do with the widows of disabled veterans and

possible legislation respecting the War Veterans Allowance Act.

As a second question, may I ask the minister whether he has yet found a way to get Bill C-53 referred, after a short debate, to the Standing Committee on Justice and Legal Affairs. That bill has to do with sexual harassment.

As a third question, may I ask the minister if he is yet prepared to take the House into his confidence as to what his plans are about proroguing this session and starting a new one. It used to be when I was a lot younger that a session did not go beyond a year. This one has gone well beyond that. We are now into our 204th sitting day. In view of the fact that it might be good for the general atmosphere of the House if we had a new Speech from the Throne and a new start, I wonder if the minister could give us a response to this question.

[*Translation*]

Mr. Pinard: There are three questions, Madam Speaker. To the first question the answer is: not yet. To the second question: it all depends on the progress we make on other bills. To the third question: it is still too early to answer.

* * *

POINT OF ORDER

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): On a point of order, Madam Speaker. I would like to gain some knowledge of the Standing Orders of the House. A few weeks ago members opposite spent several half-hours debating whether or not the clocks in the House were in working order. That lasted days and days. The Leader of the Opposition (Mr. Clark) has made a very serious accusation, yet I am discharging my responsibilities as Minister of Justice when I receive a report from the investigation director asking me to check the files to see whether or not there is a case for court action, and the Leader of the Opposition states that by acting—

Madam Speaker: Order, please. If I ask hon. members not to comment on my rulings, it is obvious that I cannot do so myself. Each time other members rose on questions of privilege, whether these had to do with clocks or something else, I did what I had to do under the circumstances and the way I handled the question raised by the Minister of Justice (Mr. Chrétien) is not at all different from the way I acted with members of the opposition.

What the minister is now attempting to do, and what others do until I interrupt them, is to turn a question of privilege into a point of order, something which of course I cannot accept. Besides, the minister is in a very difficult situation because he cannot comment on that point of order without referring to the question on which I have ruled already. On several occasions the minister gave explanations to the House concerning his conduct. His explanations were accepted by the House until further notice. Should another opportunity arise, I am confident that when other questions are put to the minister he will give to the House whatever explanations he may want to give, but he may not do so at this time.

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, often in the past when the Chair ruled against a question of privilege based on the criteria established in practice and in the Standing Orders, a member could still rise on a point of order. So it is in this manner that I rise now on a point of order, which is not the question of privilege raised by the Minister of Justice (Mr. Chrétien) which you rejected, because points of order can be raised by any member of this House. Now it is strictly forbidden, according to the rules, to make allegations about a member, and it is clear that during question period the Leader of the Opposition (Mr. Clark) accused the Minister of Justice and made allegations by saying that he was not doing his job and was not taking his responsibilities seriously. That is clearly against the rules of this House. I am not raising a question of privilege, as you have already given your ruling on that, but I am rising, as an ordinary member, on a point of order to ask the Leader of the Opposition to withdraw his very serious allegations about the Minister of Justice, if he has the courage to do so.

Madam Speaker, we are dealing with procedure, and it is indeed true that you have ruled against the question of privilege, perhaps before completely hearing out the Minister of Justice, but that was your ruling and I do not wish to go back on it. I will abide by your ruling and not comment on it. However, by rising on a point of order, I submit that it is the Chair's duty to ensure that no member of this House, whatever his title, be allowed to make allegations about anyone. In this case, the Leader of the Opposition is clearly at fault for having, during the Question Period, taken the opportunity to clearly, directly and unequivocally suggest that the Minister of Justice was not doing his job. I think that we cannot let that go by unchallenged and that is why I am rising on a point of order because I would like you to ask the Leader of the Opposition to have the courage to stand in his place and withdraw his accusations.

● (1520)

[*English*]

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, if there is any duty at all on a member, his first duty is not to attempt to do indirectly what would be wrong to do directly, and that is to question a ruling of the Chair. I must say I am rather surprised at my hon. friend moving in the direction he did, having regard to the skill and understanding he has of the rules.

The second thing is, it is incumbent upon every member of the House to address the House and the issues in a parliamentary way. If you examine the blues of the exchanges that took place you will find that the language used by the Right Hon. Leader of the Opposition (Mr. Clark) in the House was

absolutely parliamentary. It was not out of order; in fact, it was in order. This place is not any thing else but a place of debate where strong positions are taken on issues that are important. Of course, that must be done within the confines of appropriate parliamentary language. I do not believe that any unparliamentary language was used, and I am sure if it was the Leader of the Opposition would be the first to recognize it.

Hon. Marcel Lambert (Edmonton West): On this particular point, Madam Speaker, the question is always a very difficult and narrow one. I think I have been able to detect during the exercise by the government House leader and others on the government side this question of attributing motives to members of the opposition, trying to silence them in that way. What I would suggest to the House leader is the difference is this, that if the Leader of the Opposition (Mr. Clark) said the Minister of Juctice (Mr. Chrétien) would be failing in his duty if he failed to do something with a report, that would not be attributing a motive at all; that is, if he failed to do something having received a report. On the other hand, if I were to suggest that the intervention by the government House leader was an attempt to intimidate the Chair, then that would be a clear attribution of a motive to the government House leader.

I have used that example merely to establish the distinction in his mind, and I trust in the minds of my colleagues in the House. Unfortunately every time there seems to be criticism of the government side there is immediately this attempt to rise and say that members of the opposition are attributing motives. That is not the case. I would hold that there was no such thing on the part of the Right Hon. Leader of the Opposition at all, in any way. This is merely a misinterpretation of the rules by the government House leader to his advantage.

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

[*Translation*]

Madam Speaker: Order, please. I have not yet given the floor to the hon. minister. The Minister of Consumer and Corporate Affairs and Postmaster General (Mr. Ouellet) sought the floor before the Minister of Justice. I will hear him now. Afterwards I will hear the Minister of Justice if he still has something to add. The Minister of Consumer and Corporate Affairs and Postmaster General.

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): On the same point of order, Madam Speaker, I would like to point out that the right hon. Leader of the Opposition (Mr. Clark) may have acted involuntarily—and that is where we will see whether he is a gentleman or not—but he very clearly imputed motives to the Minister of Justice (Mr. Chrétien). Not only did he do that, but he also—voluntarily or not, it is for him to say, but I think it is important that he does if he has a minimum of seriousness and responsibility—stated, erroneously, that it was my duty to submit a report to the Minister of Justice, whereas it is very clear that that duty is not incumbent upon the Minister of Consumer and Corporate Affairs but solely upon the director of investigation. It was my officials who, pursuant to section 15, submitted the document to the Department of Justice. Therefore, I think that the right hon. Leader of the Opposition will at least have to be honest enough to admit that he was wrong and to withdraw the accusations he made against the Minister of Justice and, second, to withdraw as well the wrong impression he gave about me and my responsibilities.

[*English*]

Madam Speaker: I am sorry, but I thought the hon. Minister of Justice was not rising again. If he is, it is his turn to be heard and then I will hear the hon. parliamentary secretary.

Mr. Chrétien: Madam Speaker, I do not want to create a controversy, and it is very seldom I get up on a point of order, but on this point of order I would like to say that, as the Minister of Consumer and Corporate Affairs (Mr. Ouellet) said a moment ago, it might be an error made in the heat of debate by the Leader of the Opposition, who said the report had been transmitted to me by the Minister of Consumer and Corporate Affairs so it would be hidden. That is a very serious point, Madam Speaker, because the report had not been transmitted to me by the minister; it had been transmitted to me by the director.

I would like to take just a minute to explain for those who do not understand that law that my duty is to look into—

Madam Speaker: Order, please.

An hon. Member: Sit down.

Madam Speaker: Order, please.

An hon. Member: Don't make an ass of yourself.

Madam Speaker: Order, please. I know the hon. minister feels very strongly about the exchange that has been taking place in the House, but he must recognize that the Chair is also in difficulty because the Chair cannot allow the minister to comment or to continue with the explanations he has given and on which I ruled that he did not have a question of privilege. All I have done is rule that he did not have a question of privilege.

I will now hear the Parliamentary Secretary to the President of the Privy Council (Mr. Collenette).

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I am rising on a point of order in relation to the comments made by the hon. member for Nepean-Carleton (Mr. Baker). I think what is at issue here, and I am speaking strictly to the rules—

Madam Speaker: Order, please. I would like to be sure that the hon. parliamentary secretary is speaking to the rules. Is he speaking on the same point of order or is he introducing a new point of order?

Point of Order—Mr. Chrétien

Mr. Collenette: Madam Speaker, the point of order originated with the President of the Privy Council (Mr. Pinard) and it was followed by a comment by the hon. member for Nepean-Carleton (Mr. Baker). I do not want to talk about the substance of the matter because I know you have ruled on the substance. But there is a clear difference in this House with regard to the rules relating to unparliamentary language, which is listed in Beauchesne—though not all unparliamentary words are listed there—and the imputation of motives. Citation 322 of Beauchesne clearly states:

> It has been formally ruled by Speakers that a statement by a member respecting himself and particularly within his own knowledge must be accepted, but it is not unparliamentary temperately to criticize statements made by a member as being contrary to the facts; but no imputation of intentional falsehood is permissible.

That is the key, and it is very easy to use very parliamentary language in the imputation of motives. But that is not what is at issue.

● (1530)

I submit there is another reference to which Your Honour should turn, and that is 316(e) of Beauschesne, fifth edition, which clearly states:

> Besides the prohibitions contained in S.O. 35, it has been sanctioned by usage that a member, while speaking, must not:
>
> (e) impute bad motives or motives different from those acknowledged to a member;—

I submit what was done this afternoon clearly contravened the practices of this House and in no way dealt with unparliamentary language.

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I am sure Your Honour will find that there is no point of order, as there was no question of privilege, but it might be useful, since several highly exercised ministers of the Crown have been engaged in this matter in their usual intemperate way, for me to review the record of what happened here today.

I should say that it is of more than passing interest to note the unease in the government benches having to do with the uranium cartel and whether the facts about that cartel will be made public or held secret. That is the matter which is of the deepest political interest and, I think, of interest to the country.

Let us review what happened. What happened was that the Minister of Consumer and Corporate Affairs (Mr. Ouellet) said solemnly to this House of Commons that he would make public the findings of the inquiry into the uranium cartel. That is what he said; he put it on the record. He has today reinterpreted his statement to say that public means private.

Madam Speaker: Order, please. The Right Hon. Leader of the Opposition is debating the question. That was the whole substance of what was discussed during the question period. The Leader of the Opposition is now debating. If he has other things to add respecting the particular point of order which was raised, I can hear him.

Mr. Clark: Madam Speaker, all I have to add on the point of order is that I do not believe there is one.

Madam Speaker: It seems to me that two things have been discussed. The Minister of Justice gave explanations about the procedure he was following respecting a certain report, and I ruled that there was no question of privilege.

Then a further point of order having to do with imputing motives was raised. At the time of the deliberations I did not have the feeling that motives had been imputed, but I do recognize that there is quite a lot of noise in the House and I sometimes do not hear all of what is said in the House. My impression was that the Leader of the Opposition was criticizing the actions of the minister and expressing an opinion about those actions of the minister, but that he had not imputed bad motives.

I can do two things with respect to this particular question. Conversation is rather rapid in the House. I was going to ask the Right Hon. Leader of the Opposition if he thought he had imputed motives and, if he did, he might want to withdraw; but he has just now told the House that he has not imputed motives, and I am not in a position to contradict him at this point.

I will look at the records. If I find that motives have not been imputed—because my impression now is that motives have not been imputed—I will not come back to the House with this question. If I feel that motives have been imputed, I will then take the necessary actions to see that things are conducted in this House in a parliamentary way.

ROUTINE PROCEEDINGS

[*Translation*]

PRIVACY

TABLING OF ANNUAL REPORT OF COMMISSIONER

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, under the provisions of Standing Order 41(2), I am pleased to table the annual report of the Privacy Commissioner in both official languages.

* * *

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk).

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 219, 799, 2,056, 2,141, 2,180, 2,470 and 2,508.

[Text]

FORECLOSURES AND QUIT CLAIMS RECEIVED BY CMHC

Question No. 219—Mr. Herbert:

1. Since 1970, by year and area, how many foreclosures or quit claims were received by CMHC following loan assistance under section 15 of the National Housing Act and, what was the total value of such claims?

2. Since 1970, by year and area, how many foreclosures or quit claims were received by CMHC following loan and contribution assistance under sections 15.1 and 34.18 of the act and what was the total value of such claims?

3. Since 1970, by year and area, how many foreclosures or quit claims were received by CMHC following loan and contribution assistance under sections 34.15, 58 and 59 of the act and what was the total value of such claims?

Hon. Paul J. Cosgrove (Minister of Public Works): I am advised by Canada Mortgage and Housing Corporation as follows:

1. See lists below.

2. See lists below.

3. See lists below. With respect to sections 58 and 59 of the NHA, contribution assistance did not apply to these CMHC direct lending programs.

Section 15, NHA Acquisition through Legal Action and Quit Claims

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon	Total Loans	Total $000
1970												Nil	Nil
1971					1							1	388
1972	1				5							6	5,980
1973					18							18	21,662
1974					11	1						12	13,532
1975				1	14							15	18,120
1976					10	1	1					12	19,164
1977	2		1		12	3						18	43,401
1978	1			1	27	5						34	43,168
1979	1		1		6	1	1			1		11	17,996

Section 15.1 and 34.18 NHA Acquisitions through Legal Action and Quit Claims

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon	Total Loans	Total $000
1970												Nil	Nil
1971												Nil	Nil
1972												Nil	Nil
1973												Nil	Nil
1974												Nil	Nil
1975												Nil	Nil
1976												Nil	Nil
1977						1				1		2	177
1978				7		8				1	1	17	9,745
1979				2	6	3		1				12	7,290

Corporation Claims Paid—AHOP (Section 34.15 NHA)

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon	Total Loans	Total $000
1970 to 1974												Nil	Nil
1975					1	2	1			2		6	114
1976	1	3	3	1	16	5	1			3		33	715
1977	13		7	11	34	73	1	1	1	36		177	5,384
1978	42	1	15	24	60	242	6	6	2	249		647	20,227
1979	176	2	27	49	136	499		8	2	253	1	1,153	35,599

CHIP

Question No. 799—Mr. de Jong:

1. What is the present CHIP monitoring system and its objectives?

2. What has the present monitoring system revealed?

3. (a) Under what section of the Criminal Code will prosecutions be made (b) on what date (c) where will they occur?

4. Is CMHC considering revising (a) the standards for insulation materials because of possible health and fire hazards (b) insulation practices to insure that no long term structural damage to homes occurs and that maximum energy savings are achieved?

5. Will CHIP increase the number of inspections that it carries out?

6. On what date will the public be informed of the problems with the program so that they can make their insulation decisions based on sound information?

Hon. Paul J. Cosgrove (Minister of Public Works):

I am advised by Canada Mortgage and Housing Corporation as follows:

1. Under the present CHIP monitoring system, CMHC inspectors inspect units identified by CHIP in accordance with the following selection criteria: all grants in excess of $500, random selection of one grant in 20, all units where doubt exists as to eligibility or where fraud is suspected.

Monitoring inspections are visual only and are undertaken by CHIP to ensure that materials, for which a grant is being paid, are properly installed.

2. The present monitoring system has revealed: cases of discrepancies between the amount of insulation installed and that claimed, cases of poor workmanship, in the majority of cases, the quantity of materials installed corresponds to that claimed.

3. (a) Prosecutions will be made under Sections 338, 338(i) and 423(i)(d) of the Criminal Code of Canada. (b) and (c) Prosecutions are expected to

take place in Hamilton and Toronto in the fall of 1981.

4. (a) CMHC is continually revising the standards for insulation, primarily through the Canadian General Standards Board (CGSB) and the Canadian Standards Association (CSA), which are responsible for them. The health and fire aspects of the standards are also being studied by an interdepartmental committee. During 1981, changes will be made to the current materials acceptance program whereby a comprehensive evaluation report on the accepted materials will be produced and made available to the consumer.

(b) Changes in insulation practices are being made in two ways:

(i) More information is being provided to consumers and insulation installers through workshops sponsored by industry associations, the National Research Council and others.

(ii) Implementation of the CGSB certification program for insulation contractors should be in place by September 1, 1981. This program should help to ensure that good practices are followed.

5. It is not proposed to increase the percentage of inspections being carried out.

6. The public is immediately informed when changes occur. The publications, "Enersave" and "Keeping the Heat In", are available to the public upon request at no charge. In addition, the Enersave advisory service offers a free insulation analysis advising home owners on where and how to insulate and approximate costs. For more information about insulation, procedures, solutions and vapour barriers, the toll-free Enersave Heatline is available.

SURVEILLANCE OF COASTAL WATERS

Question No. 2,056—**Mr. Herbert:**

Have there been any changes in assigned responsibilities for the surveillance of coastal waters since March 4, 1976 and, if so, what are they?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council):

In so far as the Department of the Environment is concerned: No.

In so far as the Department of Fisheries and Oceans is concerned: up to December 31, 1976, waters outside 12 miles on Canada's east coast were managed through the International Commission of the Northwest Atlantic Fisheries (ICNAF). Under the auspices of this commission, a joint scheme of international enforcement was established which enabled member countries to conduct surveillance and inspections of fishing vessels of all member nations which fished in the ICNAF area. Canada played a lead role in this scheme and in addition to ships of the Department of Fisheries and Oceans utilized ships and aircraft of Department of National Defence and Department of Transport. Waters inside 12 miles which were not included in the ICNAF scheme were also patrolled but were under Canadian management.

On the west coast, there was limited foreign fishing activity outside 12 miles. The major countries were the U.S., Poland, Japan and the U.S.S.R. Management of the major U.S. and Canadian fisheries (halibut and salmon) were by international agreement through the International Pacific Halibut Commission (IPHC) and the International Pacific Salmon Fisheries Commission (IPSFC). Bilateral agreements with Poland and the U.S.S.R. were in effect to avoid gear conflicts with Canadian salmon vessels fishing outside 12 miles. Waters inside 12 miles were patrolled by DFO ships. Surveillance outside 12 miles was conducted by both DFO and DND vessels.

As of January 1, 1977, with the declaration of the 200-mile limit, Canada took over management of fish stocks inside 200 nautical miles of baselines along her coasts. Foreign nations were permitted to continue to fish under licence in this new zone for stocks surplus to the needs of Canadian fishermen. Their fishing operations were then subject to Canadian regulations, licences and enforcement programs. Surveillance operations within the new zone were also brought under Canadian management and violations were handled in Canadian courts. Surveillance is conducted by DFO ships with assistance from the Department of National Defence as required and through interdepartmental arrangements. In addition, Canadian observers are frequently on board foreign fishing vessels.

In waters of the former ICNAF area which are not inside 200 miles the ICNAF scheme of joint enforcement is continuing under the North Atlantic Fisheries Organization (NAFO) which is a successor to ICNAF. Waters under NAFO management are mainly the Flemish Cap and the southern and eastern extremeties of the Grand Banks. On the west coast, agreements between Canada and the U.S. are ongoing to provide co-operative management and enforcement of the halibut and salmon fisheries; however, neither country conducts any fishing activities for these species in waters of the other country.

In so far as the Department of National Defence is concerned: there has been no change in assigned responsibilities for the surveillance of coastal waters. However, the degree of support provided by the Canadian Forces to assist other government departments in carrying out their regulatory responsibilities, does change in accordance with circumstances.

In so far as the Department of Transport is concerned: yes.

1976 Extension of the Eastern Canada Traffic System (ECAREG Canada) to the entire Arctic region (NORDREG Canada); NORDREG as yet is a voluntary system.

1977 Establishment of exclusive fishing zones as follows: zone 4—east coast of Canada, zone 5—west coast of Canada, zone 6—Arctic region.

The establishment of these zones designates major areas as exclusive Canadian fisheries zones and will allow Canada to asset jurisdiction over fisheries conservation and management in the area involved; and extends seaward Canada's responsi-

bility for pollution surveillance under Part XX of the Canada Shipping Act.

1979 Implementation of the Canada/U.S. co-operative Vessel Traffic Management Agreement for the Juan de Fuca region.

MAILING LIST OF INDUSTRIAL AND COMMERCIAL COMPANIES

Question No. 2,141—**Mr. Blenkarn:**

1. Did the Department of Industry, Trade and Commerce or any other department make available to any member of Parliament, a mailing list of industrial and commercial companies operating in the member's constituency or any other constituency and, if so, to which members?

2. Are lists available to other members upon request and, if not, for what reason?

Hon. Herb Gray (Minister of Industry, Trade and Commerce):

In so far as the Department of Industry, Trade and Commerce is concerned: 1. To the extent that such information is readily available, the Department of Industry, Trade and Commerce provides non-confidential information on firms (e.g., their products, services, addresses, etc.), in response to requests from the public. It is my understanding that the department services many requests for such information from members of Parliament as well as from persons and firms both inside and outside Canada, and federal and provincial government departments. Because of the nature of the information, and the frequency and volume of requests for this service, no formal record or list of recipients of the service is maintained.

2. The names, addresses of firms, their products/services and, at times, the name of a contact point, are all considered to be of a non-confidential nature and would be available to all members upon request (either orally or in writing), as they would be to all members of the public.

FISCAL EQUALIZATION PAYMENTS

Question No. 2,180—**Mr. Herbert:**

1. What amount was transferred to the provinces under the fiscal equalization payments program, by year, for total payment and by province on a per capita basis?

2. What is the estimated per capita contribution for the year 1981-82?

Hon. Pierre Bussières (Minister of State (Finance)):

1. See lists below.

2. The estimated per capita contributions for 1981-82, by province, are as follows: Newfoundland, $712; Prince Edward Island, $771; Nova Scotia, $569; New Brunswick $588; Quebec, $291 and Manitoba, $355.

Equalization Entitlements By Province, 1957-58 To 1980-81
(in thousands of dollars)

1957 Fiscal Arrangements	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
1957-58	11,823	3,089	17,188	8,631	46,342		14,220	20,314	11,981	5,522	139,110
1958-59	20,131	5,561	26,258	22,641	63,275		13,495	20,389	13,407	6,704	191,861
1959-60	22,142	5,964	27,906	24,640	78,106		14,795	23,530	16,385	5,885	219,353
1960-61	20,255	5,561	25,913	23,975	69,874		13,349	21,904	15,357	6,052	202,240
1961-62	20,961	5,369	26,294	24,111	72,682		13,420	23,296	14,278	5,571	205,982
1962 Fiscal Arrangements											
1962-63	24,012	6,931	29,117	25,518	68,773		13,705	22,895	12,319		203,270
1963-64	23,779	7,201	31,290	26,999	65,311		12,920	21,868	7,137		196,505
1964-65	27,061	8,111	37,668	33,048	96,121		18,694	22,002	1,190		243,895
1965-66	34,926	9,490	43,786	39,857	133,115		27,250	29,206			317,630
1966-67	39,191	10,451	47,902	44,214	151,343		30,500	31,407			355,008
1967 Fiscal Arrangements											
1967-68	65,677	14,189	75,095	63,566	268,715		39,925	25,141			522,308
1968-69	73,162	16,250	83,990	71,804	386,584		49,319	26,424			707,533
1969-70	95,680	19,506	96,796	87,950	430,682		52,597	66,111			849,322
1970-71	97,288	19,927	99,479	93,086	420,101		54,735	98,966			883,582
1971-72	105,235	19,971	107,614	92,975	453,288		71,954	88,771			939,808
1972 Fiscal Arrangements											
1972-73	113,716	25,141	123,881	103,186	534,326		68,138	102,032			1,070,420
1973-74	155,963	33,267	185,986	146,270	737,125		112,612	116,150			1,487,373
1974-75	174,687	42,544	232,028	168,527	918,375		124,485	50,633			1,711,279
1975-76	189,071	47,694	252,050	187,423	1,049,421		150,793				1,876,452
1976-77	229,158	54,430	298,120	232,441	1,062,881		153,291	10,421			2,040,742
1977 Fiscal Arrangements											
1977-78	278,117	62,960	342,073	273,277	1,321,991		236,488	58,213			2,573,119
1978-79	321,208	71,623	375,372	322,299	1,482,830		291,674	32,723			2,906,729
1979-80 (5th Est.-Mar. 81)	347,870	80,889	422,722	312,463	1,682,755		348,573	76,026			3,271,298
1980-81 (3rd Est.-Jan. 81)	376,426	88,026	449,088	378,686	1,720,824		342,626	40,195			3,395,871

The payments in this table consist of payments described in successive fiscal arrangements statutes as "equalization". They include transitional guarantees for Quebec, Manitoba, Saskatchewan and Alberta from 1962-63 to 1964-65 and for Saskatchewan in 1967-68 plus the Atlantic Provinces Adjustment Grants. The most notable of the guarantees is an amount of $14,268,000 paid to Saskatchewan in 1967-68. Payments for the years 1967-68 to 1976-77 include amounts in respect of tax points abated for post-secondary education. Beginning with 1977-78 payments include amounts for the additional personal income tax transfer in respect of established program financing.

The amounts shown are equalization entitlements for the year shown at the left irrespective of when paid. All adjust-

ment payments are therefore attributed to the year for which the revenues are equalized. The amounts shown for the years 1957-58 to 1978-79 are final. 1979-80, 1980-81 and 1981-82 are subject to adjustments.

While the payments are grouped by quinquennial arrangements, there were mid-period changes in (a) 1958-59 (when the Atlantic Provinces Adjustment Grants were started), (b) in 1964-65 when the standard of equalization was raised from national average to top two provinces but natural resources revenues were dropped as a positive element of equalization, (c) in 1973-74 when "school purpose taxes" were added and (d) in 1974-75 where equalization in respect of oil and gas revenues was modified so as to be applicable to all "basic" revenues from these sources plus one third of "additional" revenues.

Equalization Entitlements Per Capital By Province, 1957-58 to 1980-81
(Dollars)

Fiscal Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	All Eligible Provinces
1957 Arrangements											
1957-58	28	31	25	15	10		16	23	10	4	13
1958-59	47	56	37	40	13		15	23	11	4	17
1959-60	50	59	39	42	16		17	26	13	4	19
1960-61	45	54	36	41	14		15	24	12	4	17
1961-62	46	51	36	40	14		15	25	11	3	17
1962 Arrangements											
1962-63	51	65	39	42	13		15	25	9		22
1963-64	50	67	42	44	12		14	23	5		21
1964-65	56	74	50	54	17		19	23	1		26
1965-66	72	87	58	65	23		28	31			33
1966-67	79	96	63	72	26		32	33			37
1967 Arrangements											
1967-68	132	130	99	103	46		41	26			57
1968-69	145	148	110	115	65		51	28			72
1969-70	186	176	125	140	72		54	69			85
1970-71	188	181	127	148	70		56	105			89
1971-72	202	179	136	147	75		73	96			94
1972 Arrangements											
1972-73	215	223	156	161	88		69	112			107
1973-74	290	292	231	226	121		113	128			148
1974-75	323	369	286	258	150		124	56			169
1975-76	344	407	308	282	170		149				201
1976-77	411	460	360	343	170		150	11			191
1977 Arrangements											
1977-78	493	524	410	398	211		230	62			246
1978-79	565	587	446	477	236		282	35			277
1979-80 (5th Est.-Mar. 81)	606	658	499	446	268		338	79			311
1980-81 (3rd Est.-Jan. 81)	649	708	527	536	273		333	41			321

DND CONTRACT TO L.E. MINOGUE CONSULTANTS LTD.

Question No. 2,470—**Mr. McKinnon:**

Did the Department of National Defence award a $132,853 contract to L.E. Minogue Consultants Ltd. for an assessment of modern steam versus second generation gas turbine plants for ship propulsion systems and, if so, what will be the practical application of the results of the study?

Hon. J.-J. Blais (Minister of Supply and Services): The Department of Supply and Services placed a $132,853 contract on behalf of the Department of National Defence for an assessment of modern steam versus second generation gas turbine plants for ship propulsion systems. The study results will indicate the potential benefits of using each of modern steam plants and second generation gas turbine ship propulsion systems, concentrating on the potential saving in the areas of fuel, manpower associated with the powerplants and powerplant downtime.

PURCHASE OF BOEING SIMULATORS

Question No. 2,508—**Mr. McKinnon:**

Is the Department of Industry, Trade and Commerce buying (a) a Boeing B757 simulator at a cost of $1,237,850 (b) a Boeing B767 simulator at a cost of $1,237,850 (c) an Airbus A-310 simulator at a cost of $1,134,350 (d) an Airbus A-300 simulator at a cost of $997,616 and, if so, for what reason at this time?

Hon. J.-J. Blais (Minister of Supply and Services):

No. The Department of Industry, Trade and Commerce is not purchasing the simulators but is contributing 50 per cent of the non-recurring unrecovered development costs associated with the production of these simulators under the Defence Industry Productivity program.

[*English*]

Mr. Collenette: I ask, Madam Speaker, that the remaining questions be allowed to stand.

[*Translation*]

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

EXCISE TAX ACT AND EXCISE ACT

MEASURE TO AMEND

The House resumed, from Tuesday, June 2, consideration of Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs, and motions Nos. 1 and 3 (Mr. Blenkarn).

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, when I had to call it ten o'clock the other evening, the Minister of Agriculture (Mr. Whelan) was busy doing a calculation for me. I am sorry he is not here today. I was asking the Minister of Agriculture if he was aware of the burden the increased tax on beer provided for in this bill would place on the producers of grains used in the brewing industry. I am doubly sorry that the minister is not here today. He has probably gone off with his green hat somewhere. However, he was making a calculation. He was making a conversion regarding the levy on hectolitres of absolute alcohol or at least I thought he was. No, that was where the—

Mr. Deputy Speaker: Order, please. The hon. member should be debating motions Nos. 1 and 3 of Bill C-57. These two motions would delete parts of clause 1(3). Will the hon. member please relate his remarks to the items before us for discussion.

Mr. Lambert: Mr. Speaker, on a point or order—

Mr. Deputy Speaker: The rules are quite clear. At the amendment or report stage of a bill remarks must be relevant to the amendments.

Mr. Lambert: Mr. Speaker, the debate has proceeded for four days on the basis laid out in my own speech at the beginning. There was a general debate—

Mr. Deputy Speaker: The hon. member does not have the right to prescribe the rules of the House.

Mr. Lambert: Mr. Speaker—

Mr. Deputy Speaker: With all due respect to the hon. member for Edmonton West (Mr. Lambert), I am calling to the attention of the hon. member for Esquimalt-Saanich (Mr. Munro) that we are debating at this stage motion No. 1 at the report stage of this bill, and motion No. 3 is grouped with motion No. 1 for debate. I am asking the hon. member to observe to some degree the rule of relevance. There has been a number of days of debate at this stage, and I am calling the attention of the hon. member to the rules of the House.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, it is certainly my understanding that the debate in which I was engaged was dealing with the general matter of the bill. We had an amendment respecting another bill before us on which we voted just after the conclusion of my remarks the other evening. I was not brought to order on this matter of an assumed or on alleged irrelevancy on that occasion, and I find it difficult to understand why I should now be brought to order on this question of alleged irrelevancy.

Mr. Deputy Speaker: I wish to bring the attention of hon. members of the House to the Standing Orders of the House. The Chair is the servant of the House, and it is up to hon. members to decide whether the rules are to be observed or not observed. In terms of the rules and regulations of the House, we have before us motion No. 1 and motion No. 3 at the report stage of this bill. Those two motions are grouped for debate, and there is an obligation on hon. members at this stage to observe relevancy with regard to the amendments before us which are embodied in the motion.

Mr. Lambert: Mr. Speaker—

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I will ask Your Honour, then, if—

Mr. Lambert: Mr. Speaker, on a point of order—

Mr. Deputy Speaker: The hon. member for Edmonton West (Mr. Lambert) on a point of order.

Mr. Lambert: Mr. Speaker, if you had been listening the first night, it was explained that, because there had been less than one half day's debate at second reading, the members of the House would have a wide-ranging opportunity to review the bill.

Mr. Deputy Speaker: With all due respect, the hon. member has spoken before. He has made his point. I have reviewed *Hansard*. There was no House order. There was nothing on the record which substantiates the hon. member's position, and under the circumstances the Chair has no other obligation but to call to the attention of the hon. member for Esquimalt-Saanich the Standing Orders of the House.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, you mentioned that the Speaker and the Chair are the servants of the House. It would appear that we have two Speakers and two Chairs. Therefore, in the present circumstances, while reserving my right to intervene in the more specific debate on individual items having believed that I was still speaking on the general matter of the debate, I will, in response to the demands of the Chair, resume my seat.

• (1540)

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: The question is on motion No. 1. Is it the pleasure of the House to adopt the said amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: All those in favour of the said amendment will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Deputy Speaker: Pursuant to section 11 of Standing Order 75, the recorded division on the proposed motion stands deferred.

The question is now on motion No. 3. Is it the pleasure of the House to adopt the said amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: All those in favour of the said amendment will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Deputy Speaker: Pursuant to section 11 of Standing Order 75, the recorded division on the proposed motion stands deferred.

The House will now proceed to debate motion No. 2 standing in the name of the hon. member for Mississauga South (Mr. Blenkarn).

Hon. Marcel Lambert (Edmonton West) (for Mr. Blenkarn) moved:

Motion No. 2.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in clause 1 by striking out lines 14 to 17 at page 2.

He said: Mr. Speaker, I was a little surprised, if I may say so, that we did not have the participation of the minister or parliamentary secretary with regard to the three days of debate we have had. There were certain points made, the minister intervened on a point of order to get our consent to put in an amended ways and means motion which, as we will see on clause 4, makes a fundamental and wide-sweeping change; but such is the performance that we are going to get.

In all honesty, Mr. Speaker, I anticipated that the minister would pay the House the courtesy of a reply to some of the points raised where there is a fundamental difference of opinion between the opposition and the government. The government has distinguished itself.

[*Translation*]

They were unexpectedly brilliant, since they remained absolutely silent.

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

Mr. Deputy Speaker: The Minister of State for Finance (Mr. Bussières) is rising on a point of order.

Mr. Bussières: Mr. Speaker, I have just heard the comments of the member for Edmonton West (Mr. Lambert) and I am quite surprised. I was going to make some general comments as hon. members opposite did during the afternoon. However, I listened carefully when you reminded the members of this House that they should deal specifically with the subject matter and the object of motions Nos. 1 and 3. Those motions Nos. 1 and 3 especially concern the tax on cosmetics. I could have said a few words on the subject and called on the members to reject the amendments because such was your interpretation of the Standing Orders. I thought it would be inappropriate and disrespectful to the Chair to make a speech answering the objections raised following your comments.

Mr. Lambert: This merely confirms my view that during the first three days, the debate was on the bill generally.

[*English*]

Now, this particular item is very narrow and deals with a definition of "manufacturer or producer". One of the major changes in this bill has been to introduce the concept of a marginal manufacturer and to bootleg into the Canadian tax structure a value added tax in the guise of an excise tax.

[*Translation*]

At page 2, paragraph (3), we find under subparagraph (e) an amended definition of manufacturer or producer:

(e) any person who sells gasoline, diesel fuel or aviation fuel, other than a person who sells such goods exclusively and directly to consumers,

In this case, a person having bought wholesale quantities of fuel, diesel or gasoline puts them in small barrels to sell them to dealers. I think that my colleague, the hon. member for Burlington (Mr. Kempling) will explain the situation of a petroleum products dealer in his riding who happens to be affected by this section of the bill.

[*English*]

Now, why are we getting this value added tax? We are starting out with this particular point because there is no way that one can accept in the definitions clause these various definitions of manufacturers or producers. If the minister is having difficulty locating it I will read from the original act as to who is a manufacturer or producer. I can read a half page of very close text but it simply says the assignee, the trustee of a legitimate manufacturer or producer, the user of a patent or other right to goods, departments of government and other public authorities, and sellers of cosmetics.

• (1550)

The first amendment in the bill deals with sellers of cosmetics. Strangely enough, the very first definition in Bill C-57 is that of "cosmetics". We are dealing now with the definition clause. A general debate was called for because of the limited debate beforehand. Now we are getting down to the nitty-gritty, the start. We are just lifting the corner of the box on the idea of marginal manufacturers.

The hon. member for Capilano (Mr. Huntington) and many others will show what the Minister of Finance (Mr. MacEachen) is trying to do by establishing this category of person and what the effect of the tax will be. We can show the bottom line to the public because they are the ones who will pay it. Not only is it a value added tax in the case of some marginal manufacturers, but in the case of distributors of cosmetics there is a transfer of the manufacturers' excise tax to the wholesale level. This is a deviation from the principle of an excise tax at the manufacturers level. This is what we are supposed to have.

We will fight the indexing of the excise tax based upon the cost of living. Naturally this will save or eliminate the necessity of the Minister of Finance having to come to Parliament to obtain an increase in taxes or an increase in his revenues, simply by letting the percentage tax or the *ad valorem* tax accumulate and snowball.

The other night the minister responsible for financial institutions received the permission of the House to put in a different ways and means motion which changed the base period. It did not reduce the tax, but in essence it will raise perhaps as much as $25 million more by reason of the changes.

It is incumbent upon the House to realize fully what it is doing. I am satisfied that hon. members on the government side did not sit on the committee as parts of a floating goon squad, brought in from time to time to make a quorum. They sat there understanding and following the briefs, presentations and representations made by the public. They will realize that a fundamental change is being effected on the excise tax.

Part IV is a direct tax on revenue. In fact, part of it has already been declared illegal by the Alberta Court of Appeal. We will have more to say about that later on. In this particular amendment we are seeing a small corner of the box being lifted on the idea of marginal manufacturers and the application of the tax on those individuals. Since they have purchased goods on which they will not pay or be charged with excise tax, they will have to charge and obtain from their customers an excise tax based upon the increase in value because of the packaging or servicing of the commodity. This will be a value added tax.

I do not have any intention of going on at great length, but I hope some of my colleagues will deal with this particular point. We will come back to it as we deal with other amendments. We had an amendment to include diesel fuel in the bill. That has been left without amendment, but it is very instructive to see the amendment which follows that which we are trying to delete. According to clause 1(3), a manufacturer or producer shall be:

—any person who, by himself or through another person acting for him, assembles, blends, mixes, cuts to size, dilutes, bottles, packages, repackages or otherwise prepares goods for sale, other than a person who so prepares goods in a retail store for sale in that store exclusively and directly to consumers.

What about the Liquor Control Board of the province of Ontario which buys rum, sherry and other spirits in bulk quantities and bottles them? Are they to be marginal manufacturers? Since they are part of the government of Ontario, presumably they will fall under the rule established by the Alberta Court of Appeal, that one level of government cannot tax the activities of another level of government, in the case of gas owned, produced and distributed by the government of the province of Alberta or an agency thereof.

Also it would be very interesting to see whether the Government of Canada would dare to impose any tax on the Liquor Control Board of the province of Quebec, or La Régie des Alcools du Québec, on its wine importing and bottle operations. One could speculate at length on the activities.

We will see just how far this will go. Will it apply to an importer of coffee or an importer of tea who imports in bulk and packages under a private label for one of the big chain stores or department stores? I am not too sure whether that kind of service will be included. They are goods which the importer has blended, mixed and packaged. Presumably those goods will be subject to another tax by the Government of Canada. Whether there is a limited value or a notch is not disclosed; at least, I have not been able to find it. But no doubt there will be excise tax bulletins—explanatory—which will have the force of law. Hon. members opposite will have no more participation in etablishing those details than I will, but we will suddenly find them in force like statutes. All too often we will find public servants, when one protests or begins to examine these provisions, saying, "Well, they were made by Parliament." That is nonsense. These interpretation bulletins, explanatory texts or excise tax bulletins are internal regulations made by the department itself. They have the force of law.

• (1600)

I am objecting to the concept of the marginal manufacturer being brought in under this act, not necessarily at his manufacturers level, but as I pointed out earlier, in so far as a distributor of cosmetics is concerned, at the wholesale level. I am opposed to this particular amendment to the act and would urge the House to support my friend from Etobicoke Centre (Mr. Wilson) and myself in having this portion of the amending bill deleted.

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Mr. Speaker, very briefly I would like to state again the general principle governing the changes in definition found in section 2 and that are the subject of several amendments, two of which have already been discussed, namely amendments 1 and 3 dealing with the definition of manufactured cosmetics. The

amendment now under consideration and other forthcoming amendments deal with the processing of certain products to be found under the heading of "marginal manufacturers." The purpose of this change in definition is to ensure that all production operations will be included in the cost to which the so-called manufacturer's excise tax applies. So, by collecting all the so-called manufacturing costs, the inequities under the present system will be removed. Mr. Speaker, such is the purpose of this change in definition, and I urge all members anxious to correct these iniquities to support the provisions of this bill, namely the definitions contained in section 1 and to reject the proposed amendment.

[*English*]

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: The question is on motion No. 2. Is it the pleasure of the House to adopt the said amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: All those in favour of the said amendment will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

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

Motion No. 2 (Mr. Blenkarn) negatived, on division.

Mr. Deputy Speaker: According to a decision of Madam Speaker, motions Nos. 4 and 5 are grouped together for debate.

Hon. Marcel Lambert (Edmonton West) (for Mr. Blenkarn) moved:

Motion No. 4.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in Clause 1 by striking out lines 1 to 23 at page 4.

He said: Mr. Speaker, this is what I would call the second highest summit in this particular bill, one which I think from the point of view of government represents the worst departure that we as members of Parliament could possibly contemplate in that the Minister of Finance (Mr. MacEachen), in proposing paragraph 6 on page 4 of Bill C-57, is asking Parliament to give him a blank cheque in perpetuity. He is asking that the excise tax on an alcoholic and tobacco subgroup be indexed on the basis of what was asked in the bill on a quarterly basis, which means that every quarter the government would examine the CPI and adjust the *ad valorem* tax of 9 per cent by the amount of the quarterly CPI advance—and up would go the tax by that calculation. If the tax is 9 per cent and the CPI is x, you get 9 plus x. At the sixth month rest we would have the 9 per cent plus y, which is the difference between the third month and the sixth month, and there would be a calculation. The calculation would be 9 plus x times 9 plus y divided by four, so that the introduction of the quarterly CPI operated as a snowball.

Much as any one of us likes to receive compound interest on our savings accounts or on our government bonds, the government was receiving tax on a compound basis. There was great objection to this. The first people to object were the chairmen of the liquor boards of Canada. There were delegates from the provinces of New Brunswick, Quebec, Ontario and one other province, if my memory serves me correctly, who indicated just what this measure would mean to the liquor boards across the country which, every three months, would have to recalculate the federal excise tax, as well as other changes with regard to the sale of wine, beer and spirits. The additional cost would amount to hundreds of thousands of dollars per year and would make their business very difficult. Such is the puritan ethic in this country that the government has the freedom to do anything it likes as long as it goes after alcohol. In other words, the end justifies the means. Of course, precisely the same steps were taken with regard to old demon tobacco.

● (1610)

It is not only the calculation of the tax based upon the CPI in the subgroup which is affected; that in turn is affected by the general CPI, by variations in the Canadian dollar, by conditions abroad where wines and spirits may be purchased, and by all sorts of influences that are beyond the control of distillers, brewers, vintners and the liquor commissions. I have some things to say about the practices of the liquor commissions too, Mr. Speaker, as I think they are highly objectionable.

If the House accepts the principle of this tax, then I can guarantee that, as sure as the sun rises in the eastern heavens tomorrow, the Minister of Finance will index tax in some other sector because it is so convenient. It is made to order for the bureaucracy and it is made to order for a minister of finance such as the one we have at the present time who does not like to face the House or to discuss the parlous state of the country's finances openly with members of the House.

We could find that the system will be applied to building materials or to educational materials. In the bill, schedule V deals with construction material and schedule IV deals with petroleum products. There is a culprit for that one, the provincial treasurer of Ontario, who in his last budget fixed the provincial tax on an *ad valorem* basis and a quarterly index.

If the price of gasoline goes up quickly in Ontario we know that we can thank the gentlemen who have devised this system so that they can shrug it off, as the Minister of Finance proposes to do. They can say that Parliament voted this formula and that it is beyond their control. This Parliament should be ashamed of itself for even considering it. Members

of the government should be ashamed of themselves if they support the minister in this.

The protests were loud and long when it was proposed to index the tax quarterly. Then the minister indicated, just the other night, that he would need a ways and means motion in order to change it because on the basis of representations made by the industry—I wonder which brewers and which distillers got to the government—it was decided that the indexing would be annual. Since an annual indexing would mean a reduction of the tax, I insisted that there was no need for a ways and means motion. The minister, however, insisted that there would be more revenue. When I was shown the proposal, I immediately saw the shell under which the bean lies! The base period has been changed in the amendment.

I should like to read to the House what has been said about this move by the Brewers Association of Canada which put a fair assessment on the effect of the amendment proposed by the minister the other night. The minister was modest—immeasurably so—when he said that this would yield about the same revenues. A letter of yesterday's date from the Brewers Association of Canada reads:

> The annual increase in excise levies on beer will increase a further $1.6 million, an increase of 10 per cent from the $16.5 million originally proposed by the indexing provisions contained in the October, 1980, budget. The increase in excise levies on distilled spirits will be approximately $6.0 million, an increase of 17 per cent over the original increase of $36 million,—

We see that as a result of this little deal in the excise tax on beer and spirits distilled in Canada the government is going to get some $60 million. That is the value of the tax and we have not even gone into the wine area yet. The letter continues:

> These increases arise not because of the change from quarterly to annual indexing, which would have resulted in a decrease in revenue, not an increase, but because of a change in the timing of the changes and the base for calculating the increases.

Tables are attached to show this. The letter goes on:

> Had the point of indexing on an annual basis been set at October 1, rather than September 1 (still using the relationship of the Alcoholic Beverage Consumer Price Index for the year ended June 30, 1981, compared with that of June 30, 1980, for adjusting the excise rates), the inequity caused by the method chosen as outlined in the most recent amendment would not have been as great. From Exhibit C attached, it may be seen that the revenue from beer would be virtually the same as it would have been under the original Bill C-57. For spirits, the increase in revenue would still be higher, but probably only half as much as a September 1 date for annual indexing would cause.

Since the minister listened to industry once, perhaps he would listen a second time. It asks that the amendment put forward by the minister be amended to change the date of annual indexing from September 1 to October 1. This would diminish the tax. We must look after the Canadian public after all. Some Canadian beer and spirits are sold abroad but, strangely enough, the excise tax is not charged on spirits sold abroad. It is Canadians, and Canadians only, who have to pay the shot.

● (1620)

The minister will come back echoing the words of his colleagues in cabinet who say that the government needs the money. That is piffle. It is the minister's proposed spending programs which come out as "we need the money." The cart is before the horse, somewhat like an individual who might say "I am going to buy a $13,000 car. Now I have to earn a salary, and earn that much in order to pay for it." That is about the same logic. The average individual conducts his affairs on the basis of, say, a salary of $15,000 a year, that it costs him so much to live, and he can do this and that with it. In other words, you tailor your suit according to the cloth you have.

The government does not do that. The government and its bureaucrats lay out spending programs. Right now we are listening to the Minister of National Health and Welfare (Miss Bégin) and other ministers proposing to spend money like it never was in style. Then the government turns around and says, "We need the money." What do you think it is going to do? The government is going out to raid and plunder the resources of the western provinces, as it is doing. It is doing this because it is strapped for money. The Liberals are the ones who brought in this petroleum products equalization program encouraging people to consume offshore petroleum at prices up to $43. In order to compensate for that, the government tells the people of Alberta that they will get $17.75 per barrel of oil. Oil is a disappearing, non-renewable resource. If there ever was an idiot's program, this is it. I will define it for you. It is the bread and circuses of emperor Trudeau for the mobs in central Canada, as was done in old Roman times. The Liberals' popularity is bought on the backs of the resources of the western provinces. The government would not dare do it on the resources of the central provinces. This philosophy leads the government to that end.

The government needed $3.5 billion this year to pay for subsidized offshore crude. Where does the government get that money? The government takes it from the hides of all Canadians because so much a gallon is being tacked on. But the government did not do that; it is part of the blended Canadian price. Then the government takes some more. Hon. members should look at how much the federal share has gone up. In this bill we see an 8 per cent tax on revenue from petroleum and natural gas. This is an illegal tax on natural gas owned by the province, says the appeal court of the province of Alberta. But this bill says nothing about that. It just asks us to go ahead and legislate in the face of that opinion.

There is no need for this insatiable appetite for money by the government, that every dollar earned must be taxed, that every service performed must be taxed. I have had national revenue officials write articles and tell me personally that every day I earn my salary there is a portion caught by the Income Tax Act, and at that moment I owe it to the Crown. In the government's mind, that is the subservience of the individual to the state. How totally wrong that is. It is the state which is the servant of the people. The individuals, whether corporate or personal, are not the servants of the state. Nor do they exist for the glorification of the state. Nor should they accept greater direction. We now see a strong central government. They say—

[*Translation*]

—a planned economy worthy of Caesar, that is all it is. It is a type of state control with which socialists are rather more familiar, but they are interventionists and economic planners.

[*English*]

Those words sound so much better in French than they do in English!

That is why I ask my colleagues to help me oppose this pernicious tax. It is the principle of levying an indexed tax.

The government is interested in inflation. I see some members opposite shrugging their shoulders as though they do not know what is contained in the bill. So what, they say. Of course this government is interested in inflation. It would be far better for the government if inflation were at 100 per cent because government revenues would rise. The government could spend more and more money.

An hon. Member: The minister would be happy.

Mr. Lambert: Pretty soon, as in the Weimar Republic, people would be taking home their week's pay in a wheelbarrow, losing 10 per cent on the way.

I find this reproachable, which is a mild term. I am disappointed. It is an abdication of the government's absolute duty to fight inflation. But what does the government do? It kneels down with inflation and says "Let's go along together, sweetheart." Why do I say this? Because the more inflation there is, the higher the revenues to the government. This government's philosophy is a total abdication of the government's responsibility.

This trend started in 1969. At that time the government began indexing old age pensions on a modest basis. Then the old slicer started cutting into the salami sausage. The increase was to be 2 per cent if the cost of living increase exceeded 4 per cent. The 2 per cent was the maximum. Public service pensions were fixed that way at that time as well. Then the figure of 7 per cent came in. It would be the amount of the annual increase for the OAS, GIS, war veterans, what have you. Cushions under everybody, public servant superannuates as well as the superannuates of the armed services, except they had limitations on age.

● (1630)

We have now reached the point where the OAS and GIS are indexed quarterly and war veterans disability pensions, POW compensation and other pensions from the government are indexed annually on the total amount of the CPI increase of the year before. Cushions. Yet we hear fatuous statements from the Prime Minister (Mr. Trudeau) such as that they have wrestled inflation to the ground. He would not know inflation if it stared him in the face!

This is their answer. This is the ultimate. This measure should never pass. If the federal government does it, the provinces will do it. Some of the provinces are already emulating the federal government. It does not make a bit of difference; that does not make it right. John Q. Public is not only getting stomped on the neck but is getting his backside kicked doubly by this proposal.

As far as I am concerned, this shall not pass. Why do we get it at this time? Is this a ploy? Already we have seen some bargaining from quarterly indexing to annual indexing, which would have been a reduction. However, as I say, the bee moved under the shelves and they changed the base period, with the net result that the Canadian public will pay more in taxes. Why? So that the government can design more and bigger spending programs in the future.

I was looking over some schedules supplied to me in great detail by the Brewers Association. Presumably there will be some from the distillers as well as from the wine industry. The Ontario government is doing something to help develop the wine industry in its province. Strangely enough, we look upon our wine industry as part of a booze industry, as though there is something wrong with it. European countries, and in fact any country worth its salt, considers it a part of agriculture. I am sure some members opposite from the Niagara peninsula will say that their grape growers are as much a part of the agricultural industry as the orchard—the apple growers, peach growers, cherry growers and vegetable growers.

Ontario is trying to develop a credible wine industry, as is British Columbia. More power to them. There is nothing wrong with wine, taken in moderation. However, when a province takes artificial steps, as Ontario has done, by imposing a tariff on non-Ontario wines, I find that reprehensible. It is an open breach of the spirit of confederation. Having listened to the stuff that came from Queen's Park during the constitutional debate about the spirit of confederation, to my mind their remarks are pretty shallow. Our bucolic Minister of Agriculture (Mr. Whelan) should do some of the showboating he has done in other areas in the area of agriculture.

I next want to deal with the change in the tax on wines. I quote from the bill:

> 24. (1) There shall be imposed, levied and collected the following excise taxes:
>
> (a) a tax of sixty cents per gallon on wines of all kinds containing not more than seven per cent of absolute alcohol by volume; and
>
> (b) a tax of one dollar and twenty-five cents per gallon on wines of all kinds containing more than seven per cent of absolute alcohol by volume.

Further:

> 24. (1) There shall be imposed, levied and collected the following excise taxes:
>
> (a) a tax of thirteen and two-tenth cents per litre on wines of all kinds containing not more than seven per cent of absolute ethyl alcohol by volume; and
>
> (b) a tax of twenty-seven and five-tenth cents per litre on wines of all kinds containing more than seven per cent of absolute ethyl alcohol by volume.

In the original act, we see there is a tax of 25 cents per gallon on wines of all kinds containing not more than 7 per cent of absolute alcohol by volume and a tax of 50 cents per gallon on wines of other kinds. This tax, goes up to $1.25. There is an increase of 150 per cent in the tax on wine stronger than 7 per cent. I am just wondering whether the hon. member for Lincoln (Mr. Mackasey) will take part in the debate here regarding the brandy manufacturers and what is going to be done with all the domestic brandy manufactured from the

surplus grapes the government of Ontario bought in order to save the industry from an absolute glut two or three years ago.

● (1640)

Those are the things you see when you start examining this terrible bill. The people of Canada are being taken to the tax cleaners. We have only started; wait until we get it all. Even with educational tools and equipment this tax applies. You should read the words used, Mr. Speaker, because what you have been accustomed to considering as educational equipment need not now be so considered and therefore be subject to tax. All this turns on is the word "designed". These are the things one finds so objectionable in this particular bill.

Having said all these things on this question of the indexing of the excise tax, I plead with my colleagues in this House, particularly those on the government side, to pause and recognize the nefarious results of the acceptance of the principle contained at the top of page 4, subsection (6) of clause 1 of this bill. I certainly hope all hon. members of this House would unite and accept the amendment I have put forward on behalf of my colleague, the hon. member for Mississauga South (Mr. Blenkarn).

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The hon. member for Surrey-White Rock-North Delta (Mr. Friesen)—Department of Employment and Immigration—(a) Promotion of officers serving at airports; (b) Difference in treatment of senior officers; the hon. member for Ottawa-Vanier (Mr. Gauthier)—National Capital—Delay respecting Rideau Centre development project; the hon. member for Winnipeg North (Mr. Orlikow)—Employment—(a) Training agreements with industrial associations; (b) Need for co-operation with labour unions.

GOVERNMENT ORDERS

[*English*]

EXCISE TAX ACT AND EXCISE ACT

MEASURE TO AMEND

The House resumed consideration of Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a

revenue tax in respect of petroleum and gas, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs, and motion No. 4 (Mr. Blenkarn).

Mr. Bob Rae (Broadview-Greenwood) (for Mr. Riis) moved:

Motion No. 5.

That Bill C-57, an act to amend the Excise Tax Act and to provide for a revenue tax in respect of petroleum and gas, be amended in clause 1 by striking out lines 1 to 23 at page 4.

He said: Mr. Speaker, it is always difficult to follow the hon. member for Edmonton West (Mr. Lambert) because he certainly covers the waterfront on these particular issues. What I want to do with regard to this amendment is to come back to some fundamental principles in relation to the taxes we are discussing in this bill.

It is important to remember that the taxes we are discussing today are excise or sales taxes, and federal excise tax has been a matter of some controversy when one reflects on events over the past couple of years. Excise taxes are by their very nature controversial because they are extremely visible and can also be extremely regressive.

I want to deal in particular with the tax on beer and the effect indexing that tax will have on the average Canadian consumer. We always approach this subject with some ambivalence, because part of the Canadian ethic, as has been described by many people, and most recently today by the hon. member for Edmonton West, is that our attitude to alcohol in our culture is an extremely ambivalent one. Overconsumption of alcohol causes tremendous problems for individuals who suffer from that problem, and it causes tremendous difficulties for the families, the people close and dear to the people who suffer from overconsumption of alcohol.

Still, the consumption of alcohol in our society now is not generally regarded as evil. It is something that is regarded as a form of pleasure; it is, I think in a society which has, thank goodness, become less puritanical than that of our predecessors, something we can engage in without shame.

I want to express my support for what the hon. member for Edmonton West said about the wine industry. It is extraordinary that in Canada we do not regard the wine industry as part and parcel of our agricultural industry, something that should be given far more encouragement by the government than is the case.

The consumer of beer, I think, would be shocked to hear that 45 per cent of the retail price of a bottle of beer goes to his federal and provincial governments in the form of taxes. This puts us very, very high in the international sweepstakes on beer taxation. Spain is the lowest with 6 per cent, West Germany has 20 per cent, the United States comes in at the same, 20 per cent, the United Kingdom comes in at 35 per cent, Canada is on the high side with 45 per cent, with the highest being Ireland at 53 per cent. One can see by comparison with a number of other countries that Canada already taxes its beer industry at a very high rate.

I am focusing on the beer industry because it is an industry that is particularly hard hit by this measure. I am not excluding the effect it has on the hard spirit or wine industries. Other members of my party will be focusing on the effect on the wine industry as this bill progresses, but I want to focus on the beer industry.

It is important to note a report submitted to the Department of Finance by a commodity tax review group in 1976. Quoting from this report, it states:

> Beer is consumed by approximately 12 million persons in Canada each year who are predominantly in the lower and middle socioeconomic groups. Because excise taxes are regressive, it is these persons (particularly in lower income groups) who pay the greatest proportion of the taxes on beer. These are also the families who would benefit most favourably, financially, from a reduction in taxes on beer—in some instances more than from an elimination of the personal income tax.

It is that regressivity that I think we should put at the forefront of the question. If it can be shown, and I think it can, that excise taxes have a regressive effect as a form of taxation, and if it can be shown that these taxes fall more heavily on the working people and people who are earning less than $15,000 a year, then we have to ask ourselves why does the government decide that this particular form of excise tax on alcohol, beer, wine and spirits is going to be subject to indexation, an automatic increase regardless of the impact it has on the industry, regardless of the impact it has on consumption patterns, and regardless of the relative burden of taxation as between beer, wines and spirits?

There are really, I guess, two separate questions here which I would like to touch on. The first is the question of principle which was discussed at some length by the hon. member for Edmonton West, and that is the principle whether we should be indexing any of the excise taxes on alcohol at all, and whether the principle of indexation is one which we should endorse. The second is the impact of indexation on this particular industry. Does it really make sense at this particular time? It is with those two questions that I want to deal before the dinner hour.

● (1650)

The first question is the principle of indexation. At a time when the government is talking about the need to create an anti-inflationary psychology in the population and telling us that there is no quick fix but that we have to be determined to hunker down and to fight inflation in a real way, it seems to me ironic, to put it mildly—and I think in fact it is hypocritical, to describe it accurately—for the government then to turn around and say it is going to impose a system or notion of tax on this particular industry which is based on the phenomenon of inflation, which benefits from the phenomenon of inflation and which means that government revenues will automatically grow in response to inflation.

The government can say, and I have heard it said—it has been said in committee—that there is nothing wrong with indexation because we have accepted the principle of indexation, that it was proposed by the Conservative party, and so forth. It was accepted by the Liberal party, although now it is starting to have some second or third thoughts about it if one listens to the Minister of Finance (Mr. MacEachen). We have accepted the principle of indexation with respect to personal deductions involving personal income tax. But there is a very real difference, because that kind of indexation to increase deductions does two things. First, it guarantees that there is a limit on the revenue which the government can automatically receive from inflation, and at the same time it provides compensation to those Canadians who are suffering from the impact of inflation, the economic theory and the principle being that if Canadians receive some kind of tax relief, the chances are that by providing that kind of cushion all Canadians will not be forced to go to the private market in order to find their own private solutions to the very serious public problem of inflation.

So there really is no point comparing the principle of the indexation of personal deductions, which we accept, and the principle of indexation of the excise tax on alcohol, which has the opposite effect from that intended. The indexation of alcohol has the effect of increasing the price of the product in addition to whatever other increases in the cost of the product there are.

The cost of beer, wine or spirits can go up as a result of a number of factors. In the case of some industries it goes up because of the increase in the import cost due to the devaluation of the dollar or in the case of the beer industry it could be because of an increase in the cost of barley which is set by the Canadian Wheat Board. This is something we do not mind; we want the producers to get their fair price. Or it could increase because of labour costs or whatever other costs there are in the industry. But to add to those costs an automatic benefit to the government in response to inflation simply fuels inflation.

As I say, as far as revenue goes, when one looks at the whole range of the government's sources of revenue—and when we talk about public spending we are dealing with tens of billions of dollars—the revenue windfall to the government is not significant. What is significant, though, is that it is one of inflation's minor victories. It is a minor victory for the federal government in simply deciding it is going to get into the act and it is going to benefit from inflation, but the effect it will have on the consumer will be negative. It will simply increase the cost and will guarantee that costs will continually and perpetually be going up.

The second principle with which I want to deal is the other effect it has and the reason it is wrong. It is wrong because it takes away the discretionary ability of the government year in and year out to deal with the relative burden of taxation on any one of the industries in question. We know that in Canada the relative burden of taxation on the beer industry is high compared with the liquor industry, for a number of historic reasons. In other words, beer is taxed relatively more in relation to hard spirits in Canada than it is in most other countries. The figures are very clear. There are all sorts of factors. There are health factors. There are consumption factors. Employment questions are involved. All these consider-

ations should be dealt with on an annual basis by the government.

If the government is going to engage in a serious change—which I suggest to the minister indexation is—and if the government is going to lock in current taxation patterns, then surely to goodness the minister has an obligation to put before the House more information with respect to consumption and with respect to the relative effects on health of the consumption of beer versus the consumption of hard liquor. Surely to goodness the government has an obligation, if this is the kind of permanent regime in the taxation of alcohol that we will have, to conduct socioeconomic and health studies in order to justify this kind of change. The government has not done that. The government has simply introduced this tax for one very simple reason, and that is that it sees the Tory provinces doing it. The government sees that Quebec has done it. Just two weeks ago Frank Miller put in his budget the notion of an *ad valorem* tax and the notion of an automatic benefit to the province, so the federal government has said that in a world of sinners it will not be the only angel and will get into the act in order to guarantee it will get its share of the revenues as well.

What an illogical system! What an absurd justification for that kind of policy! What kind of impact will this have on the average consumer and on the industry? What study is being done by the federal government on the effect on consumption? What effect will there be on the health of the industry and on the health of the consumers of these products?

Before five o'clock I want to make one final point by saying that if the government is going to be introducing a commodity tax proposal before this House—as the Minister of Finance suggested in committee he would do—why introduce this year a change which has not really been studied, its impact has not been examined and the committee has not had an opportunity to look at all of the implications of moving to this system of indexation and making a significant change in our commodity taxes?

This matter has not really been examined by this House or by the committee. I say to the minister, put this measure off. We will debate it. We can keep on debating it. There is no need to introduce it this year. Let us carry on with the existing system. The government can increase the taxes of whatever industry it decides by two cents, a nickel or a dime. That is the way governments have always conducted their business. It is deplorable, but that is the way it is done. However, the government should not introduce such a major change respecting the taxation of commodities which are important to employment and providers of what I still think are innocent sources of pleasure for the Canadian public.

The Acting Speaker (Mr. Blaker): Is it the case that the hon. member for Broadview-Greenwood (Mr. Rae) has completed his remarks?

Mr. Rae: Yes, Mr. Speaker, I have completed my remarks.

Private Members' Business

The Acting Speaker (Mr. Blaker): In that case I have to determine whether the House is ready for the question. Is the House ready for the question?

Some hon. Members: Question.

• (1700)

Mr. Taylor: Mr. Speaker, there are one or two members on this side of the House who still want to speak to that particular clause.

The Acting Speaker (Mr. Blaker): Well, there is a difficulty; I am caught by the clock. The hon. member for Broadview-Greenwood indicates he has finished his remarks. I have put the question and I do not see another hon. member standing to contribute to the debate. Does the hon. member for Bow River wish to contribute to the debate?

Mr. Taylor: I move adjournment of the debate.

An hon. Member: Call it five o'clock.

The Acting Speaker (Mr. Blaker): We cannot go both ways. I simply need to understand whether or not there are other members who wish to speak. If there are, I have to see them.

Does the hon. member for Bow River wish to rise and speak and be recognized on motions Nos. 4 and 5?

Mr. Taylor: Yes.

The Acting Speaker (Mr. Blaker): Has the hon. member spoken before on—

Mr. Taylor: Not on those clauses.

The Acting Speaker (Mr. Blaker): In that case I will recognize the hon. member for Bow River, which is to say that debate can go on.

An hon. Member: Five o'clock.

The Acting Speaker (Mr. Blaker): It being five o'clock, the House will now proceed to the consideration of private members' business.

Mr. Fleming: Mr. Speaker, I believe the usual consultations have taken place, perhaps the Chair is aware of it, and rather than moving to private members' bills, there is some agreement, I gather, among the various elements of the House to move to public bills and consider Bill C-246, in the name of the hon. member for Peace River (Mr. Cooper).

The Acting Speaker (Mr. Blaker): The Chair has no information whatsoever in that regard. If the minister indicates there is a House agreement, I would obviously look to the House leaders to indicate whether or not that is the case.

Mr. Knowles: Is that the bill respecting the Official Secrets Act?

An hon. Member: Yes, it is.

Mr. Knowles: That is what we agreed to.

The Acting Speaker (Mr. Blaker): I think we will dispose of the matters ordinarily related to private members' hour at this point, and then I will move to Bill C-246, an act to amend the Official Secrets Act. I gather that is the nature of the agreement among the House leaders?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely, notices of motions (papers), private bills, public bills. Does the House agree to stand all items under the heading notices of motions (papers)?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): There being no items on the Order Paper under the heading "Private Bills", the House will proceed to public bills.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

Items Nos. 18, 22, 25, 29, 31, 32, 33, 34, 36, 41, 43, 44 allowed to stand by unanimous consent.

* * *

OFFICIAL SECRETS ACT

MEASURE TO AMEND

Mr. Albert Cooper (Peace River) moved that Bill C-246, to amend the Official Secrets Act, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, I take pleasure in taking this opportunity to speak on this bill, to amend the Official Secrets Act. I do not think it is any secret that although the bill bears my name it really is merely a carbon copy of a bill introduced many years ago by my predecessor, Mr. Gerald Baldwin, Q.C. I think he is well known as the father of information and the surgeon general of official secrets.

This bill was introduced by that distinguished parliamentarian in 1977, but that bill's lot was not as lucky as this one. It did not make the list of bills debated during that session of the Thirtieth Parliament. Today it has finally made it and here it is up for debate after many years. I see in fact that Mr. Baldwin has come here in order to see that the government members do not talk the bill out, and it is a pleasure to have him with us in the House today. I just hope I can do the justice to the subject that I know he would.

I say the bill is up for debate but I really do not think there is much room for debate. I believe it is worthy of speedy passage and that tradition should be dealt a severe blow today and this private member's bill should not be talked out of existence. It should proceed through second reading and on into committee stage.

However, Mr. Speaker, I may be an optimist but I know that the government will not likely let it go. We would love to watch a member from the government benches get up and say: "We see no reason for this bill not to proceed. We feel it is in the best interests of the entire body politic." We would love to hear that and to read it tomorrow in *Hansard*. It would be a great pleasure to hear government spokesmen plead with us not to talk this bill into obscurity. I am a realist, however, and I doubt that will happen because the government in fact cares more about its own self-interests than the interests of the people. Government members care more about covering their behinds with official secrets acts than about giving the people of Canada the information that they have a right to see, a right which in fact should be heard.

I do not think Mr. Baldwin will be surprised when the government says, for one reason or another, that the bill cannot go forward. I will not be surprised, the party will not be surprised, in fact I doubt if any members on this side will be surprised if the bill is not sent forward by the government. All I can say, Mr. Speaker, is that we would like to see the government surprise us and let Mr. Baldwin's bill go through.

In looking at the bill we can see that it is neither lengthy nor complicated. The subject matter has received a lot of attention over the years. In fact, it was mentioned by the Secretary of State (Mr. Fox) recently as an area which needs revision. Perhaps that in fact will be the excuse for not allowing the bill to proceed today. We have heard that before. We heard it in the Thirtieth Parliament when the then minister of justice, now the minister of energy, mines and "nationalization", said it would not be long before revisions would see the light of day. That was quite a while ago. We have seen no revisions, and if we look on the Order Paper today we will see there are still no revisions by this government.

The hon. member for Nepean-Carleton (Mr. Baker), when he was the government House leader, wanted a revision of the antiquated act that was before Parliament and he realized at that time that for the freedom of information bill, which he had introduced as Bill C-15, to be meaningful legislation it had to incorporate the changes to the Official Secrets Act. In fact, he had the guts to say at that time, and I quote from *Hansard* of November 8, 1979:

> I should report to the hon. member that in fact there is a motion prepared. It is my hope we can deal with it at the same time as the freedom of information legislation. I hope so. I could not put that down today because, quite frankly, I have not had time to consult with the hon. member for Peace River, but I have talked to him about the actual wording of the motion. He knows the intention of the government. Now that he has raised it, and I was going to raise it later, I want the House to know that we will probably be putting that motion on the Order Paper, I guess within a day or so, so that the House can see what we have in mind.

We can see very clearly that my colleague's intentions were to get this done and to see the Official Secrets Act part of the freedom of information bill. Unfortunately, the now famous

Liberal-NDP coalition got together and decided that that was not to come about. Instead we have today economic ruin, energy collapse, and of course no revision to the Official Secrets Act. This government seems much too content to continue with its cloak and dagger syndromes of secrecy to come and say the same as the hon. member for Nepean-Carleton did. They just do not have the courage to see that kind of thing come through.

• (1710)

I should like to address the purpose of the bill. In fact the bill does very little; it only proposes to amend two sections. It proposes to do very little, but in fact it means a great deal. The two sections it proposes to amend are sections 3 and 4.

First I should like to look at section 3. It is amended in order more clearly to define what is an act of espionage. It would not weaken the powers of prosecuting a true agent of espionage, but it would make the section applicable to actual cases of espionage. In fact, I think this is actually the intention of section 3.

Looking briefly at section 4, the amendment to this section is to rid the statute of the unreasonable and unjustifiable clause which makes it an offence to leak information that is deemed to be anything on which the government has its name. Presently it is an offence to have this information, to hold this information, or to divulge such information, if it is felt by the state that it is "prejudicial to the interest or the security of the state".

The term is so vague and so meaningless that it has come to mean that almost any petty document or anything covered by the act in fact can constitute an offence under the act. Therefore, the purpose of the bill is to implement a few necessary amendments in order to prevent the government's discriminatory use of power through the Official Secrets Act.

Also the purpose is to prevent the exposure of members of Parliament, public servants, the press, and members of the public in general, to prosecution and possible lengthy jail terms for the most trivial exchanges of information. Another purpose is to prevent the government from using the threat of prosecution to prevent embarrassing leaks of information. We must face the fact that public servants, members of the press or even members of Parliament may be wary of discussing anything if they fear prosecution under the Official Secrets Act.

Of course, the government tells us that it would never use this power under section 4 unless it was absolutely necessary. The government indicates that the section is necessary for the good of the nation. Thank goodness the government is so concerned about our well-being! After all, if it were not for the government's concerns and the existence of section 4, many evil corrupters of state would have never been prosecuted. I am referring to evil people such as the dangerous person who endangered the entire welfare of Canada, the infamous Dr. Treu! We can thank our lucky stars that we had section 4 and the Prime Minister (Mr. Trudeau) to ensure that he would be taken care of.

Then there was the sinister publisher of what the Prime Minister called "that piece of garbage", *The Toronto Sun.* Thank heavens we had section 4. They made sure that Peter Worthington, Dr. Treu and that piece of garbage were not allowed to bother us; it was all put in its place. To think that without section 4 these people and that piece of garbage would never have been taught a lesson! They would have got away with actions which were harmful to our well-being. It does not matter that both cases were eventually acquitted by the courts! We still showed them: "Don't mess with the state or the state will mess with you"!

So we have the word of the government that section 4 will be used only when necessary. We all know just how good that word is. If we do not, perhaps we should ask Dr. Treu or Peter Worthington. I think they will tell us.

We may all breathe easy with section 4 around; we do not have to put up with undesirables who go around acting against the interests of the Privy Council. We can be saved from having to put up with the "oh, so embarrassing" situation of seeing members of the Privy Council embarrassed. No, sir. There will be no Watergate in Canada; there will be no Pentagon papers in Canada. Section 4 will see to that. There will be no uranium cartel scandal up here! Sure, we can kick and scream that something is afoul in government, but section 4 ensures that nothing is leaked. There is no chance of embarrassment for cabinet on uranium.

We must ask ourselves if it is better to have section 4, so that the government is better able to protect its honour from goof-ups and costly mistakes, or would it be better if the people of Canada were informed? Surely we would all agree that it is better for the people of Canada to be informed.

It is not a matter which is open to debate. I think the government admitted as much through the introduction of the freedom of information bill. Even the judges who sat on prosecutions under section 4, both in Canada and in the United Kingdom, with one notable exception, said that not only were the defendants not guilty, but the Official Secrets Act itself was the guilty party.

I should like to take a close look for a moment at the Peter Treu case. This will demonstrate why the act must be revised, not tomorrow, the day after or the year after, but today. Of course, Dr. Peter Treu was a matter of great discussion in the House. It was before my time, but in reading the record I found that it was all there. I think what took place is astounding.

I was amazed to see that a member of Parliament was chastised by a provincial judge for remarking in the House on the question of circumstances surrounding the prosecution and conviction. I was amazed to read the words of the minister of the Crown who answered the query of the hon. member for Halton (Mr. Jelinek) as to whether or not Treu's prosecution was linked to espionage. The reply of the minister was that Treu was not prosecuted for such deeds; yet he was prosecuted under the Official Secrets Act.

This seems somewhat strange. Also it was amazing to discover that that prosecution, although not linked to espionage, could be tried in camera or, in other words, in secret. I thought that only happened in the days of the Star Chamber. I was amazed to discover that Dr. Treu was warned, after his prosecution and sentencing of two years in jail, that he could not discuss his trial with anyone aside from his own legal counsel. Also I discovered—and this is very important—that anyone discussing Treu's case or trial with him could be in violation of the Official Secrets Act. I am sure we could understand all of this if Treu were indeed an agent of espionage, working for the forces of evil in attempts to destroy our country. But I think it is a little hard to believe that of Peter Treu.

I should like to quote a few passages from the thus far unpublished memoirs of Mr. Baldwin. In his file Mr. Baldwin devoted two chapters to the Official Secrets Act. By reading his words into the record, I hope hon. members on all sides, especially those on the government side, might be enlightened on the seriousness of the bill and what it is trying to accomplish.

Very simply, Mr. Baldwin said:

> In retrospect, as I look back in leisure, I have a feeling of anger, as well as sadness, that our system has been allowed to degenerate to such an extent that those who feel they have a grievance are liable to be intimidated as was Treu to prevent him from making complaints.

He continued further on the page:

> After listening to what he said and adding to it what I had learned from his friends—

Of course, he was referring to Dr. Treu.

> —plus all I had from documents I had obtained, and reading the court records, I ultimately pieced together a very bizarre tale. In my life in Ottawa I had learned much of the slithery, self-protective devices used by those in power to cover their flanks and protect their tracks when they felt they must do so, but this case was in a class by itself.

Then Mr. Baldwin proceeded to relate the actual circumstances surrounding the Treu case. He tells an incredible story: how the state went out of its way to persecute and prosecute a man who did not deserve such treatment. It is good reading. When it is published I hope all hon. members of the House will consider reading it, because all of us can learn something about ourselves from it.

On the actual charges which Treu faced, which were the possession of classified material and that his storage of those materials was somehow endangering the security of the state, Mr. Baldwin had this to say, which I think is relevant to the matter:

> How did these ridiculous charges come to be laid? On whose advice? What documents were produced to the Attorney General to persuade him that the safety of the realm depended on the prosecution of this man on such trumped up and silly charges? I'm afraid these and many other related questions may never be answered unless we get a freedom of information law which will permit a court in the fullness of time to approve the disclosure of such facts which could provide the answers.

Thus we see the connection between the Official Secrets Act and the Freedom of Information Act, albeit in a slightly different way. Then Mr. Baldwin said:

> The case became something of a *cause célèbre*, and focused much attention on the Official Secrets Act, so much that in spite of opposition in certain government quarters it was pretty well conceded that for there to be a useful freedom of information law, there has to be radical surgery on the Official Secrets Act in general, and section 4 in particular.

● (1720)

Here it is, Mr. Speaker. Bill C-411 has come back to haunt the government as Bill C-246, with its ghost looking down from above. We cannot escape it this time. The time has come to answer to the people of Canada. If this government is truly sincere about freedom of information, about the right of the people of Canada to have and to hold information which rightfully belongs to them, then we must let this bill proceed. It is surgery which is needed. Let the government spokesman rise to close the incision which was opened by my predecessor. I hope he will do that.

It was not long ago that I rose in my place to give my first speech, my maiden speech, in this House. At that time I was speaking on a motion to refer the Official Secrets Act to committee. The government refused this simple request, even though an identical motion, or an almost identical one except that it was toned down to meet the expected objections of the government, was agreed to one year earlier when the present government was in opposition. I still wonder why they changed their mind. The reason given by the Parliamentary Secretary to the Minister of Labour (Mr. Desmarais) was as follows:

> The wording of the motion is quite wrong. It prejudices the work of the standing committee. I also believe that this is not a suitable time to refer the Official Secrets Act to a standing committee of this House.

The reason he felt that the timing was wrong was, I believe, that the McDonald commission had yet to release its final report. I do not think that excuse holds water for two reasons. First, the McDonald commission released an interim report which was specifically on official secrets and security matters. I wonder if the hon. member for Dollard read that report. In speaking to my motion, in October of last year he said:

> The McDonald commission has been examining the policies and practices which now apply to the protection of the security of Canada—

Later on he said:

> But we have yet to receive a comprehensive report from the commission of inquiry on matters of security policy—

I do not think the hon. member could have read the interim report. It is lengthy, very comprehensive and, in fact, contains many recommendations.

This brings me to my second argument against his objections of October last, which is the fact that the McDonald commission did not do a truly non-partisan job on the matter and the report should be viewed in that light. This can be exemplified through another quote from Mr. Baldwin's memoirs, which are receiving much attention today. Of the commission's interim report he said the following:

> In a portion of this report so worded as to make it clear that only the government side has been heard, special mention of the Treu case was made and it was suggested other charges could have been laid on which he could have been convicted but the government couldn't find witnesses! This is exactly the same sort of vague statement which had been relayed to me and to members of the press gallery in an attempt to persuade us to lay off this case and leave Treu to

the government's tender mercies. This should never have been said! In effect it constituted a trial of Dr. Treu on a charge never laid against him, and on which he was never called to defend, and to which he could not effectively reply, especially with the wide publicity given to the report.

The parliamentary secretary's other reason for refusing to allow the motion of last October to go through—which I again remind him he and his party had agreed to unanimously and defended with such fortitude before—was that the motion prejudiced the committee's work. That is nonsense. If it was so prejudiced, why did he vote for it the time before? Is his party of such hypocritical nature that it believes his excuse washes down with a bit of governmental backwash? I do not want to hear those excuses today. We want the government to come clean, either to say that it likes the Official Secrets Act the way it is—that is, firmly entrenched in the secret passageways of governmental administration—or, if it means what it says, that it should come clean and let this bill go through.

Failing this, there is still one other alternative, and that is to lay its own bill on the table today. I think the government has one ready, but I do not think it knows if it wants it. The government may think that it can hoodwink the public with a watered down freedom of information bill and say that it is enough. I know what the government will say. Someone from the government side will probably get up and say that the timing is bad. He will say that Bill C-246 is not right and that the government will not let it proceed. The government will not let the people go. It could not wrestle inflation to the ground, so it will be content to wrestle the people of Canada to the ground.

I ended my speech on this subject last October with a favourite quotation which my predecessor uses on many occasions. It is from the Bible. I think that it is very timely and pertinent to the particular piece of legislation we are debating today. Once again I would like to close with that quotation and say to the government: "The truth shall set you free".

Some hon. Members: Hear, hear!

Mr. Ron Irwin (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Mr. Speaker, I commend the hon. member for Peace River (Mr. Cooper) for once again bringing this very important topic to the attention of the House.

The Official Secrets Act was passed in 1939. Prior to that time the legislation concerning this area was really an English statute which we had adopted in 1911. There were very minor changes to it in 1950, 1967, 1970 and 1972. Over one half of the prosecutions under the act were as a result of the defection of Igor Gouzenko in 1946. At that time he tried to set up a network of spies in Canada.

The hon. member for Peace River is trying to make much of the amount of activity there has been under this act since then. As the hon. member knows, there has not been much activity. There have been only four cases prosecuted under the act. There was the Biernacki case in 1961, the Featherstone case in 1967, the Treu case in 1978 and *The Toronto Sun* case last year.

As far as Biernacki goes, he was a Polish landed immigrant who tried to set up a spy network in Canada. He was acquitted, and in the words of the learned trial judge the information was "insignificant, worthless public information".

As far as the Featherstone case goes, we were lucky with him. He was sending charts of marine wreckage to the Russians, I believe it was. Apparently submarines can hide behind this wreckage and go undetected by radar. This was an open and closed case and Featherstone received a two and a half year sentence.

All members of the House are familiar with the Treu case.

As far as *The Toronto Sun* is concerned, they had an alleged top secret report which showed suspected Russian spy activity in Canada. The editor of the paper was acquitted because the document no longer, if ever, was secret.

So, as I have outlined, there really has not been that much activity under the Official Secrets Act. This sometimes makes me wonder whether we are, perhaps, allowing too many of our state secrets to escape to the enemies of Canada—and we have several, economic and otherwise—without recourse. It is important that we discuss the Official Secrets Act, but it is also important that we not say that it is part and parcel of what is going on in a parliamentary committee. Surely the hon. member would agree that we must have some sanctions against those who sell our state secrets or give our state secrets to foreign powers, allowing them to become threats to our economy and to our nation as a whole.

We must decide—and we are—how broad or narrow the access to information legislation should be. We must also decide how broad or narrow the Official Secrets Act should be. Are we making it more difficult under the access to information legislation for the public, members of the opposition and members of Parliament to obtain information? Are the Prime Minister's guidelines sufficient if they are adhered to?

The other day a member of the opposition said that perhaps we should have a preamble to the access to information legislation which basically incorporates the concept which the Prime Minister was alluding to last April when he established five simple guidelines. We must decide—and we have discussed this before in the House—whether to take the espionage section out of the Official Secrets Act and place it in the Criminal Code, with a proper sentence. We must decide whether to take the unintentional or the leakage sections out of the Official Secrets Act and place them in special legislation, and repeal the present act.

Basically, all I have heard today is the same rhetoric I heard in earlier discussions. There has been nothing in any concrete form. There have been many allusions to measures we have taken, but more to the state of the economy, the energy plan and the Constitution.

If we are to discuss access to information and the Official Secrets Act, then let us discuss them. Let us not enter into other topics of discussion. It is important that members of Parliament understand what must be done and what we are doing under access to information legislation and under the

Official Secrets Act. It is also important that bureaucrats understand what is being done and, finally, that the public also understands.

● (1730)

I think that the hon. member opposite does not understand the act because his definition deals with the security of Canada. Even members of his own party have criticized that definition in this House, yet he proposes it in his bill today. I agree with those members of his party who believe that by putting that forward he may be extending the scope of the legislation that narrows the bill. I do not think he intends that, but that is exactly what members of his party are saying. I would not support what he is saying even if he extended the definition.

The explanatory note to the bill reads as follows:

This bill is necessary for freedom of information to become a meaningful piece of legislation. Unless amended, the Official Secrets Act and the access to information act will contradict each other.

What is the contradiction, Mr. Speaker? First we have to see if there is a conflict, and if there is, whether it is contradictory.

The access to information act provides for access to records. Clause 4 of the bill defines the word "record" very broadly, as follows:

—includes any correspondence, memorandum, book, plan, map, drawing, diagram, pictorial or graphic work, photograph, film, microform, sound recording, videotape, machine readable record, and any other documentary materials, regardless of physical form or characteristics, and any copy thereof;

Section 4 provides for a number of limited, narrowly-defined exemptions. Under the access to information act the civil servant who issues the information requested, is protected if he follows a certain pattern of notice. This is not the case under the Official Secrets Act; something is either an official secret or it is not.

Clause 71 of the access to information act protects the public servant. It reads as follows:

Notwithstanding any other acts of Parliament, no civil or criminal proceedings lie against the head of any government institution, or against any person acting on behalf or under the direction of the head of a government institution, and no proceedings lie against the Crown, for the disclosure in good faith of any record or any part of a record pursuant to this act, or for any consequences that flow from such disclosure, or for the failure to give any notice required under this act, if reasonable care is taken to given the required notice.

We have to remember that we are dealing with records under the access to information act. I would ask the hon. member to read Section 3(1) of the Official Secrets Act to see if there is a conflict. It reads as follows:

Every person is guilty of an offence under this act who, for any purpose prejudicial to the safety or interests of the state,

(a) approaches, inspects, passes over, or is in the neighbourhood of, or enters any prohibited place;

There is no conflict between that section and the access to information act which is being examined in committee. The section continues:

(b) makes any sketch, plan, model or note that is calculated to be or might be or is intended to be directly or indirectly useful to a foreign power;

Again, there is no conflict between to the access to information act and the Official Secrets Act. Subsection (c) may have some relevance. It reads as follows:

(c) obtains, collects, records, or publishes, or communicates to any other person any secret official code word, or pass word, or any sketch, plan, model, article, or note, or other document or information that is calculated to be or might be or is intended to be directly or indirectly useful to a foreign power.

There might be some relevance at first blush but I assume no one in this House would want to release state secrets, as password or a code word, under the access to information act, that would be useful to a foreign power.

Moving to Section 4, only 4(1)(a) and 4(4)(b) have any relevance to the disclosure of government information.

Section 4(1)(a), makes it an offence for an individual to disclose information to any " . . . person, other than a person to whom he is authorized to communicate with, or a person to whom it is in the interest of the State his duty to communicate it;".

This would not, of course, conflict with the access legislation which authorizes disclosure of information to the public in general.

In Section 4(4)(b), the only relevant provision makes it an offence if someone "allows any other person to have possession of any official document issued for his use alone, or communicates any secret official code word or pass word so issued, or, without lawful authority or excuse—".

Again, the same argument can be made as in relation to paragraph 4(1)(a), that this is overridden by the authorization provided by the access legislation.

I believe there is need for an overhaul of the Official Secrets Act and I shall deal with that later, but I cannot agree with the proposition put forward by my hon. friend. However, I believe that the approach proposed by the bill is quite inappropriate and I do not accept the argument that we do not have time to do a proper review of the act.

As I have explained, I do not accept the position that the Official Secrets Act must be revised in this piecemeal fashion in order to avoid conflict with the access to information act. I think there is a proper time for debate on the access to information bill and that is when it comes out of committee. We are pressing to have it out of committee, back in the House and passed before the summer recess. If that does not happen, the official opposition and perhaps the NDP will be to blame.

In the new bill there are seven pages of government entities in which the public will have access to information. In certain entities there will not be that same openness. These could be put into the competitive group, first, and then into the group where we have a small interest. We do not think it is fair that a company which competes with a government company should have an unfair advantage, and we do not think it is fair that other companies competing with government companies, do not have the same cost in keeping up with the access to information act. We have left alone the entities in which the government has only a small interest, but some of them may be brought in. For instance, the Canadian Development Cor-

poration is not included, nor is a motel in the maritimes in which the government has a small interest.

With regard to environmental information that has been requested, it is now the objective case that is being used. Due to the recent amendment, the minister will no longer be able to say, on a subjective basis, "I think you should not have access to this environmental testing information." An object test will be used and if the applicant for the information is not satisfied, he can apply to the court.

I should like to quote from an article which appeared in *The Globe and Mail* on June 3 by Robert Sheppard as follows:

> The new tack is part of a series of amendments Secretary of State Francis Fox announced yesterday that he is prepared to accept when the bill comes up for final reading.
>
> It represents a marked departure from the first draft (not to mention briefs by the Canadian business community), which would have allowed the withholding of financial or technical information supplied the government in confidence by private firms on the grounds that to allow access to such information could result in financial loss or prejudice competitive positions.

I only quote from *The Globe and Mail* because, as everyone knows, it is probably our most severe critic. I think that is a favourable comment.

To go back to my other point, I think the Prime Minister's guidelines of April of last year are excellent if their spirit is followed. We have no access to information, and we still do not have the legislation. In April of last year, the Right Hon. Prime Minister (Mr. Trudeau) set five guidelines for all civil servants. The first guideline sets out that part of their duties is to discuss the goings on of government with the public and people who want access to information. Under the second guideline it is stated that public servants must be frank in their discussions. I will not read all the guidelines because they have been circulated. But under the third guideline it is stated that public servants are not to speculate on policy deliberations or future policy decisions. Under the fourth guideline it is stated that it is normal for public servants to be quoted by name and the individual can be interviewed for radio and television as well as for the print media.

● (1740)

The fifth guideline gives me the most problem. It probably gives the bureaucracy the most problem also. It reads:

> These guidelines cannot and do not authorize the disclosure of information which is specifically prohibited by law. Public employees acting in good faith under these guidelines will not be considered as having violated their oaths of secrecy.

We are hoping that the seven pages in the access to information bill listing the entities which are mentioned and the guidelines which have been set down will make it much clearer to the bureaucracy and public servants just where their duties lie vis-à-vis the public, without having to worry about being chastised by their superiors, the deputy minister or the minister.

In the four minutes I have remaining I shall discuss parts of the Official Secrets Act that I hope will be amended in the near future.

Under the penalty section, which is Section 15, it is now left to the discretion of the Crown attorney, who takes the case, or the ministry of justice as to whether they should proceed summarily or by way of indictment. If the Crown proceeds by way of indictment, the maximum term is 14 years. If the Crown proceeds summarily, the penalty is $500, 12 months, or both. That is under Section 3 or Section 4 of the Official Secrets Act. In my opinion, it gives too much discretion to the individual Crown attorney. One responsible commission suggested that in relation to espionage, the maximum term be life. As far as the intentional and unintentional leakage is concerned, that same commission suggested the maximum term be six years and the discretion of indictable or summary process be taken away from individual Crown attorneys.

As far as presumption is concerned, perhaps the charter of rights will say, when it is passed, hopefully, by the fall of this year, that everyone who is presumed innocent before the law can challenge the presumption that we have passed as a federal government under the Official Secrets Act.

There is an excellent article by Mr. M. L. Friedland of the University of Toronto who reported to the McDonald commission. This article is entitled "National Security: The Legal Dimensions". In it he goes through the different presumptions. They really are archaic and, I think, dangerous. To give an example, if presumptions A and B are true, therefore, C and D are true. These are presumed true without having to be proven or called in evidence. Not only are there presumptions, there are double presumptions, and that is probably the worst example in any federal act of the presumption of innocence being taken away.

There is no right to a trial by jury under the Official Secrets Act. I think there should be a right to a jury. A jury could be an optional choice, as the McDonald commission suggested. In other words, the accused could ask for it. Second, the onus is on the crown, namely the government, and it must show by trial that it would not be in the best interests of the country to have a jury. If there is any doubt though, that doubt should go to the accused. Finally, the jury should be sworn to secrecy. The procedure is, therefore possible.

I think we can get carried away with freedom of information. There is a responsibility for government to handle the massive amount of information that we accumulate from the public, usually because it is mandatory.

In England in 1972 the Franks report was issued. It is very relevant to our situation because our legislation is based on the English legislation. It reads:

> We have so far indicated these wider issues in the most general terms. But they can be more simply expressed. Even a democratic government requires a measure of secrecy for some of its functions, as a means whereby it can better carry out its duties on behalf of the people. Among the primary tasks of government are the defence of the nation from external threats, the maintenance of relations with the rest of the world and the preservation of law and order.

Once again I commend the hon. member for bringing this matter to the House. But I would think that at this stage as a government we have proceeded closer to reality than ever before in the history of our country. Very shortly we will have

an access to information act that, in the words of many witnesses who came before the parliamentary committee, is much superior to the U.S. model from which we derived the original concept. I am very proud of it. I am very proud that we, as a government, are putting it forward. I think it is unjust criticism to suggest that we are doing nothing. It is always in the best interests of the government, because it is easier, not to give the public information. We are giving the public that information. We are standing on that bill and I hope that in the fall the hon. member will acknowledge that something is being done.

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, first I shall say a few words in support of the bill presented by the hon. member for Peace River (Mr. Cooper) and to commend him for continuing in the tradition of his predecessor, Ged Baldwin, who distinguished himself not only in this area of the Official Secrets Act and by pointing out to Canadians the terrible manner in which the Peter Treu trial was conducted but also for his outstanding work in the area of freedom of information legislation. As I say, I must express my gratitude to the hon. member for bringing this important subject before Parliament today.

Just a few moments ago I came from the hearings of the justice committee dealing with freedom of information legislation and access to information legislation. I think it should be stated very clearly that there are a number of major flaws in that legislation including, among others, that there is a transitional period which renders largely ineffective the provisions for a review, presently contained in the bill. Unless that transitional provision is changed and unless there are certain other changes made to sections of that bill which are so central to the issue, we will have great difficulty in recognizing it as being a bill which moves us forward in the area of access to information.

The hon. member for Sault Ste. Marie (Mr. Irwin) stated that many witnesses who appeared before the committee indicated that the bill was superior to the American bill. I attended those hearings, and I would challenge the hon. member to indicate any witness who appeared before that committee, whether representatives of the Canadian Bar Association, representatives of access, representatives of the consumer association or any other witnesses, who stated that this bill was in any way superior in its exemptions, or in any other way, to the U.S. legislation. I think the Minister of Justice (Mr. Chrétien) has been listening to departmental officials, because he certainly was not listening to the witnesses who appeared before our committee.

We are dealing here with a proposal by the hon. member for Peace River to get rid of a bill which is surely an anachronism and one of the most archaic bills presently on the statute books of Canada. Frankly, it is a bill which tends to bring into disrepute the administration of justice generally in this country.

The McDonald commission purportedly examined the effects of the Official Secrets Act. In so doing, it vilified, in a manner which I found shocking, the reputation of Peter Treu. He was not on trial before the McDonald commission, and yet that commission saw fit to cast very serious aspersions on his activities. I might say, if that is any indication of the calibre of report which the commission will be submitting to the Government of Canada, then the taxpayers of Canada have had some $10 million of their money wasted.

Why is it essential that this motion be supported? Primarily because we have a government in Canada which is wedded to a concept of secrecy. The government suggests that freedom of information is being brought in. Indeed, all parties in this House support the principle of freedom of information legislation. However, the bill leaves a great deal to be desired. There are still far too many statutes which contain secrecy provisions. The most odious of all of those statutes is the Official Secrets Act.

● (1750)

Nothing is being done by this government to remove the sweeping sanctions which exist under the provisions of the Official Secrets Act for disclosure of information, in some cases trivial information. Under the ambit of section 4 of the Official Secrets Act, it is an offence to disclose any information, no matter how minor. That flies in the face of the government's supposed commitment to open access to information.

There have been many recommendations for changes to the bill. The hon. member for Sault Ste. Marie pointed out some of the concerns. What we are looking for on the part of this government is an indication that they are at least serious about having this matter studied. That is all that is being asked for, that the justice committee have an opportunity to examine the defects in the bill, which are admitted by members from the other side. For example, the right to trial by jury, which is surely fundamental, is denied to those persons being prosecuted under the Official Secrets Act, as well as the fact that the sanction of the criminal law in its full force applies to activities to which surely it should not apply in this day and age. As the hon. member for Peace River indicated, there are many other weaknesses in the bill.

What we suggest is very much along the lines suggested by the Canadian Civil Liberties Association in their excellent presentation to the McDonald commission, focusing particularly on section 4 of the Official Secrets Act. They urge that the test that should be applied is one of a reasonable expectation of serious injury to the physical safety and defence of Canada, but beyond that the criminal sanction should not apply to the unauthorized disclosure of government information and that certainly that criminal sanction should not apply to those who may receive that information, whether it be in the press, Parliament or elsewhere.

They urge a number of safeguards, even within the range of safety and defence secrets, including the fact that the material must not have previously entered the public realm, or the fact that the accused knew or had reasonable ground to believe that the material at issue fell into the requisite category or that the document in question was improperly classified. The offence of

receiving such information should be removed from the statute books.

As I indicated, some of the safeguards are lacking now, such as the absence of the right to trial by jury, the Draconian penalties in many cases, and the failure of the bill to accord the right to a public trial. These are the kinds of things this motion urges be changed.

We welcome the motion. We urge the government to accept the very reasonable suggestion that this bill, which has been condemned so roundly by many groups going back to the 1969 McDonald commission and a similar bill which was thoroughly condemned by the Franks committee in Britain, be studied to bring our legislation into the twentieth century.

If the government is serious about its commitment to freedom of information—a commitment given, we suspect, because of the weakness of their bill on access to information—hand in hand with that legislation must come the obligation of the government to overhaul substantially this archaic piece of legislation, the Official Secrets Act, so that the government is not giving with one hand and taking away with the other.

In conclusion, we strongly support this motion. I commend the hon. member for Peace River for once again drawing the attention of Parliament to the importance of this subject matter. I sincerely hope the government will see fit to support the motion.

Mr. Gordon Taylor (Bow River): Mr. Speaker, I will only say a few words on this so that there will be time left to vote on it. The hon. member for Sault Ste. Marie (Mr. Irwin) said that there are some shortcomings in the bill. If that is so, it is all the more reason why it should be sent to committee where any shortcomings can be corrected. There is no reason to talk out a bill because it has one or two shortcomings. It is the job of the committee to find if there are any and, if so, to correct them.

There are two things the Official Secrets Act should not do. This bill will correct that. If necessary, it will be even further corrected by the committee. First, it should not be used to hide information. There are grave suspicions today that the Prime Minister (Mr. Trudeau) is using the bill to hide information in connection with the uranium cartel. It should not be a case of hiding information to which the public is entitled. The Official Secrets Act is to stop information which, if made public, would endanger the country, not to hide information from the people in order to protect the government. That is very important.

Second, this bill should not be used to threaten the citizens of Canada. There have been threats against a number of people, including a bus driver and Peter Treu. If something improper is done, a charge should be laid. There should be none of this threat business. The bill uses such loose language as "is calculated to be". That is like using the word "deemed" in the Income Tax Act. You can deem this and deem that. Here we are calculating. There should be proof before someone is charged under the Official Secrets Act.

I have only a minute or two remaining to me. I want to leave time for a vote on this bill because the subject matter should be sent to a committee. If government members are serious, they will support the bill. If they are trying to fool the people, they will talk it out.

[*Translation*]

Mr. Jean-Guy Dubois (Lotbinière): Mr. Speaker, I believe that the present government is most responsible, and that is why it will not support this bill. After hearing the comments of my friend, the hon. member for Burnaby (Mr. Robinson), and examining the bill introduced by the hon. member for Peace River (Mr. Cooper), I studied the Official Secrets Act carefully, and it seemed to me that the wording, and especially the explanatory notes of the bill, were somewhat misleading. It seems to me that the changes sought by the hon. member merely deal with the manner in which evidence must be produced under the act. The explanatory notes state, and I quote:

> This bill is necessary for freedom of information to become a meaningful piece of legislation.

It also says:

> Unless amended, the Official Secrets Act and the Access to Information Act will contradict each other.

Mr. Speaker, I disagree completely with this statement because when one looks at the Official Secrets Act, in Chapter 0-3 of the Revised Statutes of Canada, and at Bill C-43 now before the Committee on Justice and Legal Affairs, and makes an in-depth study of their contents, one realizes that they deal with quite different matters. I believe that the hon. member is confusing the two principles involved because the Official Secrets Act—

[*English*]

The Acting Speaker (Mr. Blaker): The Chair is going to see the clock. Before I so indicate, I might point out to hon. members that the House is honoured to have in the gallery a man who for many years was associated with the bill dealing with freedom of information. I refer, of course, to the previous member for Peace River, Mr. Ged Baldwin. On behalf of the House, I would like to express our pleasure at seeing him again.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): It being six o'clock, I do now leave the chair until eight o'clock this evening.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

EXCISE TAX ACT AND EXCISE ACT

MEASURE TO AMEND

The House resumed consideration of Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs, and motions Nos. 4 (Mr. Blenkarn) and 5 (Mr. Riis).

The Acting Speaker (Mr. Blaker): Order, please. When the debate was interrupted earlier at five o'clock the hon. member for Bow River (Mr. Taylor) had been recognized. The debate was on motions 4 and 5 in respect of Bill C-57. Shall the Chair recognize the hon. member for Bow River?

Mr. Gordon Taylor (Bow River): Mr. Speaker, I have great pleasure tonight and some agitation in speaking to motion No. 4 because it deals with a tax that I think should never be allowed in a democratic country.

In dealing with indexation of tax I want to go back to the basis of British liberty. Hon. members who know their history will know that King John had the habit of demanding taxation from his people, to the extent that his people just could not afford to pay. He was ruining his country, and even though it was a feudal system at the time, the demands were so great that the people just could not stand the burden. Consequently, on June 15, 1215, when King John returned from a trip, a group of English people were there to meet him. After discussion, they forced King John to sign what has become known as the Magna Carta, or the Magna Charter. Throughout the world, and especially throughout the British World, 1215 at Runnymede was the time when the fundamental bases of the rights of people were established.

● (2010)

I want to deal with just one aspect of that charter. The great council forced King John to agree that when financial aid was required by the Crown and the Crown wanted an additional amount, the Crown could not levy taxes on barons or on estates. Rather, the great council had to be called together, and the great council would determine how much the king would receive. King John did not sign the Magna Carta readily, but he had to sign it. The great council of that day made certain rules and regulations so that the many provisions of the Magna Carta could be enforced. The Magna Carta of Runnymede of June 15, 1215 contained the basic rights certainly of the British people and probably of people who love freedom all over the world. It was a great charter of English personal and political liberty which was obtained from King John. There were 61 or 63 sections of the charter, but the meaning of the charter could be summed up by the term "no taxation without representation". I think that is the real history of the success of democracy. The right to levy taxes without representation was taken from the king.

Parliaments and governments evolved, and when governments wished to levy taxation, that was not permitted without representations from the people. Parliament had to be called annually so that those representations could be heard. That was the only control over governments wanting to increase taxation. They had to bring such matters before the representatives of the people so that they could be debated. That practice, of course, has carried on to this day.

Today there is a necessity to call Parliament and every legislature in Canada at least once a year, not necessarily to pass laws, although that is done, but to make sure governments have money to operate and to make sure representations are heard before taxes are increased. This does not involve taxation already in place, but it does affect proposed tax increases. Any proposed tax increase must be dealt with in that way.

Motion No. 4 deals with clause 1 lines 1 to 23 at page 4. It is proposed that there be an arrangement whereby it will not be necessary to have representation with respect to increased taxation. I want to emphasize that. If that indexation of taxation goes through respecting the items to which it is to apply, it will no longer be necessary to call the representatives of the people together. It will not be necessary to include this matter in budgets. It will not be necessary to have it carried in the press. It will simply be done by the government without hearing representations from the representatives of the people. This government wants to do the same thing for which King John was called to account. It wants to impose taxation without representation. In the days of King John, any additional levies on the people had to be discussed with the great council.

I would like to deal with indexing for a moment. This party has made indexing of pensions part and parcel of our policy. Hundreds of people across the country agree with that policy. I remember attending a forum in 1979. All candidates were asked what they would do about indexing pensions. It was easy for me to answer. When a pensioner secures a pension, that pension is to pay for his food, clothing and shelter. Then, if food prices, rents or clothing prices increase, how can a pensioner meet those costs with the pension he was granted before those increased costs came into play?

Indexing adds something. Perhaps it is not enough, but it adds something to the amount of a pension so that the pensioner can meet increased costs which arise through no fault of his own. Those costs may rise because of inflation, because of taxation or because of any of several other causes. Indexed pensions give pensioners something additional with which to meet those increased costs.

I come now to what happens when taxation is indexed. The very reverse happens. Pensions which are indexed increase to meet increased costs. That is very helpful, but when there are unusual price increases such as increases in the price of heating oil, gasoline or rents, even indexed pensions are not sufficient. It becomes very difficult for pensioners to survive. However, when we index taxation as well, we aggravate the

problem. Taxes are a charge on the individual, and pensioners and veterans are included with everyone else. When we increase taxes, we take away from pensioners and veterans part of what they need for a living. When additional taxation is levied, that increases the cost of goods. Consumers must pay increased costs for goods plus increased taxes. That is what motion No. 4 is all about. I refer here to subclause (6). That is what I claim is contrary to the very spirit of British law. It is taxation without representation.

• (2020)

I want to emphasize that, Mr. Speaker, because I believe that the Ontario legislature and now the House of Commons are embarking on a plan of taxation that cannot be authorized in a democracy. If we authorize it, we are defying the very basis of the Magna Carta. We are saying to the government: "Go ahead and increase taxes without representation." That is neither sound nor right, and I violently oppose the inclusion of indexing of taxes in this bill. Taxes are a charge on the individual and when they are increased without even a debate, without the press carrying the story, without any chance of dealing with it at all, that is wrong. Whether or not the House of Commons or the legislatures are able to reduce the normal tax, at least it is debated and people have a chance to prepare for the increased deductions from their pensions or wages.

The Acting Speaker (Mr. Blaker): Order, please. I have listened to the hon. member with a great deal of consideration and patience and I do understand the philosophical points of view the gentleman is making, but I still have a problem, which is that motions Nos. 4 and 5 relate to the revenue tax in respect of petroleum and gas. And as I understand it, earlier today the Deputy Speaker made it clear to the House that he was going to require members to be relevant to the motions in front of them.

Mr. Rae: Point of order, Mr. Speaker.

The Acting Speaker (Mr. Blaker): I will deal with the point of order in a moment. I repeat, as I understand it the Deputy Speaker made it clear that members would be asked to be relevant to the particular motions before them. I have no choice but to be consistent with the ruling made by the Deputy Speaker.

The motions here are with relation to revenue tax in respect of petroleum and gas. That is the matter that this House should be considering now.

Mr. Rae: Mr. Speaker, the only concern I have was that you mentioned the tax on petroleum and gas. It seems to me that we are at the moment debating an amendment which would have the effect of taking out all the definition sections dealing with the consumer price index and its relation in particular to the indexing of alcohol and tobacco.

The Acting Speaker (Mr. Blaker): I see that other hon. members want to raise a point of order as well and I will listen to them.

Mr. Knowles: Mr. Speaker, with respect, I think you have misread the motion. You seem to regard the words:

—and to provide for a revenue tax in respect of petroleum and gas—

—as describing what this particular amendment is about. Those words, Sir, are part of the title of the bill. Bill C-57 is an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas. If you look through the entire 135 motions you will find those words in every one of them. What you have to do is go a bit further and see what happens if you strike out lines 1 to 23, for example. It becomes quite different.

Mr. Taylor: With respect, Mr. Speaker, I would point out that motion No. 4 as prepared, and allowed by Madam Speaker, would amend clause 1 by striking out lines 1 to 23 at page 4. And when I go to page 4, lines 1 to 23, the provision deals with alcoholic beverages and the consumer price index.

Mr. Baker (Nepean-Carleton): That is right.

Mr. Taylor: If I am out of order it is because I am using the word "food". However, I am now going to refer to beer and wine, if you like, but I am afaid that if this principle is accepted for beer, the next thing we know it is going to be placed on red meat.

Mr. Epp: Hear, hear!

The Acting Speaker (Mr. Blaker): I think I can answer the hon. member for Bow River (Mr. Taylor), and the hon. member for Winnipeg North Centre (Mr. Knowles) and the hon. member for Broadview-Greenwood (Mr. Rae) as well. This matter of King John and the Magna Carta, the Chair has some difficulty in relating that to the issue of petroleum and gas. That is the difficulty the Chair has.

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Blaker): Now I understand that the principle may be the same but I would ask the hon. member to try to address himself more particularly to the section on petroleum and gas. As I said before, I understand that the Deputy Speaker earlier today did request members to try to address themselves more particularly to the issues involved.

Mr. Epp: Repeat the words every five minutes.

The Acting Speaker (Mr. Blaker): No, it will not do to repeat the words every five minutes.

Mr. Baker (Nepean-Carleton): How about "magnum carta".

The Acting Speaker (Mr. Blaker): It would be appreciated by the Chair if the hon. member, who is rather well respected in the House for his contributions, could try to address himself more particularly to the motions in front of him.

Mr. Taylor: Mr. Speaker, I will certainly try not to make it difficult for the Chair. I think you have enough difficulties as

it is. And I will not say beer, wine and spirits every five minutes, but I do want to deal with the principle of this indexing of taxation. The very clause that we are discussing, clause 1, lines 1 to 23, deals entirely with the consumer price index and its application to cigarettes, tobacco, wines, spirits, beer and that type of thing.

Before our short interlude, I was endeavouring to show that indexing of taxes is unsound, and now I want to deal with that for a moment or so. Let us take the case of beer. The liquor Control Board of any province, but let us say of Ontario because that is where they used this principle just recently—

An hon. Member: Those Tories in Ontario.

Mr. Taylor: —or the one we have right now in this House, which is, in effect, in Ontario.

Mr. Baker (Nepean-Carleton): Budgetary.

Mr. Taylor: From now on, with this principle of indexation of taxation on gasoline at the pump in Ontario, which is the same principle, no longer will the treasurer have to bring this matter before the Ontario legislature, or, to make it applicable to what King John was doing, the great council will not have to be called. The Ontario government will simply increase the taxation without representation, and that is the part I object to in this particular bill.

Some hon. Members: Hear, hear!

Mr. Taylor: Now I do not want to prolong this debate but I want to deal with the matter of indexation of taxation long enough so that the Canadian people will know what we are talking about. If this principle is not accepted, then the government of the province or the country will have to bring its budget before the House or legislature before it can increase the taxes. There is no other way they can do it; they have to bring it before the representatives of the people. In other words, a great council must be called.

Some hon. Members: Hear, hear!

Mr. Taylor: And here we are saying in this bill that no longer will the great council have to be called, no longer will the representatives of the people have to be called, we will do it all by ourselves. We will increase your taxes.

Mr. Baker (Nepean-Carleton): Shame.

• (2030)

Mr. Taylor: If this bill is passed in the House, I urge Canadians to challenge it in the courts. It is unsound and contrary to democracy; it will destroy the very essence of our democracy.

Some hon. Members: Hear, hear!

Mr. Taylor: Governments cannot go hog-wild today. There must be reins on them. Debate in the House and the press can slow them up somewhat, but if this bill is passed, all reins will be cut and the horses will gallop home with any increase the government chooses.

We expect the wages of employees to increase. Then what happens? The people pay the increased cost of beer, for example, and the government uses the increase to add another tax increase. Therefore, the people pay the extra taxes without representation and the incomes of people decrease. Indexing of pensions is to increase pensions so that they can meet increased costs; indexing taxation will decrease the amount the pensioners or people have with which to buy their daily bread.

What if the cost of transportation increases? This is something over which the government, the legislatures or the governments of the provinces have no control. If the cost of transportation increases, that increased cost is added, for example, to the cost of beer. Then through this iniquitous tax, the government adds an increase on top of that. So the people pay the increased costs of transportation, and they pay the increased tax without representation. Again the incomes of people are decreased.

If the liquor board increases the price of beer, as it does periodically, to perhaps meet the cost of malt so that farmers will receive a little more, then the people who consume the beer have to pay the increased cost. If the farmers receive a little more, I am glad because they need a little more. Then the government can add another sum to that increase without representation.

An hon. Member: Pyramiding.

Mr. Taylor: Pyramiding is correct; it is an undemocratic principle.

Mr. Epp: It is wrong in the private sector.

Mr. Taylor: Yes, it is wrong in the private sector, as my hon. colleague says. I know I have only two minutes remaining, so I will talk fast.

Some hon. Members: Hear, hear!

Mr. Taylor: Another point which aggravates me is the manner in which the bill is written. However it is written, it is wrong. For example, if there is a 10-cent increase in the price of malt, the government does not have to go by it. According to clause 1(6)(a), the government can adjust the tax or alter it "in such manner as the governor in council may, by regulation, prescribe". Perhaps the government would reduce the tax, but the point is that it may increase it. This is another section which allows the government to pyramid again.

I contend that this tax is undemocratic. It should not pass any legislature without the representation of the people. It will destroy our democracy. I ask Canadians to rise up and ensure that we do not pass this. Democracy will be destroyed if taxes are passed without representation.

Some hon. Members: Hear, hear!

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, I congratulate the hon. member for Bow River (Mr. Taylor) for alerting the Canadian people.

Some hon. Members: Hear, hear!

Mr. McKenzie: I am glad to see such a large attendance in the gallery tonight. I hope they will all go home tonight and write letters to the Deputy Prime Minister and Minister of Finance (Mr. MacEachen) protesting automatic increases in their taxes for years to come, whether it is taxes on beer, wine, petroleum, gas or whatever.

Apparently we are covering all sections of the bill tonight, as Mr. Speaker pointed out earlier. We must ask ourselves why we are into this. We have a very devious Prime Minister (Mr. Trudeau). I have given a lot of thought as to why the Liberal party would want to bring in huge increases in the cost of gas. The Liberals tried to remove the indexation on income tax, and now they are trying to implement automatic indexing of tax increases for the future. This will just destroy the parliamentary system; there will be no point in any of us coming here.

I have it figured out. The Prime Minister is setting up the Minister of Finance as a patsy. The Prime Minister has always recognized—

The Acting Speaker (Mr. Blaker): Order, please. I have the benefit of the advice of one of the more well-known members of Parliament in the House. I tried to express this earlier, but I will repeat that motions Nos. 4 and 5 relate to clause 1(6) which deals with the following:

—the Alcoholic Beverages Subgroup or the Tobacco Products and Smokers' Supplies Subgroup of the Consumer Price Index—

That is what the hon. member must address himself to. Short of that he will be called out of order.

Mr. McKenzie: Mr. Speaker, are you correcting your earlier statement that we are dealing with oil and gas? Your Honour said earlier that we could discuss oil and gas; you have not corrected that.

I have already spoken on beer and spirits. If Your Honour is saying that I can be recognized again on beer and spirits, then there is complete confusion in the House tonight. Your Honour will have to allow me to speak on gas increases. That is why I am up for the second time. I have already spoken about the government getting on the backs of the little guy by putting the price of beer out of his reach.

Bill C-57 reads as follows:

—to provide for a revenue tax in respect of petroleum and gas—

It does not say that it is only in respect of beer, wine and spirits. Your Honour said that you were getting your advice from the hon. member for Winnipeg North Centre (Mr. Knowles).

The Acting Speaker (Mr. Blaker): No, I did not.

Mr. McKenzie: He is not always right on what goes on in the House.

As I was saying, the Prime Minister is setting up the Minister of Finance as a patsy, directing him into these different things because he has a way of removing aspirants to his job.

We are paying $40 to $50 per barrel for imported oil. We could be obtaining it in Canada over a phased-in period of about three years at 75 per cent of world price. In three years' time we would be paying the provinces $33 per barrel. The provinces cannot survive with the federal government paying $17 for a barrel of oil. This is why 1,400 wells have closed down in Saskatchewan and they are losing 40 cents per barrel.

The Minister of Finance informed us during question period this afternoon that at the Conservative convention in February of this year we passed a motion that we work toward 75 per cent of world price. That would certainly be far more advantageous to the Canadian people than paying world prices to the OPEC countries of Venezuela, Mexico and all the rest. If it were phased in over a three-year period, it would be very advantageous to the Liberal government to pay, for instance, Manitoba, Saskatchewan and Alberta $25 a barrel next week. Then we could get on with the tar sands, and the government would not be automatically indexing tax increases to pay for the sending of more money to the Arab countries. That is a ridiculous argument. As I mentioned earlier, the Prime Minister knew how to get rid of John Turner and Mr. Macdonald. The news media praised the Minister of Finance for being a brilliant debater. I do not think he knows what the Prime Minister is leading him into.

● (2040)

We have seen how the Liberal government has dealt with the Canadian people over the years with regard to solving all their problems. The Liberal government introduced blank cheque spending in 1968-69 when the Prime Minister changed the rules. There was no more parliamentary control over expenditures. Since that time, the only solution to any problem has been to spend more money, print more money or borrow more money. Of course, the government has added two new dimensions—it now has a scheme to try to take over provincial revenues on resources. And now, of course, automatic indexing of taxes has been introduced. This is nothing but a licence to steal, Mr. Speaker. The motion before us clearly states that it is an act to amend the Excise Tax and Excise Act and to provide for a revenue tax in respect of petroleum and gas. This evening the latest news was that Canadian drilling rigs are leaving for Australia. In the last two weeks we have driven another 60 rigs to the United States, for a total of 205 which have been driven out of the country. This means a tremendous loss in revenues. This is why the Liberals must bring in this ridiculous indexing of taxes.

If you want me to spend some time with respect to beverages, beer, wines and what-have-you, Mr. Speaker, I will. I want to point out that indexing does not necessarily have to be a bad thing. For example, indexation of personal income tax

was introduced at the request of Mr. Robert Stanfield to protect taxpayers from inflation and to attempt to instil in the government better fiscal management and discipline. The government was not to profit from inflation by automatically getting higher revenues from people because they obtain cost-of-living increases to keep up with inflation. By indexing personal income tax, the government forced itself to manage the economy better so that it could obtain more revenues based on real wage gains. As hon. members know, and as you know, Mr. Speaker, the government has been trying hard to do away with the indexation of personal income tax. We in the official opposition have been trying to stop that move. I intend to speak at every opportunity I am afforded on Bill C-57 in order to filibuster and block this ridiculous bill until we get the message across to the Canadian people. It is nothing but a licence to steal, as I mentioned earlier.

Why must we have this indexing? I think we are entitled to an explanation as to why the government is bringing in a measure as horrendous as this. The Liberals promised energy prices below those proposed in the Crosbie budget. However, gas prices at the pumps have risen by as much as 60 cents to 70 cents a gallon since the beginning of 1980. The government now says that it wants to encourage Canadians to switch from heating their homes with oil to heating them with gas. Then it turns around and slaps an excise tax on natural gas which will be equivalent to about 12.5 cents per gallon of gasoline by 1984. To raise the amount of money which the Liberal government plans to raise by taxing consumers through the petroleum compensation charge would require an excise tax greater than a dollar per gallon of gasoline.

We must also look at the increase in unemployment insurance premiums. They are up 33.33 per cent. This is why we must have indexing of taxes. This is the position in which we have been placed by the Liberal government. Spending under the Liberal government will be $6.2 billion per year higher by 1983-84 than it would have been under the Conservative government. This government will spend a total of $16.8 billion more between 1981 and 1984 than planned by the Crosbie budget. That amounts to $1900 per taxpayer. And we heard the Minister of Finance telling us that he is planning to cut back and curtail spending. The government has no intention of doing any such thing.

The Liberals also promised the Canadian people a progressive reduction in the size of the deficit. In 1983-84, the deficit will be $500 million larger than last year's deficit and $2.7 billion larger than the deficit projected by the Crosbie budget for 1983-84. That is a fantastic amount of money, and the government's only solution to this is to automatically index taxes. Over the next four years the government's total cash requirements will be $12.7 billion higher than what was projected in the Crosbie budget. To meet these requirements, the government will either have to borrow more money, thus driving up interest rates, or print more money, thus driving up inflation.

The Minister of Finance also tells us he is exercising restraint. He does not even know the meaning of the word. If he were exercising restraint, he would be restricting the growth of government. The following is a classic example of nothing being done to restrict the growth of government, which is why we are indexing tax increases. It is the unchecked growth of government which has allowed the number of Crown corporations to increase from 35 in 1962 to over 400 in 1980. I believe the figure today is something like 437 Crown corporations. If you asked a Liberal how many Crown corporations we have, he could not even tell you. We have tried to do that in committee and they only guess at 200 or 300. They could not care less. This growth in the number of Crown corporations also explains part of the reason for the huge federal deficit. The government is encouraging empire building within the civil service.

Another thing we are lacking in this country with this government is honesty. The type of answers we receive to legitimate questions asked in this House are an absolute disgrace. I was one who was opposed to televising the proceedings of the House of Commons, but I am glad they are being televised today since I receive feedback from my constituents when I return to my riding on weekends. The people who watch the televised proceedings tell me about the dishonesty and the deceitful answers given by the Prime Minister, the finance minister and the energy minister. In a question addressed to the energy minister on June 1 last, he was asked about the huge increases in gas prices and about a billion dollars going to Belgium and about a million dollars going to Switzerland to buy oil companies, which does absolutely nothing for Canadians. The minister answered that we should refer to the U.S. experience. He said that at the present time the consumer in the U.S. is paying about 50 cents per gallon more than the Canadian consumer. That is true.

An American who lives very close to the Canadian border is in a very fortunate position, at least he was until this latest 9-cent a gallon increase. This is what is happening under Liberal energy policies. Figures show that some 24,000 U.S. motorists crossed into Canada at the Fort Erie-New York border crossing in a single day just to buy our gas. You can imagine what the figures would be like for all of Canada.

● (2050)

The problem is that it is costing Canadians over $100 million a year so Americans can fill up at our stations. The more gas they buy, the less we will have for our own use, and the more expensive it will become for us to use it. The situation in Fort Erie has become so bad that residents of the area cannot get out of their driveways because of the line-ups of Americans waiting to fill up.

That $100 million is a very conservative figure, Mr. Speaker, and the government's solution to that dilemma is to index the excise tax.

I offered a solution to all of this on January 28 this year and I should like to read to you what I proposed as a sound alternative when I said:

Madam Speaker, I rise under the provisions of Standing Order 43. It is costing Canadian taxpayers $12 million daily to import foreign oil, an increase

of $6 million daily since January, 1980, which is creating jobs and great wealth in OPEC countries—

And I should include Mexico and Venezuela. I went on:

Therefore I move,—

That this House instruct the government to withdraw its energy policy, which is counterproductive to Canada's becoming energy self-sufficient, and that it revert to the energy policy outlined in the PC budget, which would make Canada self-sufficient, encourage investment in Canada, keep Canadian oil companies from moving to the United States—

And Australia, Mr. Speaker.

—and put a halt to the exodus of millions of dollars leaving the country.

I would suggest that that is what the government should be doing instead of introducing a ridiculous bill to index more taxes.

That is all I have to say, Mr. Speaker. I shall speak on the next amendment and the next one and the next one. I am going to filibuster this if I have to stay here until the end of August.

Some hon. Members: Hear, hear!

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, there is a place for philosophy and respect for the principles of government, but there is no place for either in the hands of the government of this day. I am rather surprised that my highly respected friend, the hon. member for Bow River (Mr. Taylor) would expect that this government would consider that justice had anything to do with taxation and its procedures.

During report stage of Bill C-57 a great many remarks were made which related somewhat to the excise tax on a wide range of products and services. In general terms, this legislation could not be called anything but repugnant.

The fact that it will increase government revenues is contrary to the election promises of this government, but promises are only to be made during campaigns and not during government, according to this one. That is not the primary source of objection, but rather it is the scope of changes that this bill will effect on the revenue-gathering process that is so utterly objectionable. Taken in its entirety, this document emphasizes the fact that the government is virtually bankrupt. It is going to ask the taxpayer to bail it out. Bill C-57 is an excessive money grab, and it is when one scrutinizes the bill clause by clause, that one discovers the truly insidious nature of this revenue grab.

While I only have time today to speak on a few problems that this bill presents, I want to make it perfectly clear that there are a great many more sections of this bill that concern me. I am confident that my colleagues on this side of the House will be making full and adequate representations on these further clauses on behalf of taxpayers as did the previous speaker.

A number of people have made representations with regard to the portion of Bill C-57 that imposes indexed excise taxes on alcoholic beverages. The Canadian Brewers Association, the Canadian Association of Provincial Liquor Commissions, and Ontario winemakers have made appeals to many members of this House for changes in this portion of the legislation.

Particularly upsetting to these groups has been the proposed indexation of these excise taxes to the consumer price index. Objections to this proposed practice have been both philosophical and practical in nature. Let me make it quite clear that while no one objects to the federal government's right to collect revenue from the sale of alcoholic beverages, it is the fashion in which it proposes to do so that has thrown this industry into a turmoil, and people who respect democratic government into a state of fright.

For myself, I have some trouble with the way in which it abrogates the right of Parliament to consider appropriation bills. If this measure is in fact accepted—and I am repeating what others have said, but it bears repeating—it will no longer be necessary for the minister to stand up in the House when presenting the budget, and say "I am going to change the excise taxes on alcoholic beverages by a specific amount." He no longer has to come before Parliament; he no longer announces to the people that the tax rate is going up. That is the principle of government and has been since King John, since the Magna Carta and since Runnymede. That is the principle of democratic government as we have known it. To me it is just another example on the long list of affronts that those opposite have made to the rights of Parliamentarians—taxation without announcement, taxation with deceitful representation.

As well, it joins the growing list of ways in which the government is trying to deceive the Canadian public on matters of revenue gathering. Some would argue that any provincial sales tax is, in fact, an indexed tax, and while to a limited degree that is true, a provincial sales tax does not have the same effect as would this proposed indexed excise tax.

In order to make this point more clearly, let me review the fashion in which this indexed tax will be administered. Prior to the introduction of this budget, excise taxes on alcoholic spirits were at a fixed level of $17.15 per proof gallon. Prior to April 1980, the level was $16.25 per proof gallon, and had been at that level for a number of years. With its excessive requirements for revenue, the government decided that alcoholic beverages was an area in which taxation was not keeping pace with the need for revenue. Therefore, in Bill C-57, it proposed a change whereby the amount of excise tax collected would be indexed to the alcoholic subgroup of the consumer price index. It was proposed that the taxes be adjusted quarterly.

With that brief understanding of the way in which the tax would be administered, one can quickly see that the tax would generate its own increases. An increase in the excise tax prompts an increase in the price of alcohol, which in turn moves the consumer price index up, which prompts an increase in the excise tax. The provincial sales tax may generate further revenues when there is a jump in the consumer price index, but the tax itself, however, does not generate its own increase, as would be the case with this proposal. It is pyramiding the impact of the indexing of a tax. The indexation of excise taxes

on alcoholic beverages not only escalates inflation, but it gives the government an overwhelming interest in inflation. It puts the government in conflict with its own policy because the higher the price, the greater the revenue, the more it spends. And they coax people into thinking it is a good government!

Now what of other objections that have been raised against this proposal. One is that it would create inequalities between various product types in the industry. The Minister of Finance (Mr. MacEachen) said in his speech that he was particularly sensitive to changes in the weight of taxation between the various products. However, this is not borne out in this particular part of the bill. It is widely known that consumers have only a certain portion of their disposable income to spend on any particular facet of their livelihood.

● (2100)

If a bottle of beer costs $1, and a mixed drink costs $2, then it is obvious that the consumer will take more of the lower priced product. However, because changes in excise taxes will be indexed to a percentage change in the alcoholic subgroup of the CPI, a producer of a lower priced product is able to gain a further competitive edge over those of higher priced products simply by raising the price of his product. That is to say, if the price of a bottle of beer goes to $1.10, then the percentage change in the excise tax would be felt more heavily by those selling the higher priced product. If one were to speculate, one would expect that a failure of the grape crop in Italy would give a tremendous advantage to domestic wine producers in that year. On the other hand, the price of imported wines from Italy would greatly increase, and domestic producers would gain a distinct advantage. That is the way it would appear.

However, because of the fact that the increased price of foreign wine would reflect in the consumer price index and thus alter the excise tax, there would be an impact on domestic producers who would lose a proportion of their competitive advantage because the increment of tax would take hold. It is also true that rampant inflation in another country would have an across-the-board effect on the prices of alcohol in this country. The fluctuations in currency, exchange rates, etc, would not simply affect the imported product; they would affect all products that are sold when measured to the CPI.

One need not go abroad, however, to see the awful effects of this legislation. Ontario, for instance, by its very size, controls a very large portion of the sales of alcohol in this country. If the government in Ontario decided to alter the tax it collects on the sale of alcohol, then that would have a major impact on the CPI and, in turn, it would have an across-the-board effect on tax, and thus on prices all across the country. An increase of price in Ontario would have a definite and dramatic effect on the alcoholic subgroup on the CPI. In short, price mark-up in any jurisdiction could cause a price mark-up in every jurisdiction.

Looking at this whole question from an entirely practical point of view, the government may in fact be cutting off its nose to spite its face. Everyone is aware of the fact that there is a point beyond which no product can be taxed. That is to say, taxation beyond a certain point will result in diminishing returns by virtue of a decrease in sales. I am afraid that that might just be the case in this instance. There is another factor. When the price of any product gets too high, no matter what the control, people may find ways and means to produce a product which is beyond the tax arm of the government.

Because of our recent economic hard time, the volume of sales in the alcoholic beverage groups is increasing only about 2 per cent a year. This is due strictly to the dollars and cents involved, and it has occurred during a time when excise tax remained largely unchanged. In 1977, the federal excise tax on alcoholic spirit was, as I mentioned earlier, $16.25 a proof gallon. Last April it changed to $17.50 a proof gallon, an increase of 90 cents. This change was made in the normal way of announcing a tax increment and it was voted upon in this House. The tax remained at that level until the introduction of the last budget.

By way of illustration, had the excise tax on alcoholic beverages been indexed to changes in the alcoholic subgroup of the CPI over the same period of years, the tax would have stood at $20.77 prior to the introduction of this budget. Rather than a 90-cent increase over a three-year period, there would have been a $4.50 increase which, in itself, would have constituted a 500 per cent increase in federal excise tax rates. That is how it multiplies. It feeds upon itself when aided by inflation. If one acknowledges that the growth rate in sales stood at 2 per cent when there was a 90-cent increase, one can only wonder to what level sales would have fallen had that figure been increased 500 per cent. I wonder, just as an aside, how many bootleggers we might have had in this country by this time.

One can clearly see from this that it will not require a very long period of time before the government finds its revenues declining as a result of these numerous and dramatic changes in the excise tax rate levied on alcoholic beverages. I have no sympathy in particular with either the tobacco industry or the alcohol industry. I am probably one of the heavier users of tobacco in this House. I am not proud of it, but I guess I am the victim of my own weakness. But the alcohol part of it does not bother me that much.

Some hon. Members: Oh, oh!

Mr. McCain: To get back to the philosophy, we are in a position where there would have been a 500 per cent increase in the taxation rate had we indexed it to the CPI. That is a very serious threat to the basic economy of this country. It is not because the government is taxing tobacco and alcohol that I complain. I say, go ahead, but it is the thin edge of the wedge to God knows what method of taxation as it feeds itself along. If this country accepts this thin edge of the wedge, then it can brace itself for tax rates which will be hidden, which will be generated without legislation, which will be unknown to the taxpayer and over which he will have no control.

Solutions to the problems created by this method of taxation are numerous. The liquor commissions have stated that their desire is to get away from any link to the CPI because of all

the anomalies it creates. But whether excise tax is indexed to the CPI or to the landed cost of the product at the wholesale level, or whether it is based on changes in price in individual products is not the chief concern. As I have mentioned, this method of increasing revenues is the insidious work of a near-bankrupt government. This government's lack of concern for winemakers and brewers and even for the level of its own revenues is unacceptable to those of us on this side of the House. So eager is it for greater revenues that it has charged ahead like a bull in a china shop. The government is acting in an irresponsible fashion that will, in the short term, satisfy its lust for money, but will, in the long run, do damage to domestic industries, put jobs on the line and affect government revenues in a way that was never intended.

It is for these reasons, Mr. Speaker, that I am happy to say that I support the amendment to remove the indexation of excise taxes on alcoholic beverages and tobacco products because it is not good for Canada to have tax money raised without the knowledge of the people and without the people of this House.

I suppose we will see again the coalition government we presently have get together on this measure. If we do not, it will indicate very clearly that there is no longer concern in any party other than the Progressive Conservative party for the democratic process in this country.

I am not concerned about the vote on an amendment; I am concerned about the vote on this bill. But if the bill when passed, amended or otherwise, is supported by the New Democratic Party as they put their Cuban cigars in their ashtrays to cool while they slip and slide in to vote with the government as part of the coalition—

Mr. Munro: From Castro?

Mr. McCain: Probably from Castro, yes.

An hon. Member: He is on his way back with a full package.

An hon. Member: A commie troika.

Mr. Deputy Speaker: Order, please. The hon. member for Carleton-Charlotte (Mr. McCain) has the floor.

Mr. McCain: Mr. Speaker, the problem with my colleagues to the left is that they have guilty consciences. It is just like pricking a boil. It bothers you when you are lying still, but when you start to prick it, it really hurts. So let us prick it some more.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. McCain: This will really bring it down to the nitty gritty. Have they abandoned their principles to protect the taxpayers of Canada? Have they thrown away all the positions they ever had to continue as part of the coalition? What is their intention? We will watch with great interest how they vote not only on the amendments, but also when the final vote is taken on the bill, because neither the amendments nor the bill are any good.

• (2110)

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, I feel I have to say a few things about this bill and the amendment, although I cannot say what I want to say as eloquently as the hon. member for Bow River (Mr. Taylor) said it on the topic I want to relate to this evening, namely what the concept of a parliamentary democracy is all about. It relates to the amendment we are discussing this evening to delete lines 1 to 23 of clause 1 on page 4 of the bill.

We are all here on behalf of our constituents. We see the government spending roughly $60 billion. Divide that figure by 282, and it works out that each one of us in this Parliament is responsible on behalf of our constituents for spending something like $200 million, a lot of money. It is an amount that none of us should take lightly in terms of seeing that it is spent in a proper fashion. Really, that is what a parliamentary democracy is all about. When we are elected to come here on behalf of our constituents, we do the best that we can to scrutinize government spending so that it is spent in the most desirable way possible.

That also has some implications with regard to how the money is to be raised. If this bill is passed without the amendment, we will have some very grave concerns in the future about how money is to be raised in the sense that it can be raised automatically without any regard for the concerns of members of this House and, therefore, the concerns of our constituents.

Something else to bear in mind in terms of treasury bills is that those responsible for initiating the spending of money are the members of the cabinet, of which there are roughly 32. If you divide $60 billion by 32, each cabinet minister is responsible for something like $2 billion of spending. That is a very sobering thought. When you look down the benches of the cabinet and think that each of those individuals is responsible for something like $2 billion of Canadian tax money, you get the willies, as should every taxpayer in Canada. To entrust the spending of $2 billion, as an average figure, to each cabinet minister is, I repeat, a very sobering thought.

They want to establish a principle whereby they can automatically increase the amount of money they raise without justifying where that money is to be raised. We saw that happen yesterday when the President of the Treasury Board (Mr. Johnston) tabled some supplementary estimates. One piece of paper accounted for over $2 billion of additional government spending, an amount equivalent to the total budget of my province of Manitoba. It seemed just like an afterthought following Question Period. There was no opportunity for the elected members to question the minister on where the money will come from and how it will be spent. That is what we see happening here.

As I said previously, a system will be put in place under this bill whereby that amount of money can be increased automatically without a proper examination by members of this House.

That is the reason why the Senate is not able to initiate money bills or the spending of money. They are not elected and therefore not accountable to the taxpayers of this country as are members of this House.

If we continue along the line this bill will set as a precedent, this chamber will become as useless in terms of being a watchdog on government spending as the Senate. The Senate has a lot of shortcomings. I am somewhat of a defender of the Senate. It has a useful role to play in terms of being a watchdog and taking positions that elected representatives may find difficult to take at certain times. However, one of their shortcomings is that they cannot be responsible for government spending because they are not elected, and therefore not accountable.

That is contrary to the parliamentary system as it was developed and spoken about earlier this evening by my colleague for Bow River. It is a problem in terms of the minister responsible for the Canadian Wheat Board. He cannot speak in this House because he is not an elected representative. He cannot come to this chamber to speak even though the Canadian Wheat Board is set up in such a way that the only people who can really ask questions about it are the elected representatives. You could call him the minister unresponsible for the Wheat Board in the sense that he cannot speak in this House.

Mr. Deputy Speaker: Order, please. With all due respect to the hon. member, I have been listening carefully to his arguments and I fail to see the relevance to the amendment before the House. I invite him to relate his argument to the matter under discussion.

Mr. Mayer: I thank you, Mr. Speaker, I certainly respect your judgment. Let me get back to the amendment before us. Clause (a) reads:

(a) aggregating the Alcoholic Beverages Subgroups or the Tobacco Products and Smokers' Supplies Subgroup of the Consumer Price Index, as the case may be, as published by Statistics Canada under the authority of the Statistics Act—

What we are talking about is the consumer price index and how it is to be used as a method of indexing the taxes in the subgroup referred to in that clause of the bill. I have some problems with the consumer price index. That is a topic that could be discussed at length on another occasion.

Very briefly, when we talk about a basket of goods as being static, that basket does not change as prices change. We assume that once a consumer buys the goods in that basket, he will continue to buy those items in the same quantity no matter what the price may be. We want to tie the index to something the validity of which I question. It goes on to say that this may be:

—adjusted or altered in such manner as the Governor in Council may, by regulation, prescribe, for each month in that period—

That means the governor in council, the cabinet, may decide that the consumer price index is not valid for purposes of this indexing procedure. It may change it at will without any reference back to the House of Commons. This is a deplorable type of clause to put in a bill. It further removes the accountability of the government through the elected members of Parliament to the citizens of this country who pay the tax.

As was pointed out by other speakers, you end up with a pyramid situation where you have tax on tax on tax. Let me give an example. An increase in the price of bread may come about as a result of an increase in the price of flour, presumably as a result of an increase in the price of wheat to the farmer. That could cause an increase in the consumer price index and therefore an increase in this tax. As the consumer price index goes up, the tax goes up, which could cause the consumer price index to go up again. You get a snowballing effect. It keeps going faster and faster. That is similar to the insatiable appetite this government has for money. It is in a frantic search for funds. When looking around for places to derive revenue, it starts looking at such things as are mentioned in this bill.

That, very briefly, is my concern. I do not want to take too much of the time of the House. Let me close by making the observation that this is a very large bill, 116 pages long with 132 clauses. It is very complicated in terms of the average Canadian trying to understand how our taxation system works.

When it becomes difficult for the average Canadian to understand how the taxation system works, he loses respect for law and order in this country. That is a very serious implication which can be drawn from this bill. I do not know how anyone going through this bill can really understand the total implications of what we are discussing this evening. Therefore, it is incumbent upon us to take as much time as we require to look at each clause so that we as legislators can do the best job we can on behalf of those who sent us here to represent them.

• (2120)

I could go on, Mr. Speaker, but I will respect your observation that I stay on the topic. I will certainly be up to speak on other clauses of the bill as they come before us.

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I had been tempted not to join in this debate until after the hon. member for Carleton-Charlotte (Mr. McCain) spoke, and then I realized the necessity of setting him straight. His speech was, of course, very interesting although somewhat irrelevant in parts, but in his final comment he wanted to know how the NDP was going to vote. I want to ease his mind lest he should feel the urge to go out and get drunk—not that he ever does—not knowing how we might vote on the final vote. The fact of the matter is that we are going to oppose it, and I would not want him to think otherwise. My comment about his going out to drink was made facetiously. I am sure he does not. However, I do—

Mr. McCain: Mr. Speaker, I rise on a point of order, and I do so on two bases. First, the remark was entirely irrelevant, and second, his implication as to my intentions or my inclinations was rather improperly stated before the television of this nation, and I would ask him to withdraw those remarks.

Mr. Deputy Speaker: I am sure the hon. member for Hamilton Mountain (Mr. Deans) will take note of the remarks of the hon. member for Carleton-Charlotte (Mr. McCain).

Mr. Deans: I certainly do. In fact, before the member rose, I pointed out that my comment was intended facetiously, so I do withdraw it. I am sure that had he been listening—

Mr. McCain: I rise on a point of order.

Mr. Deans: I withdrew it.

Mr. McCain: He withdrew it, that is fine. Thank you very much.

Mr. Deans: There is no problem. I do not think my comment was any less kind than his comments about us at the end of his speech. However, let me say I had wondered why it was necessary to go on with this discussion ad nauseam. I had thought for a while that perhaps as a result of the representations that had been made to the government through the committee and the representations that had been made to the government here in the House of Commons during the course of the debate, the government might have indicated that it understood the basic and fundamental problem with which we are attempting to come to grips.

This is a twofold problem. It is not a matter of whether you support or do not support the brewers or the distillers. It is not a matter of whether you think beer should be cheaper or more expensive. Quite obviously those matters are important, and the argument made by the brewers in particular that as the price increases the sales volume decreases, could be met by some people, with applause, I suppose, and by other people with some consternation. We do not want to enter into whether or not that is the effect. Many of us could tell what the effect will be, although there is evidence to show that as the price of beer rises disproportionately to the incomes of individuals, there is a definite decrease in consumption levels. The unfortunate part about that is that probably the people who should be decreasing their consumption do not, and the ones who do, really do not suffer that much from it in any event.

Let me deal with the basic problem, which is this. Is it fair to index taxation in the way this bill does? This is not the only government in Canada which has chosen to index taxation. The government of the province of Ontario recently received an overwhelming mandate from the public and then proceeded to sock it to them, so to speak. The government made a decision, as has this government, to index its taxation system in a number of different ways, including indexing the level of tax it gets from the sale of petroleum and the sale of alcoholic beverages.

What is the effect of this? To begin with, the comments made earlier by one of the Conservative members, perhaps the hon. member for Bow River (Mr. Taylor), were interesting to the extent that he pointed out that henceforth it would be unnecessary for the government to come to the House of Commons for approval of increased revenues, and if we were to carry this to the extreme, it would be entirely possible for the government to index every form of taxation to one escalator clause or another—to the cost of living or something else—and thereby eliminate the fundamental need and requirement for Parliament to ever sit, because there would be no need for Parliament. The primary purpose of Parliament is to pass judgment on the taxation imposed by the government from time to time, and on the way the government expends its funds.

Mr. Munro (Esquimalt-Saanich): Annually.

Mr. Deans: Annually, I agree, and that is from time to time. You may find that hard to believe, but it is so. The difficulty is this. My experience tells me that Parliament has lost the capacity to control expenditures. Parliament is not given the opportunity to deal with the expenditure levels of government until long after the government has spent the money. Therefore, that part of the two-pronged system intended to protect the public has already been lost. I suggest to members of Parliament that we should be vitally concerned about that loss and we should be devoting some of our time to looking at ways and means of ensuring that we can once again in the House of Commons exercise some control over the expenditure levels of government. However—

Mr. Deputy Speaker: Order, please. The Chair has again been listening attentively to the hon. member. The measure before us is a tax measure with an escalation provision. The measures by which the House deals with expenditures do not appear to be relevant to this particular amendment and debate.

Mr. Deans: I appreciate your intervention, Mr. Speaker. I want to say that on the other side of the argument there is the requirement for Parliament to exercise control over the taxing measures, so what I was saying is that on the one side Parliament must have control over expenditure, and on the other side Parliament must have final say over taxing measures.

What we are being asked to do is to give the government the right to raise taxes based on a formula which in itself is based on an index system over which the House of Commons has absolutely no control. If the House of Commons has not control over expenditures, then it can hardly influence the cost of living factors involving those expenditures, and if, on the other hand, the House of Commons has no control over taxation, because the government has assumed that control for itself and no longer is required to come back to the House for approval, then the very fundamental purpose of the establishment of the House of Commons in the first place has been undermined.

The reason, therefore, that I rose, and I suspect why other members have risen, is in order to allow the government time to think through and decide whether this is a principle it would want to enshrine in the legislation of Canada. There is a considerable difference between indexing the incomes of pensioners, on the one hand, in an effort to ease the burden of

inflation as it affects those people, and, on the other hand, indexing the flow of revenue to the government itself.

I suggest to you that, without having gone through the historical records, and without having gone to all the precedents, I would wonder seriously whether legislation such as this is constitutional. I would seriously ask the question: can the government, without having come to the House of Commons for specific approval to raise taxes based on specific requirements, for all time establish an index from which it can derive additional benefit based on a tax established to meet a particular condition of a particular time? That is the fundamental question. It is a very serious legal question. The Minister of Justice (Mr. Chrétien) might well take it under advisement.

• (2130)

Mr. Rae: When he cools down.

Mr. Deans: If he is over his fit of pique of this afternoon. This matter is much more fundamental than just the price of beer. It is much more fundamental than just the price of cigarettes. It is more fundamental than just the price of gasoline or fuel. It has to do with the very essence of parliamentary democracy. That is why I say this debate must continue. It is not a matter of taking one side or the other in the debate; it is a matter of trying to guarantee to those who will come after us and who will fill both government and opposition benches in this House that they will have the opportunity to do what they are elected to do and what they are sworn to do at the time they take their seats.

Some hon. Members: Hear, hear!

Mr. Deans: I thank hon. members very much, and I will not say anything nasty. When hon. members take their seats, they are sworn to pass judgment on government proposals to levy new taxes or increase old taxes. Mr. Speaker, if you were not in the chair, I am sure you would be standing in your place arguing this very point on behalf of your constituents. I know some government backbenchers have an interest in the parliamentary system.

An hon. Member: Name one.

Mr. Deans: I am surprised that not one—at least not one I have heard—has risen to defend this principle. They will not always be in government.

Mr. MacLaren: What?

Mr. Deans: I know that will come as a hell of a shock, but hon. members opposite will not always be in government. There will come a point when the Tories will want to raise taxes or the NDP will want to raise taxes. I may not still be here; I am prepared to admit that; but nevertheless there will come that point in time, and having once put in place this mechanism of indexing, there will be no opportunity for a single member of the Liberal backbench who is sitting in opposition some day in the future to rise and object or stop it. That is what is wrong with this measure. It is equally wrong, regardless of what the levy is upon. It makes no difference. It happens that we are talking about beer, but we could be talking about almost anything else, and I think we have to look at this from an objective point of view. It may well be that some people's views are coloured because the measure before us deals with alcoholic beverages. We cannot allow that fact to interfere with this basic intrusion into the fundamental democratic process by the action of the government. We just cannot do it this way. Any government worth its salt would be prepared to come forward with legislation at the time it wants to raise a tax and put it before the House of Commons. Any government worth its salt would put before the House of Commons not only its proposal for an increase but also the reasons for the proposal. Any government worth its salt would have no hesitation in bringing such measures forward because it would be prepared to justify those measures before the public.

The hon. member for London West (Mr. Burghardt) was just recently elected. If this procedure were applied across the board to every tax measure, can the hon. member for London West imagine the effect that would have on the parliamentary process of which he worked so hard to become a part? The hon. member would no longer have any say. Surely no one in this House would want to deprive the hon. member for London West of his say.

Therefore, it seems to me each one of us has an obligation to continue to make the point as forcefully as we can. If there is a reason to raise a tax, it should be brought forward. If we believe there is some reason for altering a tax, either because of an inability to spend money wisely or because, having spent it wisely, we feel we need more, then for heaven's sake, let us have the intestinal fortitude to come forward with our taxing measures when the time is right. Let us not hide behind blanket legislation because that kind of legislation is destructive. Though that kind of legislation applies only in small measure in the bill in which it is contained, if it is allowed to be carried forward as a precedent and as a practice, it would render the House of Commons unnecessary. It would make the House of Commons even more unnecessary than it seems to be at the moment.

Some hon. Members: Hear, hear!

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I think we are embarked this evening on a fundamental debate about the rights and privileges of Parliament. In fact, I think those of us on this side of the House who have risen so far have risen basically on questions of privilege. It is my understanding, having been a student of political science for a number of years, that there is a requirement on the government to come to Parliament once a year to raise the revenues it requires. It does this with estimates. It tells us how it is going to spend the money. It is also required, through budgets, to come back every 12 months and to lay out the manner in which it proposes to raise revenues. The measure we have before us tonight is a denial of the general tradition.

Someone used the right word this evening. This measure is repugnant. It is an insult to this House and an insult to every single member in this House that we should be asked to approve this authority now for all time and for the rest of the life of this government. That is what it could very well amount to. If hon. members opposite sneak in this indexing of the tax on beer, wine and tobacco, they will say, "Boy, we outfoxed them on those items; we will get them now on the rest". Indexation of all taxation will then be with us. Inflation will also be with us to stay because it looks very much as if this government had no intention or inclination, and certainly no ability, to deal with inflation. Inflation will be with us as long as this government is here. With inflation and indexation there will be no requirement, when this principle is spread to the rest of the taxation in this country, for this Parliament to assemble. It is that principle we are fighting tonight through this amendment. We are determined that that principle shall not be incorporated in the tax law of this country.

In an earlier intervention I quoted from a letter I received from the Brewers Association of Canada. I use this just as an example. That association is protesting against the proposal to index the excise levies on alcoholic beverages. That is natural, of course, because as inflation continues, there will be increases in levies on beer, and beer is what this association is concerned about. Let me read just a portion of this letter to indicate to the House, to the country, to those in the gallery and to those who read *Hansard*, just what this will mean in the next decade if this legislation is accepted now, becomes the law of the land and remains unamended for a decade. I refer to this letter dated April 24 from the Brewers Association of Canada. At the bottom of page 3 it says that the minister has also stated he did not believe indexing would affect the stability of the industry. However, one of the effects of the indexing scheme is that it would exacerbate the sales situation existing since the excise levy increased in April of 1980.

• (2140)

In my earlier intervention I indicated that from April of 1980 until January of 1981 there has been a decrease in the sale of beer of 0.36 per cent and an increase in the sale of distilled spirits of 4.6 per cent. I am not so much concerned with that, Mr. Speaker, as I am with this illustration. I come back to the text where it says that by 1991 the price of two dozen small bottles of beer will have increased by 157 per cent.

Let us not forget that indexation is compounded. It is not just a simple application of a percentage on the same base each year, it is the application of that percentage on the incremental base each year. The letter goes on to say that by 1991 the price of two dozen small bottles of beer will have increased by 157 per cent to $23.64, while the price of a 25-ounce bottle of inexpensive gin will have increased by only 100 per cent to $16.42. That is just one instance of what indexation is going to do.

I have in front of me the consumer price index as published in April, 1981, by the bureau of statistics, as we used to call it. The provision we are considering on page 4 of the bill has to do with the portion of the consumer price index—and I am very much in order, Mr. Speaker—which deals with tobacco and alcohol. I do not quite know what percentage of the index it is, but I will give you the change in the index between April of 1980 and April of 1981 for just that portion. For tobacco and alcohol prices in April of 1980 it was 178.0 on the basis of 1971 equalling 100. In April of 1981, one year later, it was 198.9. Let us say it was 199 for ease of substraction. Therefore, the difference is 11 per cent.

Now suppose beer and tobacco cost $1. We apply the 11 per cent, and the price becomes $1.11. One year later, inflation has shown no signs of decreasing, so I suspect it would be another 11 per cent. This time the 11 per cent is applied not to $1 but to $1.11; we are compounding.

Now, Mr. Speaker, there is a mystic figure that somebody worked out. I wish I had been the one to do it but I was not. Happily I remember it. The mystic figure in compounding is 72. If you have, say, 11 per cent, you divide that into 72 and you get roughly 6.6. So what happens is that in 6.6 years prices double. That mystic figure of 72 is worth remembering. If the increase were, let us say 15 per cent, divide that into 72 and it is a little less than five. So that in 4.8 years the cost of a commodity would double if the index were increased by 15 per cent a year. Mark you, we are compounding, and this is a very staggering thought.

Now what is the total CPI during that period for all items? In April, 1980, it was 205, and one year later it was 231, a 30 point increase or about 15 per cent over that year. I am making a very rough calculation because we are working with a 200 base here. If this notion is transferred to other tax levies, we are going to see that in four and a half years at 15 per cent, the taxes will be doubled. I hope the people in the gallery realize that and I hope the people watching realize that these are the dangers we are facing tonight. We are facing a completely mute government; not one of the members of the government has risen to comment on any of these matters during the consideration of this amendment—not one of them.

Therefore, Mr. Speaker, it will be a simple matter in two or three years for the government to say: "We do not really have to call Parliament because our taxes are rolling in at a pretty good rate". Because, mark my words, Mr. Speaker, if they get this principle installed here on beer, wine and tobacco, they have their foot in the door. This minister may not know it, but his Minister of Finance (Mr. MacEachen) does and so does his Prime Minister (Mr. Trudeau). They will totally disregard Parliament. They will have all the revenue they want without bothering to call Parliament. They shake their head, Mr. Speaker. They are incredible. They have been brainwashed. They just do not believe what has been going on in this country.

An hon. Member: Puppets.

Mr. Munro (Esquimalt-Saanich): Puppets is not the word for it. That requires pulling strings. Well, I guess they pull their strings and form their mouths into smiles and their heads wiggle back and forth saying, "No, it is not going to happen."

Well, it is going to happen, it has happened and it will happen if this particular measure is accepted.

• (2150)

Therefore, I implore all hon. members of the House to look at it carefully in light of my comments and the comments of the hon. member for Hamilton Mountain (Mr. Deans). The comments were very, very pertinent—the government is attacking the very foundations of parliamentary fiscal control. It is not just expenditures, but revenue raising. If I am not mistaken, there has been more than one monarch in the world who has literally lost his head over this very matter, along with his wife. I do not know where that puts us here.

Mr. Baker (Nepean-Carleton): MacEachen is a bachelor!

Mr. Munro (Esquimalt-Saanich): Then I will refer to both the king and the prince.

Mr. Ferguson: Be careful what you say about the monarchy.

Mr. Munro (Esquimalt-Saanich): I am all for parliamentary government. The Monarch does what her ministers advise.

I caution backbenchers to think about these matters very seriously. They should not be taken in or exhibit bland acceptance of the specious arguments of their ministers in caucus and in the House. They should stand up and tell us—

Mr. Deputy Speaker: Order, please. The hon. member has done extremely well in keeping his remarks relevant to the motions up to this point.

Mr. Friesen: Not only were they relevant, they were interesting.

Mr. Deputy Speaker: I invite him to maintain the high standard with which he started his remarks.

Mr. Munro (Esquimalt-Saanich): Of course I could quote from the book entitled: "Select Documents of English Constitutional History". However, I do not think I have enough time to do it.

Mr. Deputy Speaker: Does the hon. member believe these documents are relevant to the motions before us at this point?

Mr. Munro (Esquimalt-Saanich): Yes, I do, because Parliament itself is at issue.

Mr. Deputy Speaker: With all respect to the hon. member, motions Nos. 4 and 5 are the issue before us.

Mr. Munro (Esquimalt-Saanich): That is true, Mr. Speaker. I have stood corrected before this evening by Your Honour for having been irrelevant or irreverent—I am not sure which—on a previous intervention. I would not want to transgress further.

Aside from the stupid business about which I was talking earlier concerning pounds in this direction and kilograms in the other direction, on page no. 4, a fundamental principle of government is at issue. I am afraid an unthinking majority opposite might very well be taken in by the arguments advanced by their frontbenchers, if they show up. If nothing else, we must preserve the rule of Parliament over the income and the outgo of government; it is fundamental to the parliamentary process. Our entire parliamentary tradition is built on it. If we let that slip through inadvertence, through thoughtlessness or because we are brainwashed, it would be a great loss. I am sure no one on this side of the House, even the hon. members at the far end, has been brainwashed in this particular matter.

If we allow this bill to go through, we might as well say farewell to the whole parliamentary process. I am sure Mr. Speaker would consider it to be a loss from which we would have great difficulty recovering.

Some hon. Members: Hear, hear!

Mr. Ray Skelly (Comox-Powell River): Mr. Speaker, it is with great pleasure that I contribute my modest remarks to the matter before us tonight. Personally I thank the hon. member for Carleton-Charlotte (Mr. McCain) and the hon. member for Esquimalt-Saanich (Mr. Munro) for their remarks. They were extremely important, although somewhat convoluted.

The problem before us has been addressed very effectively throughout the evening. It starts with the clause relating to alcoholic beverages and moves down to cover the question of indexing. The question of indexing, as it relates to this section and its broad, general implications, has been dealt with very effectively. There is another clause which is of great concern. I am referring to the simple phrase:

—adjusted or altered in such a manner as the governor in council may, by regulation, prescribe—

Frankly, this clause provides another example of a government ruling by regulation. We have carried this battle in the House since I have been here. Certainly I have been here only a short period of time, but repeatedly the question of the cabinet running the country by regulation and then imposing it without the benefit of the House, because of its Liberal majority, has arisen. This simple clause will provide cabinet with a further power to extend indexed taxation. It is another example of a government ruling by regulation. It is a small item, but it is one that we have opposed vigorously.

When the vote on this clause takes place, I have no doubt that the majority over there will put through this particular provision. Eventually we will wind up with another general statement which allows a great deal of discretionary power and then places that power in the government's hand in the form of regulation. We have dealt with this matter in many bills, whether it was the one my hon. friend brought forward concerning the Bank Act or other legislation. It is not an acceptable procedure in this clause; it is a portrait of arrogance. Literally the government does not know how to compromise or work co-operatively within the parliamentary framework.

We might be dealing strictly with a clause on alcoholic beverages such as beer, wine and spirits, but really what we are talking about, in a rather frank and direct form, is regressive taxation. This is the favourite of the government. Rather than trying to raise funds or revenue in an equitable and fair manner and basically dealing with a progressive taxation system, over the years the government has loaded the burden of taxation on those who can least afford to pay. There is no doubt about the track record of the government. It has displayed a continual moving away from a progressive and fair system of taxation where the raising of government revenue moves out of the corporate sector and into the personal sector. Then in the personal sector it moves down the income scale. Essentially, the rich get richer and the poor face more taxes. Now they are facing an indexed regressive taxation. It is amazing—rule by regulation, continued arrogance, lack of co-operation, and now more and more regressive tax where the burden is loaded on those who can least afford it.

May I call it ten o'clock?

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

DEPARTMENT OF EMPLOYMENT AND IMMIGRATION
(A) PROMOTION OF OFFICERS SERVING AT AIRPORTS
(B) DIFFERENCE IN TREATMENT OF SENIOR OFFICERS

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, recently the Minister of Employment and Immigration (Mr. Axworthy) introduced a new policy on the basis of a so-called study by which he promoted immigration officers at four international airports from the PM-1 level to the PM-2 level. Those officers now working at Vancouver International Airport, Calgary, Dorval or, of all places, at Mirabel, are automatically working at the PM-2 level without ever having competed for a PM-2 level job.

As a result of a question I asked the minister, I found out that he is still not aware of the whole range of discrimination he has brought about by this change in policy. I questioned the minister in committee about the range of discrimination which he has introduced.

I would like to enumerate a few of the situations which have been brought about by this new policy. New casual employees, that is, those employees who come on staff as summer workers at these airports, immediately begin work at the PM-2 level, while senior officers working at inland ports remain at the PM-1 level just because they happen to be at inland ports. Part-time workers are started at the PM-2 level while full-time, experienced officers remain at the PM-1 level.

As a result of this policy, it is impossible to make a lateral transfer from an inland port to one of the airports I have mentioned, since transferring from a PM-1 to a PM-2 position would be involved, and the minister told me himself that one would have to compete for that kind of promotion. New recruits who come out of training programs and on to the staff at these airports as full-time employees in the immigration service are immediately senior to the seasoned employees who work at inland ports. The minister says that is all right since one has to compete for these positions. As the minister has said, one must compete for PM-2 positions unless you work at one of these aforementioned airports. Presumably, he is saying that geography is now more important than skill, experience or competition, as long as you are geographically located in the right place and you happen to choose an international airport when you go into the service, rather than an inland port. An officer at an inland port must be a specialist in many kinds of immigration problems, as a PM-1 officer. Meanwhile, the PM-2 officer at one of the airports I have mentioned specializes in only one or two areas, but he becomes a senior officer and automatically receives a higher level of pay.

When it comes to student visas, the PM-2 officer at the airport must only stamp the student's visa, which only takes a few minutes. This is because students who come into the country by way of airplane have had their visas processed by officers in a foreign immigration office who do all the work for the PM-2 officers at the airport. Meanwhile, the PM-1 officer at the inland port must do all the work to introduce a student into the country. He must handle all spontaneous applications for landing a new immigrant, those who come up to the border crossing and say that they have relatives whom they are bringing into the country or that he or she has married an alien and wishes to bring that person into the country. The PM-1 officer must do all the paperwork involved in this type of situation, which is about a four-hour job. The PM-2 officer, the senior officer, even though he is junior to the PM-1 officer at the inland port, gets only a few of these cases, thus avoiding all the paperwork. The skills activity evaluation that the so-called study group did gave this four-hour job four points on the activity scale.

• (2205)

In April, officials rewrote the job descriptions of the officers at Vancouver International Airport, making them counsellors. The same month they wrote a letter saying that these officers will not be doing any counselling because they happened to be PM-2 officers.

In his answer to me as reported in *Hansard* at page 10012, the minister said that these evaluations "were achieved in very close co-operation with the workers themselves." Mr. Speaker, I suspect the shadows of the evaluators passed by some of these employees, because they never saw them. It is strange that the border passing point at Douglas dropped from number four in activity to number 14 on this new scale of evaluation. How it got ten points below that mausoleum known as Mirabel is beyond me. Douglas, and Pacific Highway processed a total of 258,497 secondary examinations in one year. These officers

are PM-1s. I have three questions to pose to the parliamentary secretary tonight, Mr. Speaker.

First, will a PM-2 be transferred from the Vancouver International Airport to an inland centre as a PM-2?

Second, will or can a PM-1 be transferred to be reclassified to a PM-2 position, and what will happen? Does the officer remain a PM-1?

Third, in order for an inland border PM-1 to transfer into a PM-2 office position, must he compete for a position that was granted to a possibly junior employee and, furthermore, be insulted in the process?

[*Translation*]

Mr. Dennis Dawson (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, I appreciate the question put by the hon. member, especially since last week, when the Committee on Labour, Manpower and Immigration scrutinized the estimates of the Department of Employment and Immigration, the minister had an opportunity to reply to the hon. member. Understandably, to the hon. member this matter is of tremendous importance, especially since it involves his constituency. But he must also understand that the decision to classify positions at five large Canadian airports, namely Dorval, Mirabel—to which the hon. member referred—Toronto, Calgary and Vancouver, all major ports of entry into Canada, is based on a comparison of examiner workloads involving specific criteria, according to a formula under which are measured the work diversity, complexity and hazards inherent to errors at each point of entry into Canada. As explained by the minister, the formula was developed in total objectivity and with the full co-operation of labour leaders. It is normal in my view that within a department such as ours, studies be undertaken, in co-operation with public servants concerned, in order to determine whether it is possible to arrive at objective criteria to avoid discrimination between the major and problem ports of entry across Canada.

Clearly, when Mirabel is compared to certain border points of entry into Canada, it is realized that conditions there are much more complex. There is no question there of immigrants or visitors from the United States, but complex cases from abroad. The Treasury Board has approved the formula, which meets current criteria in the classification standards for groups PM, PM-1, PM-2 and PM-3, as well as classification principles in force in the Public Service. A review of conditions in all points of entry will be made in April 1982, two years after the implementation of the new formula. Certainly, the Department will consider representations such as those made by the hon. member. The situation is very well understood, and everything will be done to ensure that there is no discrimination against people, whether from his constituency, from an airport, or from a port of entry into Canada where problems may be somewhat easier to solve.

NATIONAL CAPITAL—DELAY RESPECTING RIDEAU CENTRE DEVELOPMENT PROJECT

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, on March 5, I directed a question to the Minister of Public Works (Mr. Cosgrove) concerning the long awaited and much needed Rideau Centre development in my riding. My question had been prompted by press reports to the effect that the Rideau Centre development had been put off once more because of legal and administrative problems. The Rideau Centre has been the subject of several interventions in the House by myself of course, as this is my riding. I must say that this development has received the almost unanimous support of hon. members from both sides of the House, Liberal as well as Progressive Conservative, in the national capital area, at least on the Ontario side.

Hon. members have often heard me deal with this subject over the past eight or nine years. The least people can say about the Rideau Centre is that it remains an audacious, original and extremely complex project which seeks to revive an important part of the very core of our national capital. The idea to develop federal lands, in co-operation with the private sector, has progressed considerably over the past eight or nine years. The Rideau Centre project was introduced at the initiative of the National Capital Commission and approved by cabinet in July 1973. Therefore, it is nothing new. Over the years, all levels of government have been consulted and involved, and have co-operated with citizens' groups and representatives of the industry in the study and preparation of the general plans for the development of the Rideau Centre. There was no lack of publicity about the project, especially when they had to cope with difficult problems and it appeared to be in danger. Indeed that is what prompted me to ask the minister the question on March 5, because certain media were saying that the project was again in the throes of death. The problems have been numerous. All groups at all levels had to be conciliatory. There were intensive consultations on the ways and means to carry out this very important project the purpose of which is to revitalize a very fashionable neighbourhood of Ottawa which is in my riding of Ottawa-Vanier.

• (2210)

[*English*]

In fact, the aim of all those who support the Rideau Centre project is to reverse the North American trend of letting city cores decay or even die. Everyone involved in this project has worked toward a general design, making the downtown area stimulating and prosperous. For this to happen, it must be a people's place, a place people can call home, living and working here in peace and security. The city core as an attractive and vibrant spot should be a magnet for visitors.

Statistics published in 1971 convinced the federal government it had a duty to help transform downtown Ottawa. In 1961, the central business area of Ottawa accounted for 65 per cent of total department stores sales in the national capital

region. Ten years later, this figure had shrunk to 31 per cent, and by 1976 the latest statistics we have, the figure was 22 per cent. This decline in spite of increasing revenues, salaries and population in the region demonstrated to us, at least, that downtown Ottawa was dying.

During times of economic difficulties as we are experiencing at present, it is not easy to mount a scheme costing hundreds of millions of dollars and create several thousands jobs. The Rideau Centre itself will create 2,000 or 3,000 jobs on site and off the site. It will stimulate the economy of Ottawa and the region. As well, it will provide an attractive, stable and yet lively milieu.

In a way, the Rideau Centre began with the renovation of the historical section, Sussex Drive and the Byward market. In this zone, new shops and apartments are already occupied. Restored old buildings have been put to modern use, several restaurants and boutiques are prospering, and I am convinced that the Rideau Centre will bring new economic and social life to the district. The Rideau Centre project offers possibilities for employment diversification. For example, it will create further employment opportunities in the tourist industry. The construction of a congress centre will attract various groups and associations throughout North America and hopefully Europe, for meetings and conventions here in Ottawa. Tourism provides spin-offs in many areas, other than those directly related to hotels, restaurants and transportation. Retail and wholesale trade and other commercial and business services benefit from tourism.

I anticipate something constructive happening with this project. I want to thank all members who have assisted and supported this project, but special mention must be made of the hon. member for Nepean-Carleton (Mr. Baker) for his constant support. I think he joins with many of us in hoping that this project will come to a successful conclusion and that it will alleviate the economic and other difficulties we have in the national capital at this time.

● (2215)

[*Translation*]

Mr. Speaker, I think I ought to point out that, from an economic standpoint, the construction of the Rideau Centre will create several thousand permanent jobs. The Centre will bring in several million dollars annually in taxes and property taxes at all levels of government. It is a challenging project, but not easy to carry out. I know that the Minister of Public Works and all his colleagues who held that portfolio before him have worked very hard to see this project through. I also know that for over a year now legal complexities have often jeopardized the success of this project and I was told that the minister has worked unremittingly in attempting to find a satisfactory solution. Therefore I would like to hear the minister bring us up to date on the situation of the project and perhaps pass along encouraging and interesting news.

[*English*]

Hon. Paul J. Cosgrove (Minister of Public Works): Mr. Speaker, it gives me great pleasure to reply to the hon. member for Ottawa-Vanier (Mr. Gauthier) that after seven years of hard planning and negotiations, the signing of the documents will take place tomorrow, thus permitting the Rideau Centre project to proceed.

As the hon. member for Ottawa-Vanier has said, the centre is a large real estate complex to be developed largely on Crown lands. This 14-acre site within view of Parliament will become the nucleus of a much larger plan involving major improvements to municipal infrastructure services, vehicular, public transit and pedestrian systems, not to mention several private sector commercial developments in the Rideau area. In this instance the Crown has sold its lands to the private sector and has retained certain air rights over the project. The Crown has the right to repurchase its lands with all of the buildings for $1 in 52 years.

Our objective was to revitalize the eastern core of the nation's capital, to create permanent employment and to work for the construction industry in addition to promoting the use of idle federal lands. In addition to the hotel complex described by the member and in addition to the 650,000 square feet of retail space, which includes the Eaton department store and the Congress Centre, there will be 1,500 parking spaces, a transit mall and pedestrian walkways.

The project will create approximately 2,000 person-years of construction work on the federal lands between 1981 and 1983 and another 1,000 person-years work for the construction industry in general for this region as a spin-off in the support industry. This project will create permanent employment for approximately 1,500 people.

The federal participation is $19 million from public works and $11 milion from the National Capital Commission. The private sector and other levels of government will contribute over $173 million to the project.

I would like to acknowledge the very significant role of the chairman of the National Capital Commission, the Hon. Bud Drury, former minister of public works, in the project and the support of the Minister of Transport (Mr. Pepin) and the hon. member who has asked the question. As well, credit is due my officials in the Public Works and other ministries who have demonstrated resourcefulness in bringing this project to fruition.

In summary, the Rideau Centre will be an attraction and a boon, not only for the residents of the national capital region but for all residents of Canada and abroad who visit our national capital. Most important, construction begins on Monday.

Some hon. Members: Hear, hear!

Adjournment Debate

EMPLOYMENT
(A) TRAINING AGREEMENTS WITH INDUSTRIAL ASSOCIATIONS
(B) NEED FOR CO-OPERATION WITH LABOUR UNIONS

Mr. David Orlikow (Winnipeg North): Mr. Speaker, in the early part of May, the Minister of Employment and Immigration (Mr. Axworthy) announced agreement with the coal mining, shipbuilding and aerospace industries for co-operative programs to train skilled workers in order to meet the shortages in those industries. The press briefings which were provided with the announcement said that these are "endeavours by industry, labour and government" to meet the needs of the industry for skilled workers. My question arises from the fact that I was unable to find, when the announcements were made, that there had in fact been any consultation or discussion with the unions representing the workers concerned. All of these industries are industries in which virtually all the production employees are organized and belong to unions. The government has repeatedly indicated it wants the co-operation of business and labour.

● (2220)

We have had intensive studies by joint government, industry and labour committees of a series of individual important industries in Canada. We have had a major study done by labour and management committees into the needs to meet the financial and human needs for the megaprojects we expect to see in the next two generations.

Yet when it comes down to the actual planning, the department by design or by omission completely ignored the unions which represent the workers now in the industry.

Let me quote for a moment a couple of clauses from the agreement with the coal association. I quote as follows from the general agreement:

> That employment and career opportunities created will be made available, firstly, to employees of the respective member companies in which the opportunities are created, and secondly, to Canadian citizens or other permanent residents;

If you are going to make opportunities available for skills or upgrading of employees now working in the companies which are organized by unions, this cannot be done without consultation with the unions which represent the workers. I say that not to have brought the unions in right from the beginning was an error of major proportions.

There is a clause which states:

> That Affirmative Action/Special Measures will actively be promoted among participating member companies, whenever possible.

Again, that certainly cannot work in a friendly co-operative spirit without the co-operation of the unions. That was not done and to my knowledge it has not been done until now.

I asked the minister a second question having to do with an earlier announcement last January that there would be a $350 million industrial training program for hard-hit areas which included Windsor, Sept-Isles and Sydney, Nova Scotia. Again, when that program was announced, in checking with unions I found they had not been consulted. That was last January. When I raised the question on May 20 I was told by the minister that whatever had happened in the past, the community committee in Windsor where the auto workers are so vitally involved was working.

Just in the last day or so I spoke with the representative of the auto workers' union in Windsor, and I can tell the parliamentary secretary to the minister that he is completely dissatisfied with the role which the union is being permitted to fill. Today I received a report from a senior member of the steelworkers' union of the national office in connection with the two other cities involved in that industrial adjustment program. He reported that in Sept-Isles there was some talk about a committee being set up and a chairman appointed, that there might be involvement with the union but that so far there has been no action. In Sydney, he says, there is no news. Some initial announcement was made, but there was no real follow-up, and the little information they received was considered "a bunch of junk".

● (2225)

I say that this program is doomed to failure unless the government is seriously committed to doing what it has always said, and that is to encourage and to require the full co-operation of unions, not after the plans are made and not after the contracts are signed, sealed and delivered, but right from the beginning when the idea is conceived and when the government department begins to consult with the industry. Just at the same time the government must begin to consult with the union. Otherwise the programs are doomed to failure.

Mr. Dennis Dawson (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, I hope you understand that we are in complete disagreement with the hon. member because, as Your Honour knows, and as has been stated in the House by the minister, officials of the labour organizations were immediately contacted concerning—I will start with the second case—the cases to which the hon. member referred regarding Sydney, Sept-Iles and Windsor. The officials were contacted right after the March 16 announcement designating Port-Cartier-Sept-Iles, Tracey-Sorel, Sydney and Windsor for special adjustment assistance.

More specifically, for the community of Port-Cartier-Sept-Îles—

[*Translation*]

With respect to Port-Cartier and Sept-Îles, Mr. Speaker, I can assure you that the Canadian Paperworkers International Union, local 1125, the Fédération des travailleurs du Québec, local 8399 and the United Steelworkers of America were all consulted on their involvement in the community adjustment aid committee for Port-Cartier and Sept-Îles.

[*English*]

In Sydney, Nova Scotia, the Cape Breton Labour Council and the United Steelworkers of America were contacted concerning their participation on a community adjustment committee for that community. The Confédération des Syndicats Nationaux, La Fédération de Travailleurs de Québec and United Steelworkers of America were contacted in relation to their participation in the projects for Tracey-Sorel.

In Windsor, consultations were with the Windsor and District Labour Council, the Canadian Council of United Auto Workers and the Essex and Kent County Building and Construction Trades Council, which are members of the community adjustment committee for that community.

[*Translation*]

Mr. Speaker, the minister said to this House on May 20, 1981, in answer to a question from the hon. member for Winnipeg-North (Mr. Orlikow) that the conclusion of agreements with the aeronautical industry and the coal mining and other mining companies regarding manpower planning is one of the most important initiatives ever taken by this government for efficient human resources planning in order to fullfil the need for skilled manpower in some industrial sectors.

Both management and labour unions, contrary to what the hon. member said, actively participated in the negotiation process through the two members of the Employment and Immigration Commission, one acting on behalf of the unions, the other on behalf of industry.

I should like to point out, however, that manpower planning is usually the responsibility of management, and that those agreements are intended solely to serve as a general framework within which government and industry can co-operate. The provisions for training are meant to give the companies involved information on the training programs offered by the commission. Specific manpower planning and training programs will be implemented by each company and in every case, as in the past, Mr. Speaker, both unions and employers will be consulted. I believe this refutes easily the allegations of the hon. member. I am sure those programs will be implemented without delay: we can then find out whether or not the communities involved were consulted.

[*English*]

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

At 10.30 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, June 5, 1981

The House met at 11 a.m.

● (1105)

ROUTINE PROCEEDINGS

[*English*]

PENSIONS

FINANCIAL HELP TO MEET ENERGY PRICE INCREASES—MOTION UNDER S.O. 43

Mr. Jim Hawkes (Calgary West): Madam Speaker, I rise under the provisions of Standing Order 43. In view of the fact that senior citizens and other pensioners are the hardest hit by the dishonest campaign promises of the Liberal government and its 12 oil price increases in 15 months, I move, seconded by the hon. member for Winnipeg-Assiniboine (Mr. McKenzie):

That this House provide pensioners with financial help that will protect them from all the Liberal tax increases that exceed 18 cents a gallon for gasoline and home heating fuel; reimbursement of 40 cents a gallon today but probably $4 tomorrow.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN UNIVERSITY SERVICE OVERSEAS

TWENTIETH ANNIVERSARY—MOTION UNDER S.O. 43

Mr. Walter McLean (Waterloo): Madam Speaker, on June 6, 1961, representatives of 21 Canadian universities and 22 non-profit organizations and churches met to found CUSO. Since then 8,000 Canadians, of all ages, have worked in developing countries, passing on skills and gaining insight from their years abroad. Today 611 volunteers serve in Africa, Asia, Latin American, the Caribbean and South Pacific. On this twentieth anniversary occasion, I move, seconded by the hon. members for Notre-Dame-de-Grâce-Lachine East (Mr. Allmand) and Saskatoon East (Mr. Ogle):

That this House recognizes that CUSO represents a high profile and important Canadian presence overseas, and that this House encourages Canadians to continue their financial and moral support for this important instrument for peace and international understanding.

Madam Speaker: I am sure the House will want to express those sentiments by its applause.

Some hon. Members: Hear, hear!

* * *

ENVIRONMENTAL AFFAIRS

LOCATION OF NUCLEAR CONTAMINATED SOIL NEAR BANCROFT, ONT.—MOTION UNDER S.O. 43

Mr. Bill Vankoughnet (Hastings-Frontenac-Lennox and Addington): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas Madawaska Mines has withdrawn its consent to locate radioactive soil from Scarborough on its property in Faraday township near Bancroft, and whereas this decision was recently telexed to the Minister of Energy, Mines and Resources (Mr. Lalonde), the Minister of Public Works (Mr. Cosgrove) and the Atomic Energy Control Board, and whereas there is substantial local opposition from governments and citizens to this proposed relocation, I move, seconded by the hon. member for Bruce-Grey (Mr. Gurbin):

That the Government of Canada direct the Atomic Energy Control Board to withdraw its plans to locate the contaminated soil at the Madawaska mines site near Bancroft, and further direct the AECB to conduct full and complete consultations with all elected representatives and citizens to ensure that the best interests of the residents concerned are fully considered so that matters dealing with industrial waste relocation will be taken into account in the future.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

FUNDS FOR FARM CREDIT CORPORATION—MOTION UNDER S.O. 43

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, I rise on a matter of pressing and urgent necessity. Given that the two opposition day debates this week have been on the crisis in Canadian agriculture, given that yesterday the Minister of Agriculture (Mr. Whelan) was urged by 700 farmers in Toronto to drop high interest rate policies which are bankrupting Canadian agriculture, and given that next week there will be a cattle producer strike in Saskatchewan because of a specific lack of government action on grain embargo compen-

sation and herd program maintenance, I move, seconded by the hon. member for Saskatoon East (Mr. Ogle):

That this House immediately and unanimously urge the government to make $200 million available to the Farm Credit Corporation for a program of short, medium and long-term loans which would also include funds for operating costs to help meet this crisis on Canadian farms.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1110)

ROYAL CANADIAN MOUNTED POLICE

RETROACTIVITY OF PAY SETTLEMENT—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas the RCMP were promised pay increases commensurate with their duties and responsibilities, and that they would be effective January 1, 1981, and are sorely disappointed with the amount of the increases announced and the effective date of April 1; and whereas it is essential that the RCMP be properly compensated for their work in order to cope with the heavy security needs of this country, I move, seconded by the hon. member for Nepean-Carleton (Mr. Baker):

That this House urges the cabinet to review the decision by the Treasury Board, with the objective of providing more reasonable increases and making the effective date of same January 1, 1981.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

AIRPORTS

MIRABEL—REQUEST THAT EXPROPRIATED LAND BE RESOLD—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt Saanich): Madam Speaker, under Standing Order 43 I seek the unanimous consent of this House to introduce a motion on an urgent matter.

Twelve years ago thousands of acres of land were indiscriminately expropriated to allow for the construction of Mirabel airport. In view of the fact that admittedly too much land was expropriated, I move, seconded by the hon. member for Edmonton Strathcona (Mr. Kilgour):

That the House urge the minister in charge to speed up the land resale process in order to make amends to those people who occupied and still occupy that land.

Madam Speaker: The House has heard the terms of the motion put by the hon. member. Under Standing Order 43, such a motion requires the unanimous consent of this House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

BANKS AND BANKING

PROFITS OF CHARTERED BANKS—MOTION UNDER S.O. 43

Mr. Bob Ogle (Saskatoon East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that this House notes that the chartered banks' profits for the second quarter of 1981 were only 49 per cent higher than the second quarter of 1980, and that this 49 per cent increase was slightly lower than their profits for the first quarter of 1981, I move, seconded by the hon. member for Prince Albert (Mr. Hovdebo):

That this House express its deep sympathy to the banks in their moment of deep suffering, and pass the hat on the way out of this session to help tide them through the third quarter.

Madam Speaker: The hon. member for Winnipeg Assiniboine.

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AIR SAFETY

APPOINTEE TO DUBIN REPORT ADVISORY BOARD—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I rise under the provisions of Standing Order 43. There is overwhelming opposition to the appointment of Walter McLeish to the advisory board on the Dubin report. All air industry associations and their respective unions have opposed this move. In fact the president of the Canadian Air Traffic Control Association has publicly stated in the transport committee, and I quote:

I had a very unpleasant experience with Mr. McLeish in October of last year, and until such time as that is resolved, I feel I can no longer accept Mr. McLeish's word on anything.

I move, seconded by the hon. member for Dartmouth-Halifax East (Mr. Forrestall):

That this House instruct the Minister of Transport to remove Mr. McLeish from his position so that the advisory board on the Dubin report can function without prejudice and without conflict of interest.

Madam Speaker: Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NUCLEAR ENERGY

REVIEW OF INDUSTRY—MOTION UNDER S.O. 43

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, I rise under the provisions of Standing Order 43. In light of the recently revealed review of Canada's nuclear establishment by the government, and since this document reveals the options being considered by the Liberal party in determining Canada's nuclear future, I move, seconded by the hon. member for Cambridge (Mr. Speyer):

That the Minister of Energy, Mines and Resources release all documents related to this review and establish a full public inquiry to examine this issue in the open and comprehensive manner it requires.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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TRADE MARKS AND PATENTS

INTERNATIONAL PROTECTION FOR TELIDON—MOTION UNDER S.O. 43

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, I too rise under the provisions of Standing Order 43. In view of the fact that millions of tax dollars have been spent on the development of Telidon, and because of a Department of Communications goof Canada now has no protection against the name Telidon, let alone its technology, being borrowed by Japanese, French or U.S. manufacturers, I therefore move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

• (1115)

That because foreign countries are the most probable beneficiaries of Canadian research and development in two-way television, all expenditure estimates for Telidon be removed from the Department of Communications, transferred to the Department of External Affairs, and classified under a new category to be called "foreign aid for overdeveloped countries".

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

Madam Speaker: The hon. member for Cambridge.

Mr. Chris Speyer (Cambridge): Madam Speaker, in the absence of the Minister of Justice and the Prime Minister, both of whom we understood were to be here today, the hon. member for York-Peel and I will defer until their arrival later in the Question Period.

* * *

ROYAL CANADIAN MOUNTED POLICE

OUTCOME OF SALARY NEGOTIATIONS

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I would like to direct a question to the Solicitor General. It has to do with the scandalous treatment by the Treasury Board and the government of the salary question with respect to the Royal Canadian Mounted Police.

Yesterday the minister said that the RCMP has never failed to serve the Canadian people. Given that statement, with which the House is in general agreement, does the minister not feel it is important that the RCMP be treated appropriately with respect to salaries? Given the assumption, which was in the hearts and minds even of the negotiators for the government with respect to salaries, that the increase would be effective from January 1, 1981, what does the Solicitor General intend to do to right the scandalous settlement with this group, which the minister has described as one which has never failed to serve the Canadian people?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I do not accept the characterization of this pay increase as scandalous. It is a pay increase of 12.2 per cent plus certain other benefits, such as the achievement of full pay after 36 months for new recruits instead of after 48 months, and such as double time instead of time and a half for overtime service by members of the force on days of rest. A number of components are welcomed by the force.

The increase does not go back to January 1, and I am having discussions with the Treasury Board on that aspect of the package. However, to characterize the increase as small is totally unfair to the Treasury Board because, if we look at other pay increases the Treasury Board has accorded in the last several months, we find that this is right in line. If we compare how the police are doing with how the average Canadian is doing—and I do not think that is an invalid comparison—members of the police profession have been moving ahead, and are continuing to move ahead.

As I say, we are looking again at the three-month period, at exactly what did happen and at what undertakings were given in the past. I think members of the force themselves would have to acknowledge the facts I have indicated respecting this pay increase in relation to other pay increases. It is not bad. No one gets everything he wants from his employer, or from

the Treasury Board when it is a public service matter, but if we look at this in relation to what is being done, it cannot be rejected as being scandalous.

REVIEW OF TREASURY BOARD DECISION

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, the minister must be aware that there was an expectation—and he has almost acknowledged that there was an expectation—during the period of negotiations that the period under the new schedule would begin on January 1, 1981. What has happened is that there is a 12 per cent increase for a 15-month period rather than a 12 per cent increase for a 12-month period, which in effect is a reduction of what was negotiated and what was expected.

Will the minister give an undertaking to the House that he will use the procedures which are open to him, the cabinet and the Treasury Board, to effect a review of that decision by the Treasury Board, so that what is regarded generally in the force as a slap in the face, despite what the Solicitor General said, will be rectified and the matter will be put right, and so that the minister and the government will be able to live up to what the minister himself said when he characterized the Royal Canadian Mounted Police as a group which has never failed to serve the Canadian people? If that is the case, and if that is the view of the government, then the RCMP ought to be treated as such. I ask for that undertaking from the Solicitor General.

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I am happy to give that undertaking because, as I indicated in my first answer, that is in fact going on. However, I want to point out to the House that the Treasury Board looks at this as money. This is taxpayers' money, and if this pay increase is to go back for three additional months, from the point of view of Treasury Board and within their terms of reference, it will affect the amount of the increase in percentage terms. If the hon. member understands that, then he understands the basis on which this review is taking place.

● (1120)

DATE OF IMPLEMENTATION

Hon. Walter Baker (Nepean-Carleton): The hon. member understands quite well the basis of the review. The Solicitor General has undertaken to see if there will be a review, but the approach he has taken indicates there will be really no review at all, that they are just going to play around with the dates.

My question to the Solicitor General is simply this: will he ensure that in the course of that review there will be put to the Treasury Board, the undertaking that the salary negotiations would date back to January 1, which everyone understood and took for granted? Will that in fact take place, because that is not what the Solicitor General talked about just a few minutes ago?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I repeat that we are looking again at that three-month period. However, if that three-month period is treated as the hon. member suggests, it is a great deal more money, and the Treasury Board looks at money from the point of view of the taxpayers and also from the point of view of other settlements it is making.

We want to be fair to the RCMP, but we want to be fair in relation to all of the other pays set by the Treasury Board, and to the burden on the taxpayers. These are all considerations before us.

The RCMP have a point about making their year a calendar one, but if it is, they will be just about the only one out of 370 pays set by Treasury Board that operate on the calendar year instead of the fiscal year, which is the normal operating period of the government. These considerations are all there, but basically we are talking about taxpayers' money—

Mr. Baker (Nepean-Carleton): And fairness.

Mr. Kaplan: —and I would remind the House that police officers, the RCMP in particular, have been doing better than the average Canadian over the last 15 years, for example, and that is also a consideration.

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CORPORATE AFFAIRS

POSITION OF CANADIAN URANIUM COMPANIES

Mr. Chris Speyer (Cambridge): Madam Speaker, my question is directed to the Minister of Justice, who will know that with respect to the uranium cartel certain inquiries were made by the Moss subcommittee in the United States, during which a Gulf memorandum was filed as an exhibit in which the scheme of the cartel was outlined. The memorandum stated in part that:

> —an opinion will be rendered by the Minister of Justice of Canada which will prevent any action being taken under Canada law against participants in the agreement—

meaning the cartel:

> —at least as long as the present government is in power.

Will the minister confirm that there were promises made to Canadian members of the cartel that there would be no prosecution under Canadian law and, in the absence of making public the Bertrand report with respect to the inquiry, how can Canadians be assured that justice will appear to be done as well as actually being done?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I am not aware of any such promises made to anybody. I have received a report from the director of combines investigation and I am studying it at this time. If there is enough evidence to prosecute, I will face my responsibility as Attorney General of Canada and initiate prosecution. I have done it in the case of the newspapers a few weeks ago and there was—

Some hon. Members: Oh, oh!

Mr. Chrétien: No, it is my duty to look at the nature of the report and see if there is cause to prosecute companies or individuals, and to proceed if I am satisfied as Attorney General of Canada that there is sufficient evidence to warrant prosecution. I just said that I have done it in the case of the newspapers a few weeks ago, and I am studying this one. It is a very voluminous piece of work involving 75,000 documents; there is the evidence to look into, and the report which I am studying at this time, and in due course as Attorney General of Canada I will face my responsibilities.

PUBLICATION OF REPORT

Mr. Chris Speyer (Cambridge): Madam Speaker, my supplementary question is for the Attorney General. In the event that no charges are laid with respect to the uranium cartel on the basis of the report, is there any law which would prevent the Government of Canada from making public the details of this sort of mess?

● (1125)

[*Translation*]

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, when the Attorney General of Canada receives a report from the Director of Investigation and Research, he must, after due consideration, decide whether or not to prosecute. If he does, then the report is naturally made public before the courts. If, on the other hand, he decides not to prosecute, then the report stays as is. The Director of Investigation and Research can comment on the Attorney General's action in his annual report or he can pursue the investigation if he wants to. However, the report I have received remains a privileged document between the director and the Attorney General, pursuant to the Combines Investigation Act. I know of no other precedent where a report was made public other than through a court proceeding and never was a report made public when the Attorney General ruled against prosecuting the companies or the individuals involved.

* * *

[*English*]

THE ECONOMY

MEASURES TO MAINTAIN EMPLOYMENT

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, my question is directed to the Deputy Prime Minister and Minister of Finance. The figures released today by Statistics Canada show that unemployment hits hardest those who are, in a sense, in the front line of the government's interest rate policies, such as construction workers, where employment is down by 6,000, and agriculture, where employment is down by 2,000, to name just two industries.

Will the minister not now repudiate the view of Governor Bouey of the Bank of Canada that labour markets are tight? Will he not now take measures which will change the policy before interest rates start eating away further at employment?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I draw to the attention of the hon. member that although seasonally adjusted unemployment is up slightly from last month, which was the best employment record in five years, there is another figure which he or his party draws to our attention occasionally, namely, the actual count of unemployment. The number of unemployed decreased from April to May by 32,000.

These are important facts the hon. member ought to bear in mind, plus the fact that in the last year the number of jobs created in Canada has been the best of any industrialized country in the world. It seems to me that these facts do not encourage anyone to take the action which the hon. member recommends.

Mr. McGrath: Tell that to the million unemployed.

STATISTICS OF UNEMPLOYED

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, in the "Allan in Wonderland" world in which the minister inevitably lives, he has managed not only to readjust the employment rate seasonally, but in the case of the construction industry, he has managed to adjust the seasons. We are now heading into the winter downturn of the construction industry, which is quite an achievement for the minister.

The minister asked us to look at the real figures. One spokesman for Statistics Canada was quoted this week as saying that if an interviewee were asked the question whether or not he or she had worked during the week, and that person had worked for one hour during the week, the person would be classified as employed for the purposes of the statistics.

Does the minister not think it is time that the Statistics Canada survey indicates what are the real levels of employment, underemployment, and enforced idleness in the economy? We know that in addition to the over 800,000 people who are listed in the figures, there are another approximate 500,000 who have been either laid off or lost jobs and are discouraged from seeking further work. If the minister wants to talk about the real figures, does he not think a more realistic figure, or one that could be provided in the Statistics Canada survey itself, would be 1.35 million unemployed, rather than the 845,000 unemployed figure which the government released today?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I do not agree at all with the private statistical service which the NDP usually provides to us, when economic indicators are rather strong, in order to distort the economic picture in Canada.

Mr. Rae: Madam Speaker, if reliance on Statistics Canada is a private survey, then it is something in which the minister himself engages more than once a day.

● (1130)

BANKS AND BANKING

INCREASE IN PROFITS OF CHARTERED BANKS—INCREASED CHARGES TO FARMERS AND SMALL BUSINESSMEN

Mr. Bob Rae (Broadview-Greenwood): In light of the fact that the profit figures for the chartered banks today indicated a substantial increase, up 49 per cent—an increase which follows a 27 per cent rise for all chartered banks for the period between 1979-80—and since tax rates for the chartered banks are still at 20 per cent, will the minister now reconsider his government's rejection of a policy which would require the chartered banks to set aside a fixed portion of their financial portfolios for mortgage loans, loans to farmers and small businessmen, at rates which bear some relation to their costs, and the borrowers' ability to pay, so that we can stop this policy of driving people to the wall and forcing idleness and real hardship on the Canadian people?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I may have misunderstood the member's first question. I thought he drew upon Statistics Canada and its information to demonstrate certain employment trends in the construction industry. Then in his next question he said that we should disregard Statistics Canada—

Mr. Rae: That is not what I said.

Mr. MacEachen: —upon which he relied in his earlier question, because it is not reliable.

Mr. Rae: That is just misleading.

Mr. MacEachen: Maybe the hon. member would clarify his own thinking before he puts questions to me on the orders of the day.

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CORPORATE AFFAIRS

INVESTIGATION OF URANIUM INDUSTRY—ACCESS TO CABINET DOCUMENTS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is for the Minister of Consumer and Corporate Affairs. It touches upon the question I raised with the Prime Minister yesterday, to the effect that if the Prime Minister, and now the minister, could assure the House that all information, including all cabinet documents, such as minutes and memoranda, were shown to the director of investigation under the Combines Act and, if they were not, why were they not. I ask this question because it was rather startling to hear the Prime Minister say yesterday that he did not know of any documentation not having been shown to the director, since it is our understanding that it was the Prime Minister who carefully stashed these documents away so that the director could not see them.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, I regret having to tell the hon. member that the Minister of Consumer and Corporate Affairs does not get involved in the investigations conducted by the director of combines investigation. It would be improper for the minister to interfere in the work of the director. Therefore, I cannot answer that question. I have no information whatsoever on the documents which the director may or may not have studied. The mandate of the director is to make his investigation and I take it for granted that he did a good job.

[*English*]

LAYING OF CHARGES

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is again for the Minister of Consumer and Corporate Affairs. In light of the fact that the report, which we understood was to be made public, has now been referred to the Minister of Justice, with no guarantee that it will ever be made public, and in view of the fact that the Prime Minister stated that "In so far as any other illegalities having been entered into by anybody, producers or for that matter the government, we hope it will come out in the investigation by the combines investigation office"—would the minister indicate to the House why he feels it is fair to ask the Canadian public to accept this degree of secrecy, bearing in mind that it is like asking suspects in a group to pass judgment as to whether other members of the group should be charged with certain illegalities?

Some hon. Members: Hear, hear!

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, it is obvious that the hon. member's attitude is changing as weeks go by. Only a few days ago he and the members of his party made a fuss over the departure of Mr. Robert Bertrand, the director of investigation. In their opinion, that man was highly qualified to carry those investigations through to their successful conclusion. Today, the hon. member seems to believe that Mr. Bertrand did not do his work properly. Madam Speaker, I am convinced that in the discharge of his responsibilities, the director of investigation used all his powers to conduct a successful investigation.

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[*English*]

THE ECONOMY

REQUEST FOR CHANGES IN GOVERNMENT POLICIES

Mr. Jim Hawkes (Calgary West): Madam Speaker, my question is for the Minister of Finance. One of the really disturbing tragedies in Canada today is that month after

month, year after year, one out of ten Canadians who wants to work cannot find a job, and the Minister of Finance would have us believe that he cares. Through you, Madam Speaker, I challenge the Minister of Finance to demonstrate that he cares. He controls financial policy, and there are two areas of public policy—

Madam Speaker: Could the hon. member please come to his question?

Mr. Hawkes: Yes, Madam Speaker, I will get to my question. I would like the minister to indicate to us whether or not he is prepared to change the National Energy Program in the direction of achieving self-sufficiency and creating more jobs, and/or is he prepared to change his high interest rate policy to provide some relief to the employment generating parts of our economy, for example, export industries, housing, and other areas which are labour-intensive? Can the minister demonstrate that he cares by changing one of those two policies?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the policies in effect in Canada cannot be all wrong, as the hon. member seems to imply, because year to year we have created 417,000 new jobs in Canada, a percentage increase of more than 3.5 per cent. That record of employment growth is the best record of any industrialized country in the world.

Some hon. Members: Hear, hear!

Mr. MacEachen: Employment growth is better than it was a year ago. Unemployment statistics are better than they were a year ago. Last month we had the best unemployment figure in five years. This must indicate that we are doing some things right.

Mr. Hawkes: Madam Speaker, as a result of that display, we can expect an advertising campaign telling Canadians that 7 per cent and 8 per cent unemployment rates are okay, just like an energy advertising campaign which tells us the world is fine.

Some hon. Members: Question.

JOB CREATION

Mr. Jim Hawkes (Calgary West): Will the minister answer my question? Will he provide some stimulation, either through the reduction of interest rates and/or a change in the National Energy Program, which will create jobs in this country to enable us to overcome the bad habit of accepting the fact that one in ten Canadians will be unemployed forever?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have said to the hon. member that in the past year Canada has had the best record of any industrialized country in the world with regard to job creation. We have record participation in the labour force, a record of some 60 per cent. It seems to me that the hon. member ought to be somehow supporting the policies which have brought these rather marked developments about, rather than asking me to change policies.

Since the hon. member has raised the question of the National Energy Program, I should add that he knows that next week the Minister of Energy, Mines and Resources will be meeting with his counterpart in Alberta. The intention of the meeting, of course, is to review certain aspects of the National Energy Program. We have indicated that we are prepared to make accommodations in our position provided that there are reciprocal accommodations on the other side. I believe that is a very positive approach.

Some hon. Members: Hear, hear!

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CANADIAN BROADCASTING CORPORATION

OPERATORS OF CAMERAS WITHIN PRECINCTS OF PARLIAMENT

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, my question is for the Minister of Communications in his capacity as reporting to this House for CBC. My question concerns the corporation's dispute with NABET broadcast units. Is the minister aware that the men who are operating CBC cameras in Room 130-S, first thought to be CBC supervisory personnel, are now alleged to be freelance strike breakers? If so, what does he intend to do about it?

Hon. Francis Fox (Secretary of State and Minister of Communications): No, Madam Speaker.

Mr. Rose: Madam Speaker, I have never heard such an answer before. It is beautiful. Anyway, it is obvious that the minister will not do anything about it.

• (1140)

CONTINGENCY PLANS TO TELEVISE JULY SUMMIT CONFERENCE

Mr. Mark Rose (Mission-Port Moody): Last week Mr. Desroches of the CBC management told the Communications and Culture Committee that the CBC is preparing "contingency plans" to broadcast the OECD summit meeting in July if NABET's conflict with the management is not resolved by that date. I would like to ask whether the minister could tell us, within those contingency plans, if he knows there is an intention to use the House of Commons technicians in July at the conference centre, forcing those employees to scab.

Hon. Francis Fox (Secretary of State and Minister of Communications): No, Madam Speaker.

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HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE—COMMITTEE PROGRESS

Mr. Geoff Scott (Hamilton-Wentworth): Madame le président, my question is directed to the very preoccupied Minister

of Consumer and Corporate Affairs, but there are a great many Canadians who are equally preoccupied with the controversy surrounding urea formaldehyde foam insulation. I wonder if the minister can give us a progress report on the inter-ministerial committee looking into some form of compensation or assistance to people who have installed this UFFI material in their homes.

Can the minister also tell the House whether this committee will say what happens to those people who have installed urea formaldehyde foam insulation, and who may or may not have a health problem and want to get it out of their homes, but find themselves in a legal bind because they owe it to prospective buyers to tell them that they have the stuff in their homes? Does the Government of Canada have any responsibility? Does it consider that it has any moral responsibility to those people who have the stuff in their homes and who want to get it out of their homes? Does the government have any responsibility to these many thousands of Canadians?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, obviously the hon. member asked several questions. I will try to answer briefly. First, the interdepartmental committee will get together early next week to study a series of hypotheses which the cabinet will finalize at its next meeting. Second, as to the government responsibility, I have already said, and I repeat to the House, that the government does not accept any legal responsibility in this matter over which the government is nonetheless particularly concerned. We are just as anxious to find concrete solutions as those who have to cope with this problem, and I would ask the hon. member to wait until next week when, after the cabinet meeting, the government will announce a series of appropriate measures.

[*English*]

REFERRAL TO PARLIAMENTARY COMMITTEE

Mr. Geoff Scott (Hamilton-Wentworth): My supplementary question is directed to the Minister of National Health and Welfare, who will be interested to know that at this very hour a group is forming in the community of St. Leonard in her own riding, one of the many groups which are concerned about urea formaldehyde foam insulation.

Once the government releases this report which the Minister of Consumer and Corporate Affairs promises will come out next week, will the Minister of National Health and Welfare immediately refer the UFFI matter to the Standing Committee on Health, Welfare and Social Affairs, or a special subcommittee, so that the whole question of compensation, the health factor, and, indeed, the procedure leading up to the ban, can be investigated by calling witnesses? Would the minister not agree that this House and the Canadian people need to know that the government has received the correct advice and made the right decisions?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): My answer is no, Madam Speaker, for the good reason that referral to a committee of the House would not be of much help to Canadians for the moment. As was indicated by my colleague, the Minister of Consumer and Corporate Affairs, we are reviewing the types of assistance that we can eventually offer upon request to people who are experiencing difficulties. In reply to his preamble, I can say that on Monday morning and Monday evening in Montreal, I did receive people from my constituency who, like people throughout St. Leonard, have unfortunately had their brick houses insulated with urea foam even though this was specifically forbidden when we certified it.

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FISHERIES

INQUIRY RESPECTING COMPENSATION TO QUEBEC FISHERMEN BANNED FROM COMMERCIAL FISHING

Mr. Rémi Bujold (Bonaventure-Îles-de-la-Madeleine): Madam Speaker, my question for the Minister of Fisheries and Oceans concerns the decision of the Quebec government not to re-open commercial salmon fishing on June 8, next Monday. In his statement, the Quebec minister of recreation, hunting and fishing, accused the federal Minister of Fisheries of not having taken into account the regressing stocks of breeders and not having consulted the Quebec government before making his decision. Is it true that the decision of the Canadian government will be harmful to breeding stocks? Were there consultations with the Quebec government before this decision was made, and finally, what will be the decision of the Canadian government as far as compensating those Quebec fishermen who will not be able to fish salmon commercially during the summer?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, a decision has been made. The ban on commercial salmon fishing will be lifted after nine years, with of course due consideration being given to present stocks. This fishing will necessarily be on a rather small scale, but I felt that commercial fishermen had contributed to stock conservation by abstaining completely from fishing in certain provinces including certain rivers in Quebec, for a nine-year period. In fact, the federal government had to support the cost of this ban by paying compensation for nine years. There have been consultations with Quebec authorities at the official level. A meeting was scheduled with the minister responsible, Mr. Lessard. He cancelled the meeting, for which I do not blame him as I think that he was ill. I was prepared to arrange for another meeting, but unfortunately the Quebec government held elections and consultations were not possible. As the season was about to open, a decision had to be reached so we

made it. As for possible compensation, I must say that if the Quebec government decides to extend the ban, it will have to bear the costs of its decision.

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[*English*]

NATIONAL DEFENCE

EFFECT OF INFLATION ON DEPARTMENTAL ESTIMATES

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is directed to the Minister of National Defence. Defence estimates for 1981-82 show an increase of 3 per cent, according to the minister. This increase, in real terms, was based upon the inflation model of November, 1980. Now the rate of inflation is considerably higher. I wonder if the minister could tell us what he plans to do to provide the increase of 3 per cent in real terms when some of it has already disappeared due to increased inflation.

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, the hon. member should know that it is the same model, the same way of calculating, as when he was minister of national defence. The 3 per cent is taken after everything has been deducted, that is after the inflation has been calculated on this model. If the inflation is higher than previously set by this model, this extra inflation is calculated and it is paid at other times.

INCREASE IN BUDGET

Hon. Allan B. McKinnon (Victoria): I doubt if the minister understood the question too well by the answer he gave to that question. The DND inflation factor indicated for May of this year was 13.4 per cent, as opposed to last fall when it was 11.9 per cent. Therefore over half of his 3 per cent which he boasted so much about has disappeared. We both know that the minister does not have that kind of funds available to spring from somewhere else. Does the minister intend to inform our allies, and our forces for that matter, that our boasted 3 per cent increase is now inoperative or misspoken, or just another Liberal smoke and mirrors act?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, the hon. member should know that when we talk about 3 per cent real growth in the budget of national defence, we really mean a 3 per cent real growth, and we are not faking or anything like that. I think it was well stated by the Minister of Finance in his budget speech regarding this 3 per cent. However it is calculated, it is a real growth of 3 per cent in the defence budget.

HAZARDOUS SUBSTANCES

FUNGICIDE CAPTAN—ENFORCEMENT OF REGULATIONS

Hon. James A. McGrath (St. John's East): Madam Speaker, I would like to direct a question to the Minister of National Health and Welfare. She will recall that a few days ago the Minister of Agriculture tabled two letters in the House from the assistant deputy minister of health protection to the assistant deputy minister of agriculture, in which the recommendations regarding the fungicide, Captan, are as follows, very briefly: "All registrations of Captan-containing products sold for domestic use to be discontinued", and then it goes on to recommend against food being sold which has been contaminated with this fungicide. It says it should be treated first of all.

My question is to the Minister of National Health and Welfare as she has responsibility for the health of Canadians. What is the hon. minister doing to enforce these regulations which have been put in place by her officials?

• (1150)

Hon. Monique Bégin (Minister of National Health and Welfare): No regulations have been announced by my officials because we do not administer the Pest Control Products Act. That act comes under the jurisdiction of the Minister of Agriculture. Therefore I directed the letter to the Minister of Agriculture.

The hon. member forgot to mention my second letter which is key to the matter in that it explains the procedure used by the Minister of Agriculture in setting up a committee to look into implementing my recommendation.

Because the word "domestic" might have led to some confusion, a correction was made in a second letter written by my officials replacing the word domestic with the word dwellings.

I am telling Canadians that our recommendation to the Minister of Agriculture is that people should not use Captan in their city gardens. As for crops grown in vast open spaces and sprayed by technicians who know how to handle this fungicide, that is a different matter.

VERIFICATION OF UNCONTAMINATED FOOD

Hon. James A. McGrath (St. John's East): Madam Speaker, the minister is quite correct in that she does not administer the Pest Control Act, but she does have responsibility for the health protection of Canadians.

One of the recommendations contained in Dr. Morrison's letter to Agriculture Canada reads as follows:

> All registrations of products containing Captan for use on foods or food crops require that foods sold at the retail level be free of Captan residues as determined by the official method.

What steps is the minister taking, given her responsibility to protect the health of Canadians, to see that food sold at the retail level is free from all residues of the fungicide Captan which, as she knows, can cause foetal abortions, cancer, and deformities, according to the scientific evidence?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, this has nothing to do with regulations. It has to do with the usual monitoring carried out by the health inspectors of my department, which is a continuing procedure.

We have decided that the best way, which is our recommendation, to control the eventual danger of Captan on commercial crops, as well as imported produce, is to continue our random sample analysis of produce in supermarkets and grocery stores across the country and to check the level of Captan residue when the level is low enough, which is the case now. However, we will continue to permit this produce to be sold everywhere, which we think is the best way to control the Captan used. At any rate, there are three items more vulnerable to retaining Captan residue. These are raspberries, grapes, and another one the name of which escapes me at the moment, that are presently being studied by Agriculture Canada.

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AUTOMOTIVE INDUSTRY

VOLUNTARY RESTRAINTS BY JAPAN ON AUTOMOBILE EXPORTS TO CANADA

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I have a question for the Minister of Industry, Trade and Commerce. The number of Japanese vehicles imported into Canada in 1979 was 61,400, as a result of which the Japanese enjoyed 8.7 per cent of the total Canadian market. In 1980 the number of Japanese vehicles imported into Canada was 150,000, give or take a couple of thousand, which was 21.5 per cent of the Canadian market. In 1981 the number of Japanese vehicles imported will be in the order of 174,000. According to my calculations that is about 28 per cent of the Canadian market. Why has the minister made such joyous statements about this 20 per cent increase in the Japanese intrusion in our market?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, I think my hon. friend should do his calculations again. We think that the level of 174,000 vehicles from Japan for the period April 1, 1981, to April 1, 1982, would represent some 16.5 per cent of the Canadian market, which is roughly equivalent to the level of imports in the preceding 12 months.

The level of 8 per cent in 1979 was an aberration from traditional levels, being less than half of what it was in the preceding year.

The important thing is that the Japanese authorities have decided themselves to take action on a unilateral and voluntary basis to restrain exports to Canada, responding to Canadian concerns about the diversion of cars from the United States as a result of the Japanese actions concerning the United States. This action by Japan represents a substantial rollback from the number in the preceding 12 months of 185,000 units. Therefore, we have dealt with the concerns of diversion, as well as having given an important breathing space to the Canadian industry to complete its restructuring in the interests of the industry and its workers.

RATIO OF MARKET TAKEN BY IMPORTS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, surely the minister understands that the reason the Japanese achieved a very high level in the 1980-1981 calculation was because they imported into Canada far more vehicles than they anticipated they could sell, in order to gain a bargaining position.

How can the minister claim that 174,000 vehicles in 1981 represents something in the order of 16 per cent of the market that we are talking about? I might add that 150,000 vehicles in 1980 represented 22 per cent of the market.

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, the most I can suggest to my hon. friend is that either we are talking about different periods, different calendar or different fiscal years, or my hon. friend should get back to his basic arithmetic studies, which is probably the best suggestion for him. First, we are talking about a level of imports into Canada from Japan for the 12 months April 1, 1980, to April 1, 1981, of approximately 185,000 units, a surge having taken place in the first few months of 1981.

Japan did respond to our concern about the risk of diversion, about the over-all level of imports and the surge of imports in the first few months of this year. What has been accomplished through our discussions has been to achieve a substantial rollback in the level of imports into Canada from Japan for the 12 months April 1, 1981, to April 1, 1982. No amount of mathematical twisting and turning by my hon. friend will change that basic fact.

* * *

THE CONSTITUTION

RIGHT TO LIFE OF UNBORN CHILDREN

Mr. Douglas Roche (Edmonton South): My question is for the Deputy Prime Minister who is probably aware of a letter written to the Prime Minister on May 26 by the President of the Canadian Conference of Catholic Bishops, Archbishop MacNeil of Edmonton, a man well known to the Deputy Prime Minister. He wrote that despite assurances of the government previously being given that the proposed charter of rights would not impede the rights of the unborn, mounting evidence has shown that further interpretations of the charter could well remove all protection to the right to life of unborn children.

Does the government intend to comply with the request officially made on May 26, on behalf of the Catholic Church of Canada, asking the government to introduce an amendment to the charter, if it is approved by the Supreme Court? This request reads:

—which would guarantee that the charter would not prejudicially affect the rights of the unborn.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I must tell the hon. member that I am not aware of the letter of May 26. I have had correspondence with Archbishop MacNeil and I have discussed these questions with him.

I am not aware of that letter and I would like to have a look at it and base a reply later on an examination of the letter.

REQUEST FOR AMENDMENT

Mr. Douglas Roche (Edmonton South): Madam Speaker, my supplementary question is for the Minister of Justice. Does he intend to take note of this official statement on behalf of the Canadian Conference of Catholic Bishops of May 26? Will the Minister of Justice reconsider what is being said by increasing numbers of legal experts as well as religious authorities, that the proposed charter of rights will indeed open up a possibility of an interpretation which will impede the rights of the unborn? Will the Minister of Justice bring in an amendment that will guarantee that the charter is not intended to affect prejudicially the rights of the unborn?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, that question was debated at length in committee.

We stated very clearly, according to the legal advice received, that the charter of rights was absolutely neutral in terms of the unborn, and that the question of abortion was to remain the responsibility of the House of Commons and the Senate. I have no reason to change my mind about it. The decision has been made. Of course, sometimes these things are subject to controversy. Even if I wanted to have an amendment made to the charter, it is not possible because the agreement of the House is to call for a vote after two days of debate, with no possibility whatever of any amendments.

* * *

● (1200)

AUTOMOTIVE INDUSTRY

JAPANESE AUTOMOBILE IMPORTS

Mr. Bill Kempling (Burlington): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce. Last evening the minister announced a 6 per cent reduction in the number of Japanese motor vehicles that will be imported into Canada in the period April 1, 1981, to April 1, 1982. Will the minister advise whether included in that number of Japanese vehicles to be imported into Canada are those to be imported by General Motors, Ford and Chrysler?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Yes, Madam Speaker, those imports are included.

ENVIRONMENTAL AFFAIRS

COTTAGE DEVELOPMENT AT SHOAL LAKE, MAN.

Hon. Jake Epp (Provencher): Madam Speaker, in the absence of the Minister of the Environment and the Minister of Indian Affairs and Northern Development, I will direct my question to the Deputy Prime Minister. It is with regard to the question of development of cottages on Shoal Lake and the protection of Winnipeg's water supply, a water supply which serves half the population of that province. In view of the environmental assessment review which was announced on January 13, 1981, why has the government approved cottage development in that location before receiving the report of the review committee?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I regret I cannot give the hon. member the information he asks for, but I will take the question as notice.

* * *

NATIONAL DEFENCE

COMMUNICATION BY MEMBERS OF ARMED FORCES WITH PARLIAMENTARIANS—STATUS OF 420 RESERVE SQUADRON

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, I have two brief questions I would like to direct to the Minister of National Defence. One arises out of the subject matter of a question of privilege dealt with by the Speaker earlier this week. Nevertheless it is still important. It deals with the capacity of members of the armed forces to communicate with their duly elected representatives. Second, so I will not have to ask a supplementary question, will the minister touch upon the 420 ARS?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, with regard to the hon. member's first question, normally Armed Forces orders and regulations are written to protect the integrity and non-partisan attitude of the members of the Armed Forces. This provides for better discipline and order. In no way should these regulations be interpreted as preventing members of the forces from communicating with members of this House. I would like to stress that practically every week I reply to representations from members of all parties in this House who have received communications from members of the Armed Forces who have been in contact with their member of Parliament. We try to do the best we can. In any event, the orders and regulations do not prevent members of the Armed Forces from communicating with their members of Parliament.

Second, with regard to the hon. member's question about the shift of the 420 squadron from Shearwater, I can well understand his interest in this matter. We made a decision to move this reserve squadron from Shearwater. However, after receiving representations from the hon. member, the local authorities, and my friend from Halifax who sits to my right, I asked my officials to re-examine the decision and, if possible,

come up with some alternatives. If there are no possible alternatives, I asked them to give me an assurance regarding the viability of the 420 squadron as a reserve squadron, because we care about the reserves.

* * *

MINES AND MINING

FEDERAL-PROVINCIAL TASK FORCE REPORT ON SAFETY

Mr. Maurice Foster (Algoma): Madam Speaker, my question is directed to the Minister of Labour. In view of reports that the Burkett federal-provincial task force report on mine safety is to be released today in the Ontario legislature, will the minister advise whether he will be tabling that report in this House, and advise what action he is planning to take to implement the recommendations of the report, especially as they apply to those working in federal jurisdictions, such as uranium mines?

Hon. Gerald Regan (Minister of Labour): Madam Speaker, the Burkett commission, which was a joint commission of the federal and provincial governments into the safety of mining in the province of Ontario, completed its work in very good time. The commission has come forward with about 83 recommendations. They have done an outstanding job. I will be tabling a copy of that report in the House as soon as it is translated. I will urge the officials to have that ready as quickly as possible.

I might say that some of the recommendations deal with the question of uranium mines which are under federal jurisdiction. For example, the Burkett commission finds that the referencing of Ontario's safety and health regulations by the federal authority is a valid procedure. That matter was of concern to some people. In general, the recommendations are being studied in detail by my officials. Those that affect federal jurisdiction may be reflected in the package of amendments to the Canada Labour Code which I hope to introduce in this House in September.

* * *

PRIVILEGE

MR. McKENZIE—INCONSISTENT RULINGS OF COMMITTEE CHAIRMEN

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, my question of privilege pertains to inconsistencies with respect to rulings made by committee chairmen. It seems that what is an acceptable motion in one committee is not in another. As you, Madam Speaker, are in charge of the committee clerks, I would strongly suggest that you look into this matter and attempt to develop a system in which all clerks are consistent in the information they provide the committee chairmen.

I have been severely restricted in my desire to act as a responsible member of the Standing Committee on Veterans Affairs as the result of an incorrect, or at least inconsistent, ruling made by the chairman, the hon. member for Labelle (Mr. Dupras).

I have two precedents for rising on this particular question of privilege, the first one being a motion in the communications and culture committee which passed and was reported to the House of Commons May 28, 1981.

The second precedent was a motion which passed and was reported to the House Friday, February 28, 1969, from the Standing Committee on Miscellaneous Estimates. I am sure Your Honour will want to look at these motions. I will not take the time to read them into the record now. The ruling by Mr. Speaker Lamoureux on a challenge to this motion occurred Monday, June 18, 1973. The Speaker upheld the prior motion. In doing that the Speaker said:

> There can be no doubt that standing committees are empowered to make reports in relation to their study of estimates. The first example of such a report was that of the fourth report of the Standing Committee on Miscellaneous Estimates made February 28, 1969, concerning the use of one-dollar items for the purpose of legislating. That report followed upon the adoption of the revised rules in December 1968.

Last Thursday I presented a motion in the veterans affairs committee with regard to a very serious problem concerning the processing of pensions. It takes one to five years to process these.

What recourse do I have because a clerk made an error in committee? This should not restrict my functioning as a member of Parliament in committees. Can this motion be made retroactive due to the seriousness of the problem caused by the clerk and chairman of that committee?

Madam Speaker: As far as I can understand the hon. member's intervention, I can state quite clearly that he does not have a question of privilege. However, he is raising an important point. I understand there were some inconsistencies in the reports of the different committees, that something was permitted by one committee and not by another, namely the one in which the hon. member was trying to have something done. I can tell the hon. member I will take measures and ask the Clerk to inform and brief the clerks of committees as to what is acceptable and what is not acceptable to be reported to the House.

That does not address itself to the particular problem which the hon. member has, but the time to seek the redress he is asking for is when there is a motion for concurrence in the House on that report. The House may deal with it at that time. I think the hon. member will get satisfaction at that time.

* * *

● (1210)

POINT OF ORDER

MR. BAKER (NEPEAN-CARLETON)—PARLIAMENTARY REFORM—ANNOUNCEMENT BY MR. TRUDEAU OF ESTABLISHMENT OF COMMITTEE

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I rise on a point of order having to do with House business. The

other evening, on June 3, 1981, the Prime Minister (Mr. Trudeau) made a speech at a fund-raising dinner of the Liberal party in Winnipeg, Manitoba. In the course of his speech he was dealing with the question of representation and membership in the House and he said:

> We've announced that a Parliamentary Committee will be established to study and make recommendations on how to make the Senate and the House of Commons more effective instruments for the expression of regional interests and priorities as well as an expression of the national will.

When I read that I checked the Order Paper to see if there was anything on it about this parliamentary committee. I have not been able to find anything. I am just wondering if there has been something that has come forward about this but which has not got on to the Order Paper, and what the intentions are with regard to it. Perhaps I could be enlightened in some way because it does affect the business of the House and I think it would be important to know what the situation is.

Madam Speaker: The hon. member probably has all the reason in the world to want to be enlightened, but I am afraid the Chair can do nothing for him. The hon. member knows that the Speaker cannot deal with statements made outside the House. If an announcement has been made in the House I am sure it would be reflected—

Mr. Baker (Nepean-Carleton): It wasn't though.

Madam Speaker: Perhaps the announcement has not been made in the House, but had it been made I am sure it would be reflected normally. The hon. member is seeking information on a statement made outside the House. He has means of doing that during the course of Question Period or at other times. I would urge him to do it then.

ROUTINE PROCEEDINGS

[*English*]

HAZARDOUS SUBSTANCES

TABLING OF MEMORANDA ON FUNGICIDE CAPTAN

Mr. Marcel Ostiguy (Parliamentary Secretary to Minister of Agriculture): Madam Speaker, in accordance with the provisions of Standing Order 41(2), I wish to table in French only copies of two memos from Dr. A. B. Morrison, assistant deputy minister, health protection branch, Health and Welfare Canada to Dr. J. E. McGowan, assistant deputy minister, food production and inspection branch, Agriculture Canada, concerning the fungicide Captan.

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,282 and 2,400.

[*Text*]

FATHERS OF CONFEDERATION BUILDING, CHARLOTTETOWN

Question No. 2,282—**Mr. Herbert:**

1. Which department was responsible for the construction of the Fathers of Confederation Building in Charlottetown?

2. Since the completion of the building, what amount was spent on (a) additional work (b) repair work and is any work contemplated during 1981?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): In so far as the Department of Communications is concerned, the reply to the above question is as follows:

1. None—The Fathers of Confederation Memorial Building (The Confederation Centre of the Arts) was erected in 1964 by the Fathers of Confederation Memorial Citizens' Foundation.

2. (a) Since the completion of the building the federal government has participated in repair and renovation programs in the amount of $2,025,000.

(b) The repair and renovation programme will continue during 1981.

WINTER CAPITAL PROJECTS FUND

Question No. 2,400—**Mr. Herbert:**

1. For each year to date, by province, what amount was loaned under the Winter Capital Projects Fund and authorized by the Appropriation Act 1972?

2. What percentage was repayable and what amount was repaid to date?

Hon. Pierre Bussières (Minister of State (Finance)):

In so far as the Department of Finance Canada is concerned: see lists below.

1. The issuing of loans under Winter Capital Projects Fund was authorized by: Vote L12a Appropriation Act No. 1, 1973; Vote L13a Appropriation Act No. 5, 1973; and Vote L13a Appropriation Act No. 1, 1974. In so far as the Department of Finance is concerned the first list reports the loans issued to the various provinces.

2. The acts identified in No. 1 provided for the forgiveness of that portion of the principal amount equal to 50 per cent of the normal direct on-site payroll costs incurred during the program plus an additional 50 per cent of the normal direct on-site payroll costs incurred during the periods of December to May of 1973, 1974 and 1975. The second list reports the net loans repayable and the amounts collected to date.

Order Paper Questions

Amount of Loans Issued Under the Winter Capital Projects Fund

	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	Total
Newfoundland		8,500,000.00	2,965,656.00				913,965.95	39,237.16		12,418,859.11
Prince Edward Island	121,000.00	1,372,078.00	575,504.02	368,050.00		387,101.27	183,528.08			3,007,261.37
Nova Scotia			1,723,597.36	12,276,402.64						14,000,000.00
New Brunswick		9,699,933.40	1,367,774.43	2,923,778.11						13,991,485.94
Quebec		75,812,000.00	38,088,000.00							113,900,000.00
Ontario		730,000.00	21,028,194.00	74,520,741.00						96,278,935.00
Manitoba		9,400,000.00	4,000,000.00							13,400,000.00
Saskatchewan		948,560.53	2,660,457.42	7,031,447.48						10,640,465.43
Alberta		4,291,039.76	6,421,209.55	4,698,439.26						15,410,688.57
British Columbia		9,811,126.12	14,764,462.49	11,857,919.63	1,443,560.20					37,877,068.44
Northwest Territories		400,000.00		56,286.07						456,286.07
	121,000.00	120,964,737.81	93,594,855.27	113,733,064.19	1,443,560.20	387,101.27	1,097,494.03	39,237.16		331,381,049.93

	Total Loans Issued	Less Loan Forgiveness	Net Loan Issued	Loan Percentage Repayable	Amounts Repaid	Net Loan Outstanding (March 31, 1981)
Newfoundland	12,418,859.11	3,778,471.00	8,640,388.11	69.6	441,624.73	8,198,763.38
Prince Edward Island	3,007,261.37	945,541.97	2,061,719.40	68.6	192,290.79	1,869,428.61
Nova Scotia	14,000,000.00	7,845,540.09	6,154,459.91	44.0	724,725.78	5,429,734.13
New Brunswick	13,991,485.94	3,448,577.95	10,542,907.99	75.3	423,691.78	10,119,216.21
Quebec	113,900,000.00	22,585,071.67	91,314,928.33	80.2		91,314,928.33
Ontario	96,278,935.00	38,652,906.00	57,626,029.00	59.5	13,717,757.50	43,908,271.50
Manitoba	13,400,000.00	10,303,218.35	3,096,781.65	23.1	214,053.30	2,882,728.35
Saskatchewan	10,640,465.43	9,131,784.83	1,508,680.60	14.2	1,489,151.16	19,529.44
Alberta	15,410,688.57	7,473,930.84	7,936,757.73	51.5	2,665,487.88	5,271,269.85
British Columbia	37,877,068.44	15,903,636.22	21,973,432.22	58.0	3,086,282.68	18,887,149.54
Northwest Territories	456,286.07	56,286.07	400,000.00	87.7	40,780.47	359,219.53
	331,381,049.93	120,124,964.99	211,256,084.94	63.7	22,995,846.07	188,260,238.87

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 541 could be made an order for return, that return would be tabled immediately.

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Is it the pleasure of the House that question No. 541 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

DEPARTMENT OF EMPLOYMENT AND IMMIGRATION—PROFESSIONAL SERVICES CONTRACTS 1978-79

Question No. 541—**Mr. Orlikow:**

1. For the fiscal year 1978-79, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programs or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Department of Employment and Immigration?

2. How much was committed on each contract and to whom?

Return tabled.

[*Translation*]

Mr. Collenette: I ask, Madam Speaker, that the remaining questions be allowed to stand.

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

CANADA ELECTIONS ACT

AMENDMENT TO SHORTEN PERIOD REQUIRED TO HOLD ELECTIONS

The House resumed, from Tuesday, April 14, consideration of the motion of Mr. Bussières that Bill C-58, to amend the Canada Elections Act, be read the second time and referred to the Standing Committee on Privileges and Elections.

Hon. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I am very grateful to have this opportunity to rise to comment on Bill C-58. I have been waiting for a long time to have introduced the platform on which one could build a number of reforms that are obviously required in our Canada Elections Act.

Each time I have submitted myself to the electorate of Esquimalt-Saanich for election I have discovered a number of, perhaps not abuses or improprieties, but shortcomings in the act, and on each occasion I have prepared for my own use and for the use of my party a summary of the shortcomings that occurred to me and the group that was working with me during the election so that one might have at hand a full list of these various shortcomings.

I think basically the best time for a discussion or a debate on electoral reform is immediately after an election when matters are still fresh in one's mind. In the absence of the ability to call that debate so soon after an election, the best we can do is make use of this opportunity, and each opportunity that does present itself, to raise during the general discussion at second reading those problems and shortcomings which have occurred and manifested themselves during an election campaign.

I have a long list, seven, eight or nine of them. In the most recent election I suppose I added several. In my first election I was not all that sure and was not able to compare it with any previous experience. In my second election I was able to see there were shortcomings, and now, following my fourth election in February, 1980, I have made a list of those shortcomings.

Bill C-58 is designed primarily to deal with shortening of the election period. It does deal with other matters, of course. There are some very narrow administrative matters connected with the shortening of the period, limitation of the number of copies of the list and maps, and we hear about things that ought to be at the polling stations, including one copy of the preliminary list of electors for every polling division comprised in his revisal district, and so on. This is an administrative matter too, but I have a suggestion to make about that as well.

There is reference to election day and the returning officers transmitting notices of grants of polls, combining urban advanced polling districts and so on. I do feel on the strength of that that it is possible to make a very broad comment on a number of matters relating to that period when elections take place, now a matter of some 59 days, and not just confine my remarks to the preparation of the electoral rolls.

My first comments, however, are going to be concerned with the preparation of the electoral roll. My suggestion—I have made it before in committee and I am going to put it on the record again—is for the establishment of a permanent voters' list. We do need a permanent voters' list. It is crucial to the whole matter of shortening the election period, if that should be the desire of the House. It is certainly the desire of the government or it would not have brought forward a motion containing this shortening from 59 to 47 days. In my view there ought to be, and there certainly is in certain provinces of Canada, certainly in British Columbia, a permanent voters' list.

● (1220)

This matter has been explored in other countries. Perhaps the argument is that there are too many dead people on the lists, that their names are not struck off before the election period and that someone will vote for them. I feel that in a democracy as mature as that in our country we should be able to have confidence that our fellow citizens will make sure they are not voting twice or that they are not voting on behalf of a dead relative who happens to be on the list. There are means of checking that. Even with the mobility of the population of Canada today I think one could devise a number of ways of making sure that a permanent voters' list is kept up to date. It would not be a very difficult matter, as I see it.

We might have provision within the law for a check of the voters' list on the second day of January and the second day of July. Perhaps it should be mandatory for people who have moved since the previous registration date to amend the permanent voters' list. This could be done in municipal offices. The list could be used for other purposes as well, but I think there ought to be a check twice a year.

There should also be checks x number of days after election writs are issued just to be sure that the list is brought even more up to date. Perhaps it should be law that January 2 and July 2 are designated as days on which people make sure their names are on the voters' list. With present technology and computerization I see no reason in the world why it should not be possible to have a permanent voters' list and why we cannot be sure that when election writs are issued the list can just be run off and sent to the printers. In this case we are not talking about printers but about instant print reproduction facilities. In this way the voters' list would be available to those who need it during election campaigns. As hon. members know, many people need voters' lists. If they are available on a permanent basis, that might be very helpful.

A census is presently being taken. A voters' list might be very helpful to census takers when they are updating and forecasting mobility within the country. I foresee a variety of uses to which a permanent voters' list could be put, and those uses are aside altogether from the essential nature of a voters' list. I do believe a voters' list would be an essential tool for a well-run election.

Another matter was on my mind during the last election campaign. It has to do with the problem brought about by people who make holiday plans based on discount air fares which are now available if people book well in advance. Sometimes bookings have to be made three months, four months or five months in advance, before there is any notion that there is to be an election. People decide to take holidays at certain times in order to take advantage of excursion fares which are offered by a number of airlines. These people book in advance and make down payments. Sometimes they make the whole payment and get a special advantage. Then an election comes along, and it is held right in the middle of people's holidays. Such people find that they lose their right to vote on election day and that the provision for advance polling is not adequate.

I think there should be greater flexibility in returning offices respecting early voting. I admit that there already is some flexibility; however, a returning officer very kindly sent his comments about this to me. He says he is a little worried about extended voting in the offices of returning officers. I wonder why he should be worried. If it is a matter of space or staff, if we had a permanent voters' list well in place right at the beginning of an election period, there ought not to be any great problem having people working and having people voting in returning offices. I think the misgivings expressed by the returning officer in his letter, a copy of which I have in my

hand, are premised on the notion that the prevailing regime with respect to voters' lists will be carried forward into the next election.

In any event, if there is provision in the law for advance voting during most of the period of an election, as soon as the list is available there should be accommodation so that voters can come in and vote. Of course, they should have to prove that they will not be available to vote on election day. They should have to give just cause for advance voting, but they should be offered the opportunity to vote at the returning office during the major portion of an election period.

Another matter which worries me somewhat is the matter of proxy voting. I think we need an enlargement of the classes of persons and a simplification of procedures governing those who may vote by proxy. As hon. members know, at the present time a person may proxy for only one voter. I will be making a suggestion about having polling stations in nursing homes and so forth. It may be that in some areas mobile polling booths are not practical. Therefore, it should be possible, for example, for the matron of a nursing home, a doctor on duty or someone responsible for the care of individuals in a nursing home to be given a proxy vote in order to vote on behalf of those who are immobilized in the nursing home. I see no reason why it should not be possible for one person to vote by proxy for several others. Are we afraid that people will take advantage of this and invent people on behalf of whom they can vote? That is possible, but if that is the situation, I think it is a sad comment on our electoral system. As I say, I believe there is room for enlarging the class of persons and the number of persons for whom proxy votes can be cast.

This brings me to another important matter which I raised in a private members' bill as long ago as the Twenty-ninth or Thirtieth Parliament. During my second term of office I became aware in a real way of the difficulties which can occur when people cannot get out to vote either at advance polls or on polling days. In all constituencies there are persons who, through no fault of their own, have great difficulty getting out to vote or finding proxies.

● (1230)

My suggestion was shot down by the Chief Electoral Officer at the time. I managed to get it as far as the committee where I fought for it and defended it, but where it was turned down. I have some reason to suspect now, Mr. Speaker, that the Chief Electoral Officer may have modified his views and would be prepared to accept this notion. With all due respect, I think it is for Parliament, not the Chief Electoral Officer, to decide whether there shall be mobile polling stations. Therefore, I feel we should more fully explore this notion of a mobile ballot box for hospitals, shut-ins in nursing homes and, particularly as this is the International Year of the Handicapped, the disabled.

It is a simple matter, as I see it. The poll clerk and scrutineers would be available, they could travel around in a mobile van which could be rented on the day of the vote, or even I suggest for an advance poll. I see there are some smiles on the other side; perhaps they can see some way of sneaking around some of these suggestions which I am making in all honesty. I see no reason why a group of four or five persons in a small van, fully equipped, could not visit the hospitals and actually go into the hospital room and have the person, even those immobilized in bed, mark the ballot. I cannot understand what this smirking is about on the other side. It can only be imagination about machinations, I think. So I would revive that matter as one which I consider worth exploring more fully, and in the course of time I hope I might have the opportunity to introduce an amendment to that effect to this bill.

Another matter involves visiting polling stations on voting day to see if there are any problems and, if not, just to say hello to people. There are some who may do other things on voting day but I have made it a practice to be of service to the community and to visit as many polling stations as I could within the area. Now some, such as my friend, the hon. member for Prince George-Peace River (Mr. Oberle), would be unable to visit all the polling stations in their riding in one day. However, in mostly urban, slightly rural, constituencies such as mine it is possible to visit at least half, I would say.

One of the problems I find when I do this is that people show up because they live nearby, they see the polling station on their way to work and so they say this is where the vote is going to take place and they walk in expecting to be able to vote. It may just be that they are in the wrong polling station, they may have moved six months ago from the place where their name is on the list and they really have to go some distance away. I have suggested to polling officers, and also to the electoral officer of the riding, that he provide to each polling station a map showing the locations of the stations in the ridings in some detail. If the people chosen as scrutineers really had their wits about them and they made sure that maps were available, when people came in they could look at the map and say to the people concerned: "Look, that is where you live and this is where the poll is in that particular riding; you go down this street, turn right, follow the streetcar tracks and you will get there". I do think that is an important service.

I also think it is very important that there should be available in polling stations a full voters' list so that people can check to see whether they are on the list and which poll they would vote at. There is a practice in some constituencies, I believe, to send out what are known as vote-at cards. These are rather difficult to organize at the last minute no matter how many people you have to do it. It is also a little dangerous because there is a temptation to put a little bit of advertising on these cards and then, of course, the voter walks into the polling station with your card in his hand and this gets pretty close to the bounds of illegality and could thereby get you into difficulty. In my riding we decided in the last four elections that we would not issue these cards for that very reason. Despite the best will in the world, people will pull this out of their pocket and say this is where I go to vote, and then you have your picture there with the space to mark the ballot and

so on, which is, of course, a no-no. And so it should be; I have no quarrel with that at all.

However, we must try to overcome difficulties that people have. People have other things to think about than that single day. After all, the candidates have focused on that single day, but the rest of the voting population, or a large part of them, are focusing on getting their daily bread, as they do on other days. Therefore, while they are determined to get to the polling station, they may make a mistake as to where they should go, so I feel there ought to be all the necessary facilities within each polling station to enable a voter to find his way to the right polling station.

The alternative, I suppose, would be to put his vote in a jumbo box and strike his name off the voters' lists then rush to the phone and make sure that the appropriate polling station strikes his name off the list. But I think that is too complicated. I think the best way is to provide a service which will enable people to find their way to the appropriate polling station.

● (1240)

There is another matter which struck me as very odd; I cannot understand the rationale behind it. A rural voter may go the the polling station on voting day with a neighbour and swear himself for inclusion on the electoral list. An urban voter may not. Perhaps an urban voter is not supposed to have a neighbour. A rural voter may have a friend or neighbour accompany him to the polling station in order to swear before the poll clerk that indeed the person has been living at a certain address in the rural riding for a number of weeks, months or whatever it is. If a rural voter whose name does not appear on the list can place it on the list in such a fashion, why is it not possible to have the same facility for an urban voter? It just does not make sense.

I suppose it stems from historical usage. Perhaps it is "historical abusage", I am not sure. In the early days of voting, the facilities for communication were not what they are today. I can visualize the set-up in the rural areas of the prairies, particularly. A farmer who is busy with his crops cannot get away from the farm because of the weather. He can be busy with his livestock or his family and cannot get away during that narrow period so that his name will be included on the voters' list. He could make arrangements in advance to have his stock watered or his cows milked, if that is the case, so that he would accompany a neighbour on election day to have his name included on the list. This is the possible historic explanation; there cannot be any other. Therefore, I feel there is a good argument in favour of extending this facility to urban voters. Of course, this is the permanent list of which I spoke earlier.

I should like to turn to a somewhat more subtle area, that of the screening of returning officers. Heretofore they have been appointed because of political affiliation. Then it is more or less a permanent appointment. If their performance is good, they will just stay on or remain in office.

Certain stories reach us immediately after an election campaign which happily are forgotten 15 or 16 months after the election. These stories concern bias displayed by returning officers or conflicts of interests which suggest that perhaps there was an inclination to guide an elector in one direction or another or to make decisions which adversely affect one candidate as against another. I know there are provisions within the bill for appeal both during the election period and after, but it would be much better if we could be absolutely clear on this matter and not have the problem arise at all. My suggestion is that there might be a need for screening returning officers for conflicts of interest which might be evident or for political bias.

An interesting matter was the subject of a letter which appeared in *The Times-Colonist* in Victoria last month. I suppose this comes back to the matter I raised concerning mobile ballot boxes. I should like to read this short letter. It deserves to be put on the record because it underlines the need to help those people who find themselves unable to get to the polls on voting day. The letter does not include any address. This person may be speaking for herself or on behalf of others. I do not want to embarrass the author of the letter; therefore, I will not use her name. The letter reads as follows:

> It seems that I and other shut-ins are second-rate citizens. Believe it or not, in Canada we are not able to vote. Oh, sure, we can vote by proxy, but I don't want to and I shouldn't have to. My vote is supposed to be secret. How can it be if I tell another person? I want and demand my constitutional right to vote. Surely this great government can arrange to have ballot boxes brought around to shut-ins' homes.

I talked about nursing homes and hospitals. I agree that there are homes and apartments where people are shut in or unable to move because of handicaps. Those people ought to have their secrecy preserved; they should be able to vote.

An hon. Member: Hear, hear!

Mr. Munro (Esquimalt-Saanich): I have suggested that with mobile voting stations there should be no problem, even if it takes three or four days. Gracious goodness, with our facilities we should be able to work out some system whereby people who cannot get to voting stations can vote two or three days beforehand and have their votes locked up to be counted on voting day. I am delighted to see that there was a positive response on the other side of the House to this notion. I do not want to see the secrecy of the vote denied to anyone. We ought to show them respect, whether they are confined because of illness or handicap. In this year in particular I think we should be thinking of the handicapped. When a person is sick in bed, I suppose it is a handicap as well. We must find a way of overcoming this problem.

There is some suggestion in the bill about the need to avoid the lengthy process of printing and using copy houses which permits the photostatic method of reproducing the electoral roll. This has been considered by some. I sent a copy of the bill when it was printed to the returning officer in my riding in order for his comments. He appropriately replied to the Chief Electoral Officer and sent me a copy of the letter which he wrote. He indicated that he was delighted there was an extra

facility which meant that he would not have to take the voters' list to a print shop where it must be typeset, which takes a fair amount of time. This is no reflection on the typesetters; it is just a matter of time since it could be reproduced by the electrostatic method.

● (1250)

He does comment about having the returning office opened up for a longer period than in the past—21 days instead of 14—so that people could come in and vote. I think I have covered this matter. I can see no reason in the world why, if necessary, the returning office cannot be a little shop, or an office at the back or front end of a shop, which would be manned at all times by a returning officer and his staff. I am sure all parties would be delighted to change scrutineers, from day to day if necessary, so that when people did come in for an advance poll it would be possible for them to vote.

One other matter which caused concern in the 1979 election, one which I suspect may arise again, was that there were a great many people caught by surprise because of the change of designation. There were a number of British subjects who had voted in the past and they were warned that if they did not become Canadian citizens and get their names on to the voters' list they would find they might be denied the right to vote. Indeed, I think all members sent out notices with our householders' mailing indicating this change.

It must be borne in mind that these people have been in this country for a good many years, with their children and their grandchildren, many of whom were born here. They had assumed that they were Canadian citizens and they were rather affronted, if not insulted, when they found they were not, just by the effluxion of time, considered Canadian citizens. Some of them may have lost their ability to vote. At the time this caused a great deal of hard feeling. If that provision is within the Canada Elections Act I think it would be worth while to take a closer look at it in committee.

I see that you are indicating to me that my time has almost expired, Mr. Speaker. I want to thank you for bearing with me as I have gone through these various matters which have been concerns of mine in each election. I am glad that the opportunity is before us now to consider this matter. I hope it will be possible to open up this bill and add to it amendments which will rectify some of the shortcomings, as I have decided to call them, of the previous acts.

Mr. Douglas Fisher (Mississauga North): Mr. Speaker, like the previous speaker I, too, have looked forward to the opportunity of speaking on this bill. However, in light of the hour I wonder if I might call it one o'clock and resume my remarks after lunch?

The Acting Speaker (Mr. Blaker): I have already recognized the hon. member for Mississauga North. If he is in the House at two o'clock the Chair will recognize him then.

Is it agreed to call it one o'clock?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): It being one o'clock, I do now leave the chair until 2 p.m.

At 12.55 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Fisher: Mr. Speaker, as I mentioned, I welcome this bill and the idea that we can shorten our election campaigns from 60 days to 47 days. I am sure that this idea is a welcome one in my riding in Mississauga as well. I see the hon. member for Winnipeg North Centre (Mr. Knowles) here. When he spoke on this bill in April, he wondered if we could make it retroactive to 16 election campaigns!

Mr. Knowles: Hear, hear!

Mr. Fisher: My first campaign was in 1980, but it was my eighth campaign involved with Liberal party politics.

Some hon. Members: Hear, hear!

Mr. Fisher: I have been an organizer and a volunteer in eight federal campaigns since 1963. In each campaign I have been struck by the fact that it is getting easier and easier, from the politician's perspective, to shorten campaigns. I refer to both our national and our local campaigns.

Nationally, of course, since 1963, when I got started, we have seen the advent of better and better air and jet travel. Jet aircraft are being used for leaders' campaigns and for the media, taking our leaders right across the country so that they can speak in any corner at any given time during the campaign. Because of good television coverage, they are able to be reported right across the nation; and with increasingly sophisticated advertising techniques, we are able to carry our own biased or political messages right across the country.

At the local level, we have seen the same kind of changes since I got started in 1963. We have seen, for example, that we now include the party name on the ballot so that candidates do not have to spend so long identifying themselves with the national message that the national media and the national leadership are carrying to the voters. We see that there is much less focus on local meetings and local debate; we see, instead, at least in the areas where I have had experience, that people are campaigning more in shopping plazas, along streets and door to door. I think all of this makes our local and our national campaign much more flexible and much easier to shorten.

I welcome this bill, but as we look at it, I think we have to apply three principles and see if the bill passes the test. First of all, we have to ask, is the bill fair to everyone; not only fair to every party, but fair to the incumbent and the challenger? We have to make sure that the large numbers of people who are waiting outside this House to replace us are at least given a fair chance, if not a lot of encouragement.

Second, we have to look to see whether this bill will encourage greater efficiency in our electoral system. We do not just want to look at a hypothetical public attention span. We also want to look at our officials and the people who are the referees in elections to make sure that they agree with this measure.

Third, because I think that in this kind of an arrangement appearances are everything, we want to make sure that there is consensus among all the parties. This bill comes from two previous bills. It has a non-partisan atmosphere attached to it and it is of a housekeeping nature.

● (1410)

In a 1975 report on the 1974 election, the Chief Electoral Officer made a recommendation to the then president of the privy council, Mr. Sharp, that we shorten campaigns. Following that, a bill was introduced by the previous Liberal administration. Another bill was introduced by the previous Clark administration. The report to which I have just referred was tabled in the House in 1976.

The Chief Electoral Officer divided our election campaigns into three distinct periods of time. From his point of view, these are three distinct activities. The most important stage was the last stage, that is the last 30 days when we are getting ready for the actual balloting. This is when we see the candidates nominated, ballots printed and distributed in the proper numbers, local officials recruited and trained and the advance polls and regular polls opened and operating properly.

The Chief Electoral Officer made the point in his report that this is a period we cannot shorten nor alter in any way. This last 30-day effort should not be interfered with. Therefore, he examined the first two stages in the first 30 days of our current electoral campaign. This is when people are enumerated, when lists are published and errors and omissions are corrected. The electoral officer found plenty of room for improvement in this area. He was able to recommend two things. He recommended, first, that the period be shortened by 13 days, from 60 days to 47 days; second, that there was a new way to treat voters' lists which would save $2 million in 1974 dollars, a welcome saving and a sizeable amount at any time.

Since that time there has been considerable support for this idea, that is to say, that we shorten our campaigns. I obtained four newspaper clippings through our library services. I think they quite well represent public opinion. The first one is dated February 3, 1981, after we reintroduced this bill, an editorial article in the *Star Phoenix*, which reported the following:

> Even a minimum of 47 days appears to be too long in this age of speed in communication with voters.

On February 11, 1981 the *Chronicle-Herald* underlined the same idea. We read in its article the following:

> The bill should be put through and made ready for the next election, and not allowed to be withdrawn for consideration in another session.
>
> And while the MPs are at it, perhaps they might consider further reducing the time allotted for campaigning.

These two newspapers expressed opinions that they were not happy even with the 47-day period allowed in this bill, that the period should be shorter.

Following the 1980 campaign, under the title of "electoral reform", the *Winnipeg Free Press*, in an article written on February 18, 1980, expressed this thought:

> This time, Canadians, by accident, had a campaign of more nearly European length with no ill effects.

The article continued:

> No one could seriously complain that, in the six weeks they gave themselves, the parties did not have an opportunity to get their messages across to the public. Indeed, the job could have been done quite adequately in a couple of weeks less.

Those three opinions reflect reaction to this bill and to the 1980 campaign, which was quite a short campaign. After the 1979 campaign, which we all recall was a long and prolonged affair, particularly with the preparation leading up to it, the *Toronto Star* reported on May 24, 1979:

> Shorter, sharper election campaigns would benefit Canadian democracy by concentrating debate and focusing public attention on the issues and policies involved.

I agree with the opinions expressed in those newspapers. If hon. members go through the clippings which the library provided to me, there are plenty more sentiments like that in newspapers from across the country, all of them urging us to shorten campaigns and to act expeditiously.

I think these newspaper articles reflect public opinion in two ways. I think the newspapers quite rightly see the current length of our campaigns as wasteful. These articles also show that shorter campaigns would be equally effective and equally fair.

Speaking on behalf of our audience, that is our voters, they do not believe there is any element of unfairness if we shorten our campaigns. But this question of fairness versus efficiency has to be considered pretty seriously.

The Chief Electoral Officer has told us how to shorten our election campaigns so that the process itself, the mechanics, is fair. If we follow this method, he says that voters will get listed properly, that there will still be plenty of time for correction of errors and omissions, that we would still be able to have open and proper nomination procedures, and that our balloting will continue to be scrupulously conducted by well-trained local officials.

In short, our referee will be properly conducting the match according to all the rules that we consider decent and proper. If we accept the advice of the newspapers in addition, our audience will be more than satisfied. Forty seven days will give everybody more than enough time. Our audience will see the process is fair as well.

I am trying to stress that fairness cannot be taken in isolation; it has to be balanced against efficiency. Both the Chief Electoral Officer and the newspaper critics, who have been following our habits as politicians, are saying that we can get along much faster without sacrificing fairness. We can be more efficient without being unfair.

The third principle that we have to look at is the question of consensus. What is the status of that? I think we have to have agreement from most parties in order to proceed with this bill. The public has to see that parties of all sides think that it is a good idea. So far since April we have heard from five speakers on this bill. I think they have been in agreement in principle. We have heard from representatives of one Ontario rural riding, one Toronto urban riding, an Ottawa suburban riding, a Winnipeg urban riding, and today a B.C. riding. Each member has indicated his general agreement with the idea that we can shorten our election campaigns.

We know that the bill was introduced by both a Liberal and a Conservative administration. There were, however, two important questions raised by the hon. member for Nepean-Carleton (Mr. Baker) when he spoke in mid-April. On April 14, at page 9282 of *Hansard*, the hon. member wonders whether urban ridings might find a short campaign a little easier than a suburban riding and even easier than a widely spread rural riding. A couple of pages later the hon. member raises a second important question, whether the method favours incumbents. I shall examine those two concerns because I think they are honest questions. I would like to give the hon. member my impressions as to how we should treat his two questions.

I remember working in the Manitoba provincial campaign in 1977, a campaign which took six weeks to conduct from start to finish. The Churchill riding is enormous; it is almost as big as the federal seat. It cost approximately $2,000 for the candidate to fly around the riding just once. The riding stretched north of Flin Flon across to Churchill and it took in a lot of the geography north of Lake Winnipeg. It was filled with tiny hamlets with 100 to 200 people living next to a lake. The candidate would fly in on a float plane, visit them and then go on to the next spot. He built up an organization in each of those municipalities as he went through. I am happy to report that the mechanics of the campaign went very smoothly.

● (1420)

I watched his efforts closely. I was intrigued by the way he was going to operate. With the use of aircraft and sometimes with the use of canoes, he was able to visit personally every little hamlet at least once. He got to the bigger places twice. Through radio, television and local newspapers he was able to advertise his campaign, tell people what his platform was, what his background was and what the party generally was promoting across the province. In six weeks I did not see any way that he suffered as a result of its being a large constituency. Even though it was a provincial campaign, I believe his constituency was larger than most of those represented in this House, with the exception of those in schedule 3 of the act. As I mentioned, he got to the larger centres at least twice. He had the provincial leader in there twice.

Unfortunately, at the end of the campaign he only collected 12 per cent of the vote. That was not his fault. It was the fault of those of us sitting in Winnipeg. He convinced me in that experience that technology for travel and communication made a modern local campaign highly effective. If you look at the result, the 12 per cent of the vote he received, it would appear that technology and travel make a provincial or national campaign highly effective. He got a pattern of the vote remarkably similar to the pattern obtained in most other ridings across Manitoba by the Liberal party in that election.

I do not want to make too much of one example, but I think it is illustrative. It is a practical example that helps us to see that travel by aircraft in remote places is often as effective as a car or walking in a crowded urban centre. He certainly got to all his constituents.

The hon. member for Nepean-Carleton asked about suburban places. I feel very confident replying to him and telling him about my own experience because I come from a suburban city west of Toronto. We have 93,000 voters and 400 polls. There are 55,000 households in my riding which is about the equivalent number of voters in smaller constituencies.

My riding is made up of people from all backgrounds and all kinds of living circumstances. They are in apartment buildings, subdivisions, instant villages and towns and historic little centres. Malton and Streetsville are there, towns which started up in the middle of the 1800s. Meadowvale, a town which started five or six years ago, is also there.

In 44 days, between January 5, 1980, when I was nominated, and February 18, when the election was held, we recruited 650 to 700 workers. We canvassed every poll in the middle of the winter. We put up over 4,000 lawn signs and conducted two mailings. I ran my own personal campaign. Some would say that was the weakest part of the effort. We went to 16 different local meetings that had been organized by schools, churches and ratepayers groups. If at the end of that effort someone did not know about my campaign, it was more accidental than purposeful. It was not a result of the time allowed, 44 days. My opponents did the same and they did it in the same time period.

In 1979, the campaigns in my constituency were conducted with the same intensity. It was spring, not winter, but the campaigns were no tougher. They were prolonged, but they were no better. My opponent in 1980 was an incumbent. He had been a challenger in 1979. He had been nominated in 1978 and had spent a year or a year and a half knocking on the 55,000 doors in our riding. Once the bell went, he did the same things as the Hon. Tony Abbott, my predecessor. He canvassed every poll, put up thousands of lawn signs and he defeated Mr. Abbott. He did it with a highly effective campaign that was dragged out from 1978 through 1979. His result was the same as mine. His took a year and a half, mine took 44 days.

I have had personal experience in a surburban area, and in northern Manitoba I witnessed with great interest a campaign. The key was the issues, personalities and the parties, not the length of time. I want to make that point quite strongly. We want to be able to say that time does not necessarily penalize people if they come from bigger areas, wilderness areas, spread out or heavily populated areas. A long campaign will not necessarily help the candidate.

Does a short campaign help an incumbent? That is the question asked by the hon. member for Nepean-Carleton. It is a very important question. Do shorter campaigns create advantages for those of us here? Again I will refer back to my own riding. If ever there was a long campaign, it was the one in 1979. The local Conservative challenger at that time started in 1978. He succeeded. In 1980, with 44 days, I succeeded.

Mr. Wilson: Obviously personalities don't matter.

Mr. Fisher: I hear my neighbour for Etibocoke Centre (Mr. Wilson) making a few comments in agreement on this. I appreciate his support.

The same kinds of examples are everywhere. In 1979 the Liberals lost. In 1980 the Liberals won. Long campaigns and short campaigns did not make any difference. In both cases incumbents fell, challengers rose and governments changed. Personalities, parties and issues were the key, not the length of time.

The questions of geography and incumbency that the hon. member for Nepean-Carleton raised are answered by those parallels from the 1979 and 1980 campaigns. Look at those two elections which happened so closely together. One was long planned and the other spontaneous. If we look at the similar campaign techniques used in two different campaigns with different issues and different problems for the voters to solve, we see that, by and large, the campaign techniques themselves were not the key. The issues, personalities and substances of the campaigns made the difference.

The inquiries by the hon. member for Nepean-Carleton are important. We have to satisfy those inquiries in our own minds and for the sake of those who come after we change the law. We must have a proper answer for those people as well. We have to draw a distinction between creating a fair opportunity, on the one hand, and reacting to people who do or do not take advantage of that opportunity, on the other.

We here cannot be responsible for making other people good campaigners. We can look at the outside world and determine that technology, communications and modern campaign techniques work in favour of shorter campaigns. We can make that decision. We can also decide that a 47-day campaign is a fair opportunity. There will be some who argue with us and there will be some who, if they had a hundred years, could not get elected. We are not responsible for those people.

In 1896 Tarte helped Laurier to get elected. He said at that time that elections are not won by prayer alone. In the same way, elections are not won by opportunity alone. We make the opportunity. Others will take advantage of it.

I have tried to stress in my speech that there are three principles we have to apply to any change in the electoral law. First, we have to see whether it is fair. Second, we have to see whether it is efficient. Third, we have to see whether there is general agreement among the responsible parties that we should progress.

• (1430)

I do not think this should become a partisan issue. I think in terms of fairness I have tried to express that the referee, the Chief Electoral Officer, tells us that if we follow this legislation we will have a fair process, a fair administration. As far as he is responsible, he has told us that this legislation has elements of fairness in it.

Second, our audience is telling us that it would be fair and adequate to shorten our campaigns. They are saying through the newspapers—and I think the newspapers are speaking on behalf of their readers—that 47 days is long enough and we do not need to drag ourselves out even longer. Third, are the players, ourselves. I think we are seeing increasingly an agreement here. We have heard five speakers, and I am the sixth, and all of us have said we agree that campaigns should be shorter, even if there have been some queries about how we accomplish it.

I think the fairness question is settled. On the efficiency question, there is an obvious attraction. There is an attraction for politicians everywhere in cutting 25 per cent off the length of a campaign. We are now dealing with election expenditure limits and if we can cut 25 per cent off the time, then those limits will become even more generous and we might find ways to save within those limits. Certainly the public is going to save. The public has been told by the Chief Electoral Officer that in 1974 dollars we will save $2 million in the printing of the lists alone. I think that efficiency is worth pursuing even if the parties as private groups do not find efficiencies of their own.

Finally, on the third principle, the consensus principle I think is being reached here. We have seen the bill come from both sides of the House. We have heard a positive speech from the hon. member for Winnipeg North Centre. I think we have some details we can satisfy in this debate, but I think the quickest way we can show consensus is by putting the bill into the committee, getting it out of the committee, voting on it and putting it into place, which is what I think the public and all our audiences want us to do.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, this has been a subject matter with which I have had some experience, having been engaged in some ten elections, and it is an item which is of very major concern to me. I can agree with the hon. member for Mississauga North (Mr. Fisher) in most of what he said, except that I would have to say that I think it is the prerogative of any party to nominate anybody at any point in time that it chooses, and in this political structure of ours I do not think we should be complaining because one guy had 18 months and another guy had only 47 days. That is not pertinent at all. No matter what the act may be, there will still be that prerogative to do just that. Certainly the public or any party in this House would not prevent any change which would constrict the time of nomination and thus the time of the election campaign conducted by an early nominee.

As for the time of the campaign, I think that in virtually any constituency, the time is adequate, except for some of those in

the very large constituencies, such as Yukon, the Prince George-Peace River and the Peace River constituencies in Alberta, and others which are nearly equally as large. I do not know whether you would ever have time to cover those constituencies in any time frame. If there are hardships which would be imposed by a restriction of time, they would be the ones which would really feel it at its worst.

It does seem to me that if other jurisdictions, such as, let us say, the United Kingdom, can conduct an election in 28 days, surely Canada could stand a reduction to something like 45, plus or minus a day or two, as this bill is now proposing.

There are, however, some frailties in the act as it presently exists. I do not wish to be construed in this instance as speaking with any political malevolence at all, but I would like to see a better elections act, particularly as it relates to a rural constituency. It is in that frame of mind that I want to make a few suggestions.

For instance, the restrictions upon advertising for a convention in a rural constituency impose restraints and constraints which I do not think should be there. I think one should be permitted, as a political party or as an aspiring candidate prior to his official entry into the race, to advertise as one sees fit. I say that because I do not know how you are going to scatter the name through a community 200, 300, 500 miles in length if you do not have the opportunity to advertise.

If you are an incumbent member and you are the only candidate at a convention, I can see that it does give you some advantage. As has been pointed out by the hon. member for Mississauga North, there are advantages and disadvantages. But if you are opposing an existing member, one of the advantages I think a new face in a campaign requires is the opportunity to advertise in pursuit of the nomination, and to advertise the meeting at which he hopes he may be the successful candidate. To include this in the cost of an election, or even to preclude the possibility of publicizing his name and ambitions, I think is a most unfair restriction.

If it were—and this, I suppose, is political—the intention of the government to pursue these constraints and make sure they were exercised with equal hardship on all candidates, that would be fine; but in my experience in the last two elections in this nation that has not been the case. It appears that liberties have been extended to candidates, perhaps I should say of all parties, and there has been no inclination by the Chief Electoral Officer or the returning officer to really see that this facet of the requirement of the elections act is enforced. I think we should either eliminate constraints upon advertising for a convention, or there should be a notice to all parties, to all returning officers and to all known or prospective candidates that, if they breach the law, they shall not be eligible to participate in the election.

The Acting Speaker (Mr. Ethier): Order, please. I would ask the hon. member to indicate to the Chair how that pertains to reducing the number of days for an election. This bill is very, very narrow in scope. It aims at reducing the days during an election campaign, and I think the remarks of the hon. member are not directed to this.

Mr. McCain: Mr. Speaker, if it be the desire of the Chair and the House to restrict debate to the literal phraseology of this bill, then this is really an exercise in futility. I had the understanding, as I think the hon. member for Mississauga North had, that in fact we were going to be allowed to discuss the election process and the requirement for change in that election process. I do not have any criticism of the hon. member for Mississauga North, but I do not believe I am wandering any further afield than did he; and I am certainly speaking on the elections act which is about to be amended. I hate to take issue with you, Mr. Speaker, but I do submit that the elections act is part of the subject matter of this bill. We do have a specific amendment, and with that I agree.

The Acting Speaker (Mr. Ethier): May I interrupt again. I listened very, very attentively to the remarks of the hon. member for Mississauga North (Mr. Fisher), which were always related to the constraint and time limit during an election. Perhaps there was an understanding between the parties, and the Chair is very disposed to go along; so if there was I would like to accept the word of the hon. gentleman. If there is such a disposition I am quite willing to entertain any debate at all if that is the understanding, because I am here at the service of the House.

Mr. Collenette: Mr. Speaker, I am very happy to see that there is consistency on the part of the Chair after the decision taken yesterday on Bill C-57, which was to call on the rule of relevance immediately when one saw that particular comments were not relevant to a bill. This is something that many of us have advocated for quite some time. It was started yesterday on Bill C-57 and I would support the Chair.

What is before us right now is a specific amendment to the Canada Elections Act. There will be ample opportunity to discuss the Canada Elections Act and potential amendments at the committee. Mr. Hamel will be bringing forward his recommendations within the next few months. Perhaps in the fall we will have that opportunity. Therefore, Mr. Speaker, I think you are entirely correct in requiring members to speak specifically about the question at hand, which is the limitation of the electoral period from the present period to 47 days.

• (1440)

Mr. Baker (Nepean-Carleton): Mr. Speaker, I just want you to know that it was unnecessary for the parliamentary secretary or anyone else to say he supports the Chair. I assume it would be unparliamentary for him to do otherwise than to support the Chair.

Mr. Collenette: McCain was not supporting the Chair.

Mr. Baker (Nepean-Carleton): Mr. Speaker, if I may say so, as I was listening to the hon. member, I felt he was dealing with the impact of time, which is the essence of this bill, on the electoral process. I say with respect that I felt that was the thrust of his remarks. I naturally join, if it is necessary at all,

in suggesting that the ruling of the Chair is supreme. However, I thought that was the hon. member's thrust.

The Acting Speaker (Mr. Ethier): I have listened to the hon. member for Nepean-Carleton (Mr. Baker), and with all due respect—

Mr. Taylor: On a point of order, Mr. Speaker.

The Acting Speaker (Mr. Ethier): I will listen to the hon. member's point of order later.

The Chair was listening quite attentively, and I think the hon. member for Carleton-Charlotte (Mr. McCain) was referring to a certain restriction in the Canada Elections Act which prevents publicity prior to a campaign. That does not relate at all to the bill we have before us. That is why I invited him, if possible, to talk about this matter. In the past the Chair has been very lenient most of the time, but it is not often we have bills which are as narrow in scope as this one, and I invite hon. members to co-operate.

Mr. Taylor: Mr. Speaker, I would like to make one or two points in relation to this item. For many years the practice in the British House of Commons and in most legislatures, if not all, in this country has been that at second reading of a bill debate is on the principle of the bill. The principle of a bill involves more than just the clauses of the bill. If that were not so, when a government introduces a bill, debate would be confined. Zippers would actually be put on the lips of members.

If Your Honour will just hear me out, when a bill is introduced, the government knows that there is open debate at second reading. In committee of the whole hon. members are confined to individual clauses. At the third reading stage hon. members can attempt to defeat the whole bill, but the only stage at which hon. members can deal with the principle of a bill is at the second reading stage. The principle of a bill involves more than just the particular clauses. The principle of this bill involves the Canada Elections Act, and I contend that if the ruling is that we must confine ourselves to clauses, we are running a committee of the whole at the second reading stage, which is definitely wrong.

The Acting Speaker (Mr. Ethier): I think I have listened to the hon. member long enough to understand what he means. It is precisely the principle of the bill we are discussing. The principle of the bill is that it limits election periods, and again I invite hon. members to respect that and to address their remarks to the constraint placed on us with respect to the election period, but certainly not to advertising prior to an election, as the hon. member for Carleton-Charlotte was doing previously.

This is one of those rare bills which is narrow in scope. That is why I invite hon. members to observe the rules of relevancy.

Mr. Taylor: On a point of order, Mr. Speaker.

The Acting Speaker (Mr. Ethier): Is it the same point of order?

Mr. Taylor: No, a new point of order. This bill amends the Canada Elections Act—

Mr. Collenette: You are arguing with the Chair. That is disgraceful.

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Collenette: A man with your experience arguing with the Chair; that is disgraceful.

Mr. Taylor: You have not even heard my point of order, Sir. Are you psychic or something?

Some hon. Members: Order.

The Acting Speaker (Mr. Ethier): Order. I think the hon. member wants to debate the same point of order. If the hon. member is suggesting to the Chair that we are debating the whole of the Canada Elections Act, he is mistaken; we are debating an amendment to the Canada Elections Act which places a limitation on the election period. I invite hon. members to talk about that. I will recognize the hon. member in due course if that is the subject to which he wants to address his remarks.

Mr. Taylor: This is not second reading then; this is Committee of the Whole. You are running a Committee of the Whole at second reading.

The Acting Speaker (Mr. Ethier): Order.

Mr. Taylor: Look at the rules.

Mr. Cousineau: You are breaking our hearts, Gordon.

Mr. McCain: Mr. Speaker, nothing I said was intended—

An hon. Member: Arrogance.

Mr. Taylor: What are you afraid of? Are you afraid to discuss the Canada Elections Act? This ruling is wrong, completely wrong.

The Acting Speaker (Mr. Ethier): Order, please. Perhaps the two hon. members who are interjecting could retire behind the curtains and have their conversation. We will listen to the hon. member for Carleton-Charlotte.

Mr. Taylor: The trouble is not behind the curtain, it is in the House.

Mr. McCain: Mr. Speaker, nothing I have said or referred to has been irrelevant, in my opinion, to a rural member, in view of the time constraints which will be imposed.

My remarks in relation to the convention structure were to the effect that, if time constraints are to be imposed by this bill, it would be desirable and conducive to a more efficient and effective election campaign in a rural constituency if there were a change in time frame and a change in time standards respecting advertising for a rural convention. It was not my intention to deviate from matters relevant to the constraints

imposed on a rural constituency if the time is changed. It is in that context that I hope Your Honour will consider listening to additional remarks I have to make on this subject matter.

It is imperative that there be some reconsideration of the whole system of proxy voting, particularly if election campaigns are to be shorter. In an urban constituency the act lends itself to prompt accommodation of the proxy voter who happens to live in that urban constituency; but if we put further time constraints on this act, we will be putting additional constraints upon the time in which a proxy vote can be cast in a rural constituency. There will be a reduction in the amount of time in which the work force of any party will be able to prepare for the facilitation of proxy voting. Therefore, in conjunction with a reduction in the election period I think some consideration should be given to the terms under which proxy votes, absentee ballots and the votes of debilitated people and others can be cast.

If Your Honour will bear with me, I would like to suggest that, in rural constituencies in particular, returning officers should have the capacity to appoint deputies considered by them to be capable. The procedure followed, of course, would be defined either by legislation or regulation. However, a delegate of a returning officer should be permitted to accept, receive or collect proxy votes. Under the present system time is short in a rural constituency. For instance, during the last election campaign the returning officer for my constituency was located at one end of the constituency. I do not quarrel with that. However, if we are to have time to get the work done, the returning officer should have appointees who can do his duties and take his place in the outlying areas of the constituency.

I said I did not want to be political, and I do not; I merely want proper consideration given to this legislation as it relates to time. When we reduce the amount of time, we affect the total campaign in a rural constituency. If the time is to be shortened, I think there should be a system whereby supplies needed by candidates are delivered promptly by the returning officer. Sufficient supplies should be delivered by the Chief Electoral Officer of Canada to returning officers so that representatives of candidates will not have to make three trips, as my staff did in the last election campaign, to obtain necessary forms such as agents' papers.

If we are going to cut the time, it is imperative that the Chief Electoral Officer put everything required in place on the first go around. I do not want to have to make three trips again, nor do I wish to impose that upon any candidate who may succeed me. I suggest that the returning officer should be able to appoint certain agents to conduct, for instance, advance polls. If there is to be a constraint in time, it would be a very excellent idea if the deputy returning officer in the advance poll could almost automatically become an appointee of the returning officer in a rural constituency to receive and perhaps to make available those votes required in proxy or absentee voting or from disabled voters. I think that is the spirit and intent of the act, but if we constrain the time it will be even worse than it has been to date.

• (1450)

If the House will just bear with me a minute, I will not take much time—

Some hon. Members: Hear, hear!

Mr. McCain: —on this subject matter but I am—and I announce this in advance—going to deviate from the constraints you have imposed on me; that is, with your generous permission.

There has been a serious difficulty in some constituencies in Canada, by virtue of lack of co-operation between provincial and federal returning officers, in the establishment of poll boundaries. In a non-political way I appeal to this House of Commons, as a group participating in government, can we not demand of the Chief Electoral Officer and, in turn, his returning officers that there should be co-ordination between provincial and federal returning officers so that poll boundaries can be common? You have no idea, Mr. Speaker, of the difficulty this can create in some areas. In cities it does not make any difference, but in rural communities traditional boundaries are of major significance. I thank you very much for your generosity on that one, because I do think it needs to be on the record.

I think it is very difficult to discuss the subject matter of reduction of time in an election, and as you are considering it, Mr. Speaker, do not consider it on an urban basis. There is so much difference. With all due respect—and no allegations or accusations are made—if I were the candidate for the city of Saint John I really would not need much more than a bicycle, particularly if I wanted exercise. I could bicycle across the constituency in ten or 15 minutes. Even the hon. member for Northumberland-Miramichi (Mr. Dionne) experiences a great deal more difficulty in conducting a campaign than does the member from Saint John.

I think the time constraints are going to have a very definite impact. It may be necessary to give further consideration to more of this act than just the one section as you look at it from the rural point of view. We are not just changing time per se; we are going to change the entire pattern of contact between the rural candidate and his constituency. I think we have to give consideration to perhaps a little bit more allowance for expenses of rural candidates than we have given.

Mr. Baker (Nepean-Carleton): That is relevant.

Mr. McCain: I say this because I want to point out the difficulties of advertising in a rural constituency. Again I come back to the city of Saint John, New Brunswick, which I know so well. One can use any one of each section of the media and advertise in that constituency effectively, but if a candidate in Carleton-Charlotte stays within the legal constraints of expenditures, I have to look as a candidate at the city of Fredericton, Saint John and Moncton for television and radio. I have to look at Woodstock, Fredericton and Saint John again for press. I have to look at all the weeklies, all dailies, the radio stations and television stations that cover the southwest part

of New Brunswick. If you are going to constrain this time, the candidate in Carleton-Charlotte cannot physically cover the same degree of ground that he is able to cover with a longer time period.

Would the government, then, give some consideration, in very difficult advertising circumstances, to the constraint of time plus a little bit of leeway so that one can make contact other than by the media when it is impossible to make it physically, as I have been accustomed to doing? If you cut 15 days off the Carleton-Charlotte candidate, whoever he may be, that means just that many more communities which he is not going to see.

It is a funny thing, but in constituencies in the city it appears that you do have to keep a profile and you do that in the press. In the rural constituencies both the local and national press only recognize the giants when they speak in this House. If they are in the city of Saint John, Halifax or Toronto, they get publicity. The rural candidate is not going to get any freebees in the world of the media, printed or electronic. Therefore he is at a disadvantage if he wishes to get his name known. If you are going to cut this time, these are additional considerations which I think have to be extended to them.

I think I have kept at least one part of your requirements for the consideration of this bill and the mutual understanding on it. I have not been, nor do I intend to be, political, but I do ask whoever chairs this committee or participates in it to review some of the remarks I have made as a country boy in this nation who has some idea of the difficulties of conducting a political campaign under the constraints of this act and who will suffer under the additional constraints. This I think is what the people want and I am willing to abide by it; but if I am to do that, I hope the House, in its consideration of this bill, will give some additional consideration to the necessities of rural campaigning and this time constraint.

How are you going to get around Peace River, Alberta, or Prince George-Peace River, British Columbia, or some of the northern parts of Quebec, in this period of time? Can you make any opportunity for candidates to travel through their constituencies faster? You can do it faster by plane than I can by car, and that is the only thing I can afford under this structure. So should there be an additional expenditure allowance in rural constituencies for plane travel under the time constraints we are going to impose? What is the answer? Before this bill is finalized, let us give that subject attention.

Mr. Chuck Cook (North Vancouver-Burnaby): Mr. Speaker, I must be political with a few opening remarks, and this is pertinent to this particular bill.

Some hon. Members: Oh, oh!

Mr. Cook: I consider this bill to be far too little and far too soon. I do not believe the bill should be before this House at all. It is a waste of Parliament's time to be considering it at this time.

It was said in The Speech from the Throne:

> You will be asked to appoint the committee of Parliament to examine the electoral system in order to ensure that the highest degree of representativeness and responsibility is achieved and that the confidence of Canadians in parliamentary institutions is strengthened.

The Prime Minister (Mr. Trudeau), speaking in Winnipeg just the other night, said:

> We've announced that a parliamentary committee will be established to study and make recommendations on how to make the Senate and House of Commons more effective instruments for the expression of regional interests and priorities as well as the expression of the national will.

Now, for heaven's sake, when you have a government that is planning to rip the electoral act totally apart, change the rules of the game as evidenced by the statements of the Prime Minister, to bring this piddly little bill into the House at this time and ask us to do a little bit with it—

An hon. Member: It is your bill.

Mr. Cook: Yes, but we were not planning on having the rest of it.

An hon. Member: We did not advocate proportional representation; that was you.

The Acting Speaker (Mr. Ethier): Order, please.

An hon. Member: Why don't you listen?

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Cook: What I am suggesting is that attempting a snip, when really what the government is planning to do is to destroy the whole animal, is ridiculous and we should not even be discussing this matter. However, it is before us and there are a number of comments that must be made relevant to this particular piece of minor legislation.

• (1500)

Now I can become slightly non-partisan and point out that the length of elections in Canada now runs 59 to 60 days. Every province in the country has made changes. In Newfoundland, it is 21 days for an election; Prince Edward Island, 26 days; New Brunswick, 36 days; Quebec, 32 days; Ontario, 37 days; Manitoba, 35 days; Saskatchewan, 28 days; Alberta, 29 days; British Columbia, 38 days.

If we really look at the 1980 election, we find that the writ went out on December 13. The election campaign, particularly in city ridings, did not get under way until early in January when the children went back to school. I do not think many members were out knocking on doors and saying, "Merry Christmas, please vote for me". If they did, perhaps they are not here.

The length of time of an election is only one small issue in terms of the entire question of electoral reform. This bill should not be before us at this time; it should have been held back. In approximately three months, in September, the report of the Chief Electoral Officer on the changes he wants in election law will be available.

The Prime Minister (Mr. Trudeau) said he has some major changes he wants to make. Why should we be bothered with this minor matter which ties in with every change that may be advocated in Parliament in terms of an election? Will 47 days be enough? I do not know because I do not know what are the other considerations. They are asking me to buy this pig in a poke and to decide that the election period should be shorter, without telling me what else they have planned or what other major items they will attempt to foist on Canadians. Until I am told those things, how can I possibly talk about 47 days or about electoral lists which will no longer be printed but will be mimeographed? These matters should not be before the House at the moment; it is a waste of time.

Why was a committee not set up for this matter and all other changes considered at the same time? Why was there not an omnibus bill? Why have they not brought it all in? Why have we not had a chance to look at everything?

There is a stack of bills which are waiting. Various matters are involved. Some of them are good; perhaps some of them are not so good. Every one of them has some relationship to the legislation before us. When they talk about 47 days, they should realize that they are changing every facet of the Canada Elections Act. This 47 days makes a difference to the Canada Elections Act, as does the question of the printed list.

For example, the hours the polls are open might be irrelevant, but moving after the list is out is relevant to the 47 days, as is voting by proxy. Holding the level of the membership of the House to a particular figure is relevant to 47 days; perhaps it will mean many more voters in individual ridings. Will the candidates have a chance to talk to everyone involved? There is some doubt about that.

There are ridings in British Columbia which are over 500 miles long. The government should talk to members representing those ridings to hear what they have to say about the 47 days. Will they be able to get around those ridings within 47 days? I realize that originally the length of an election was established based on the difficulties of travelling by horse drawn wagons on muddy roads. Even though it was done in that manner, the distance in those early days were much shorter. The difficulties in terms of travelling about ridings in the maritimes or Ontario in those days were not the same as they are today with the large size of ridings, particularly in western Canada. Those ridings are what we might call big ridings in the big sky country. Some ridings are hundreds of miles in size. Even with paved roads and instant communication by telephone, 47 days may not be enough. I want those members to have an opportunity to consider the 47 days.

I suggest that other things could be done to the bill which would make the 47 days reasonable and would allow the electorate to be well informed. We are not only here to please ourselves and to be fair to all candidates. We are supposed to be fair to Canadians and to let them consider what each party is advocating and what is the philosophy of each party, and to provide them with a reasonable time in which to make up their minds.

Perhaps 47 days is the answer, but I think the government will find out that hon. members from large rural ridings have other ideas relating to the 47 days which may make the 47 days acceptable to all. The publication of the results of the opinion polls relates to the 47 days; whether or not the results of such polls will be published. There are two acts to amend the Canada Elections Act in that regard. There are a number of ideas about which hon. members have felt strongly enough to propose bills dealing with individual changes. Surely they must all be considered. Surely the opinion and the report of the Chief Electoral Officer must be considered. The Speech from the Throne and the attitude of the Prime Minister and his government toward major changes must be considered. They relate to the 47 days as well.

We should not be discussing this matter today; the bill should not be here at this time. We should be talking about the bankruptcy bill or something which is important to the country, rather than wasting the time of the House as we are doing today with this bill. There are acts regarding deposits, partisan poll officers and the representation of parties at polls to be considered. This 47 days as opposed to 60 days will make a difference as to whether or not these things will be possible, whether or not injustices will be involved. There is the Electoral Boundaries Readjustment Act and byelections preceding redistribution. This 47 days will have a lot to do with those bills, as well as with the mobile polling stations under the Canada Elections Act. If there are a couple of mobile polling stations in a 500-mile riding, I wonder how much the candidates can cover in 47 days. I am referring to many areas in western Canada or, for that matter, in the north.

What about the use of contributions, limiting them to federal uses? Well, I apologize for that one. It should not be included in here, because it has nothing to do with the act under discussion.

The period of 47 days is related to campaigning by non-residents and to permanent voters' lists. Those matters have a great deal to do with this particular piece of legislation. Many hon. members on all sides of the House have taken a look, or would like to contemplate, the potential of a permanent voters' list. This might make this legislation palatable to those with huge rural ridings. It can be done in many ways. The Australians have one system, but there are various ways in which it can be handled.

As I suggested, there were comments in the Speech from the Throne which proposed major changes. Also there was the speech in Winnipeg by the Prime Minister reiterating them as recently as last Monday. We know that the report of the Chief Electoral Officer is due in September. There is a raft of bills dealing with the Canada Elections Act, yet we have a little bill before us indicating limiting an electoral campaign to 47 days and stating that the list will no longer be printed. How can we deal with those matters in a vacuum without contemplating all other potential changes, ideas or concepts which might be very useful or interesting? Perhaps when we see the rest of the legislation it will be entirely possible that we may have a circumstance where 47 days will not be the ideal time. It may

be that there will be an all-party agreement that, perhaps, with this change and that change to the Elections Act we could conduct a proper federal election. This would be an election that would be fair to all Canadians. It would ensure that they have their information and that the examination would be conducted in the same time as that established in many provinces. Perhaps 35 days would be equally acceptable, I do not know. I do know that this bill should not be before us now because of the vast changes which will come about in the election process in this country when this bill comes into effect.

• (1510)

When we talk about the potential of proportional representation, I connect it to the question of a 47-day election campaign. An election is called, and 47 days later the voting takes place. If there is any form of proportional representation which falls into this category, it really means there will be two elections. It takes probably a week or two to get on the list on the basis of proportional representation; and, depending on the system used, a separate voting may be required within the election to determine who will be on the proportional list. This may require that a party convention be called, or it may mean that some form of primary election will have be held, as is the case in the United States. Under these circumstances, obviously, 47 days simply will not suffice, since at least two weeks of those 47 days will have been used up in order to determine who the proportional representation candidates are.

With that hanging over our heads, I wonder why we are even contemplating 47 days until we know what the rest of the package will be and whether 47 days will have anything to do with it at all. Yet this government brings in this measure to be debated on a lazy Friday afternoon. We are required to talk about it while the government does not understand that it should not be before us. Surely to goodness there is not that much poverty of mind and wisdom on the government benches that they cannot realize the implications of some of the legislation which should be before this House.

Mr. Taylor: Do you want to bet?

Mr. Cook: No, I will not take a bet on that; I might lose.

Before us is a bill which covers a vast subject. What has been printed is, if I may use the expression, a half-assed proposal dealing with the subject.

What else is there to say about this whole matter? Not that much. I think we have made the major points about what should not be included in this measure. In view of its terms, we would also like to see what would happen if it were to pass. If we ever get to the point of having an elected Senate, will this bill apply? Will the Senate have a 47-day election period as well?

Mr. Collenette: Come on, we're not talking about the Senate, we are talking about the House of Commons.

Mr. Cook: If the heckler over there is going to make comments, will he either make them quietly so that I cannot hear them at all or will he make them loud enough so that I can hear him properly? There is nothing worse than knowing only that a heckler is saying something and yet not being sure of what it is he is saying. This is what has happened with the hon. member opposite. Mind you, if he is that embarrassed about what he has to say that he wants to tone it down to the point where he cannot be heard, that is just as well.

I compliment the hon. member for Mississauga North (Mr. Fisher) on a speech well made. I thought his comments were fair. I tend to agree with some of his ideas. I only hope that he will consider expanding his thoughts from the narrowness of what is contained in the bill with regard to the 47-day proposal.

There is a second proposal in the bill which has received very little discussion in this House. It is a rather important proposal since it involves a radical change. If accepted, it will mean that the voters' list will be handled in a totally different manner from the way it is at present. I suggest that in some ridings this may present quite a hardship. It will not be bad in a city riding where there is a returning officer and a returning office, and where one can view the mimeographed lists readily. I wonder what effect this measure will have in those 500-mile long ridings where the returning officer is at one end of the riding with the mimeographed list and the electorate is spread widely throughout the riding. How many hours or days will it take them to reach the returning office to view the list? I presume that the returning officer would send the list via special delivery through the Post Office to designated points throughout the riding where people can actually see it.

These problems are not addressed in the bill before us, nor have they been carefully considered. It is very unfortunate that this piece of legislation has been brought before the House at this time, especially since statements of all kinds have been made indicating that some major legislation will be forthcoming which will probably deal with proportional representation which, in turn, will change the entire ball game. We know that the Chief Electoral Officer will be suggesting in his report up to 100 minor housekeeping changes to the Elections Act.

Each one of these changes should be looked at in light of the 47-day potential and with the possibility in mind of a different method of printing the lists. I want to be able to consider these changes and discuss them. Once that is done, once all the changes have been put together properly, the government can bring their 47-day legislation to me. At that time, and under those circumstances, I think the legislation would receive a very fair hearing. But it cannot be dealt with in the abstract. It cannot be dealt with today. All the questions that are raised in my mind cannot be answered today, since I do not know what will be contained in the Chief Electoral Officer's report. I do not know what the Prime Minister will propose in the fall. Quite frankly, for a year now an ad hoc committee and the Chief Electoral Officer have been involved in discussions about many of the controversial measures involved in the Elections Act. They have been attempting to arrive at an agreement with all parties, in a way which would be fair to the Canadian people. I would like to see the conclusion of those discussions

before it is said to me "Let us have the 47-day provision." I want to deal with the total picture.

I could not possibly vote for this bill at this point in time, even though I find myself generally in agreement with the 47-day provision. I want to hear what the people from the large rural ridings have to say. I am sure the first question they will ask is "What else is involved in this legislation?" They will go on to ask: "How does this 47 days relate to the voters' list?" I ask myself, how does this 47-day provision relate to my time as a member to get through a 500-mile long riding? Does this 47 days relate to informing the voters or making up the voters' list? How does this 47 days relate to every other section in the Canada Elections Act and amendments thereto?

I believe the government has done us a disservice by bringing this bill before us today. I hope that it will not be placed on the Order Paper again until the fall and until we see the rest of the package on the electoral reform in this country. We know it is needed. We want it, as do the other parties, but we want it all at the same time. We want it to be coherent and we want it to fit together properly.

● (1520)

Some hon. Members: Hear, hear!

Mr. Scott Fennell (Ontario): Mr. Speaker, I am glad I had the opportunity to clear up the process with you before speaking on this bill, both earlier and during the few minutes in the House.

To me, this bill parallels the fill in the Ontario weekly newspapers, and that is what it is. It is fill. It does not really attack the problem of the Elections Act. We are talking about 47 days versus 59 days. The consequence of this 47 days will be the erosion of the democratic process in this country. Basically it gives the incumbent an advantage. Since the government has a majority, it would give the government an advantage. I have to state right here and now that I cannot support 47 days. I will give Your Honour more reasons as I go on.

The bill is totally incomplete. It does not cover anything. In my riding, I have a microcosm of Canada. I have urban development, I have an industrial area, and I have a large rural area which makes up the largest part of my riding. My first election campaign took me 365 days. Now I am being asked to cut my next election down from 64 days, which we happened to have the last time, to 47 days. I do not think there is any way that I could go back and be re-elected under these conditions. I will have had to work at it the four years I will have been here—something like 1,500 days.

There is just a little side point, one little item, which is missing from this bill. We talk about 321 members who will have 47 days the next time.

Mr. Baker (Nepean-Carleton): That is right!

Mr. Fennell: Those hon. members will no longer be known as backbenchers. They will be known as the 47-day upper benchers sitting in the gallery because there will be nowhere else to put them, or else we will all crowd in together when we come in for a vote. I hope we are given 47 days to vote.

Another point which I feel was left out of the bill is that volunteers in a campaign who are supposed to raise money have no longer been given a challenge. They have a great opportunity to go and raise all the money they want. But now, the government wants control of the election, so it gives back the money, and I disagree with that. I think perhaps the new candidates should be helped out, but the incumbents should raise their own money. They have about 1,500 days in which to raise money while they are in office. If they have done a good job, they will receive all kinds of money to run their campaign. If they are not re-elected, that is their own fault.

There should be some method of improving the electoral lists because one of the major problems of our campaign offices is dealing with people who did not get on the list. I have an unusual situation, particularly in part of my rural riding where people are not allowed to register when they come to vote. Half of those people in my rural riding can register when they come to vote and the other half cannot, and they must be enumerated. There is no geographic difference. These people live on farms where the enumerator does not get around. These people are out in the fields and the wife is out to work. It just does not work.

Perhaps 47 days might be practicable if people were allowed to register at the polls. During this debate some members have suggested that a permanent list would solve the problem of 47 days. I shudder at the thought of a permanent list, and I will tell you why. It is because we would create a whole new bureaucracy right across Canada, in 281 constituencies. I cannot accept that. I believe that 59 days is a minimum we can deal with.

One little point which is missing in this bill is the matter of a deposit. In 1867 it cost $200 to put one's name on the line to get elected. On a relative dollar basis, with the inflation we are experiencing, that deposit should be $20,000, but maybe I will cut it down and say that we should be required to put in $2,000. It is just a little extra point that is missing in this bill.

Another little point is with regard to the hours. It was tough for the people in Vancouver to find out that the Liberals had won the election while they were still voting. There should be some adaptation made there. I really feel strongly about that. There are several private members' bills but—

Mr. Fisher: Vote Liberal!

Mr. Fennell: —it is just a point. We have to look at this total package. It is simply not enough. This bill is not doing anything for the country. We are not representing our constituents if all we tell them in this bill is that there will be 12 days fewer than the last time around. I think that is totally unfair. Basically, it is fine. If I had a district to represent such as downtown Toronto, where there is all these highrises, it would be simple. All one does is to go up and down elevators. One goes up the elevators and then one walks all the way down. I

do have some apartment buildings in my constituency, and it is a lot of work. However, I could cover that in 47 days.

What this bill will do to my constituency is turn over 80 per cent of my rural constituents into second-class citizens, and they are the ones who are the guts of the country. They are the true entrepreneurs. They are the people who started this country. They are second, third, fourth and fifth generation farmers. Even 59 days is not long enough for us to see them all. How much less would we see them in 47 days?

One matter which has been touched on in this debate is proportional representation, a matter which has been missed in this 47-day bill. I would suggest that if we are going to talk about proportional representation, we should look at the whole of government service. Let us start electing our senators, perhaps for life, if so desired. However, they should be elected as proportional representatives. We have a great big area at the east end of this building. We could be doing a lot more productive things with this area than what I have seen in the two years I have been here.

I would have one suggestion on the 47 days proposal. If we knew for sure that there will be no election for at least four years, perhaps we could accept the 47 days, because incumbents and new candidates would have enough time in three or four years to build up an organization and to build up their image. Perhaps when the bill goes to committee an amendment could be made which would provide that for elections which are four years apart, an electoral campaign of only 47 days would be allowed, but for elections which come sooner, that is, snap elections, the length of time of the campaign would remain at 59 days. That way, there would be an opportunity for good candidates to be picked, and if there had to be last-minute choices, there would be better people to choose from. All parties have the same problem of finding candidates when there is a snap election. Your Honour knows that. That is probably how I was elected the first time; they did not have time to look around. However, they are happy with me now. Personally, I think I can do it in 47 days, but I feel sorry for the new guy who comes in and does not have the same opportunity that I had with 365 days.

I have another possible amendment which could also be discussed in committee. Why not do away with elections altogether and just let the Gallup poll take care of it? That seems to be how we do it anyway. Let us make it equal so that we in the opposition have the same opportunity as the government. If we see our poll results are really high, we could say, "Hey, we are going to have an election". We could go to the country and it could be done in hours with computers. Think of the word processors and the computer facilities! We could do it in 47 minutes. We would not have to wait the 47 days. Think of the financial savings! The only company who would make any money is Torstar. It happens to practically own the Gallup poll.

I feel badly about the disenfranchised electors, those unfortunate people who are not in the country, particularly during a winter campaign, but are in Florida, Arizona, Hawaii, and California. Let us try to really help those people and set up polls—

An hon. Member: El Salvador.

Mr. Fennell: —where our Canadians are. We may as well go where they are. So let us set up polls in Florida, Arizona, Hawaii, and California. When I retire from this House, I would like to be in charge of that.

An hon. Member: El Salvador!

Mr. Fennell: Well, the hon. member is welcome to El Salvador. I would just as soon have Florida or Hawaii.

I think this bill is failing the country. It is failing the people. It is satisfying only one party. It is appeasing the appetite of one party. It is not helping us. We will have disadvantage for all time. Forty-seven days is not enough time for any new person to get elected. I believe we should vote against this bill and we should strongly urge the committee which will be examining this bill to review the entire election act. The committee should look at proportional representation and I suggest that Senate members be included on this committee. All of this should be done properly. Some members in the other place have more experience than we have had here. I maintain that we must review the entire picture, not just the 47 days versus the 59 days.

• (1530)

I represent a rural constituency. I feel very close to my constituents. Incidentally, they are all staunch Conservatives. I feel most strongly that I should have the opportunity in the next election of having those extra 12 days so I can visit all my constituents, sit around their stoves, have lunch and coffee with them. On that basis, I hope that some of the words I have expressed will be accepted. I hope that when this bill goes to committee it will be redrafted.

The Acting Speaker (Mr. Blaker): Order, please. The hon. member for Ontario (Mr. Fennell) mentioned that he had had a private conversation with the Chair earlier today. He ought to be commended for the remarkable effort he has made. I just say it was an extraordinary effort and it was very much appreciated.

Mr. Jim Hawkes (Calgary West): Mr. Speaker, I wonder if in those few words you uttered, there was a message for me. I heard the argument in the House earlier today about the business of relatives.

I think the hon. member made an excellent point that the bill is targeted to accomplish a specific end. It is not just a 47-day election campaign, but it deals with time limits for all kinds of processes which must be examined. It is also critical for members of this House to bring to the attention of the House the climate or the milieu in which this reform will take place. You cannot exercise your responsibility on behalf of Canadians in dealing with a specific narrow piece of legislation without trying to examine, as best you can, its implications for the total system.

Perhaps much of the constitutional debate would have been more enlightening if more attention had been paid, not just to the specifics of the resolution which bound the discussion, but also to sets of general principles and a general framework of the relationship between Canadians and their government. That is what a constitution deals with.

An election act and its subparts deal with the rights of Canadian voters to choose their peer group, which is their jury. In the case of federal politics, that peer group or jury is to be found in this chamber. Any attempt to alter the relationship between the individual voter and his or her right or obligation to choose who represents him or her is a matter which should be undertaken only after very serious thought, and only in the context of our particular form of parliament.

I stand here in this House with a sense of foreboding about the consequences of the proposed change. I think that perhaps the principle which is really basic to that sense of foreboding begins with the notion of process. As we debated the Constitution, I felt that it was most unfortunate that it was a piece of legislation introduced to this chamber by a government, by a small group of members of this House, who had a long-term vested interest. I wonder what the constitutional resolution would have looked like had we had an advisory group consisting of knowledgeable Canadians with no vested interest in this particular source of power called the House of Commons of Canada, to give us ideas and advice. If an advisory group had come up with ideas, suggestions and potential legislation for the House, after which legislation had been brought forward which all members had an opportunity to debate freely, and on which to vote freely, perhaps it would have been better.

I had the same feeling about this proposed electoral change. I think it behooves us in this House to begin an examination of this proposed change with the following in mind: let us assume that government members, members of the Liberal Party, like sitting on that side of the House and like the responsibility of forming a cabinet and deciding which legislation comes forward. But when they propose a particular piece of electoral reform, can they be objective and dispassionate about the consequences of that proposed reform, or is re-election to this chamber uppermost in their minds? I suggest to you, Mr. Speaker, that is a great deal to ask of any man or woman. It is far too much to ask of the present cabinet, far too much. Everything that has happened in this House since the formation of that cabinet leads inexorably to the conclusion that the retention of political power is the dominant principle in their decision-making.

Mr. Kilgour: It is the only one.

Mr. Hawkes: My seatmate said it is the only one.

If in the Constitution and if in the National Energy Program we see that the cabinet proposes legislation, legislation that is not good for Canada but good for re-election, if that is the dominant principle, we can expect to find it also in the government suggestion for electoral reform.

I ask hon. members to consider the following: if the first clause of this bill were that the cabinet and the Prime Minister (Mr. Trudeau) have an obligation, were required by law to select, a minimum of 12 months ahead of time, and to make known the date of the next federal election, then we could have a different attitude toward this piece of legislation. If you approach Canadians on this matter, it comes through that they have some sense that election periods sometimes go on for too long. It is a little more difficult, and it takes a little more time, energy and sophistication to realize that it is the government, and the government alone, which can set the date of a federal general election. Therefore, it is the government, and the government alone, which knows the date of the next federal election for some considerable period of time.

We do not have to look very far back in history to find evidence that the government, the cabinet in particular, backbenchers, fund raisers and a number of people, know with increasing certainty, and with considerable lead time what the date of the next federal election will be. The campaign begins on that date. Government members have that knowledge. They can begin to plan their publicity campaigns and election material and recruit their volunteers. Under our present system they have an unfair advantage.

● (1540)

We look at the past few election campaigns and we see that taxpayers' funds were used to begin the campaign. Look at the legislation generally brought into this House in the 30-day period prior to the dissolution of the House before a general election. Look for the bribery component in most instances. Look at what cabinet ministers do with government jets in the month prior to the dissolution of the House and calling of an election. Look at what they do with press releases and the utilization of staff and their physical location. This is an unfair situation which has existed since the beginning of this nation. The only check on the use of that power is the moral fibre of those who wield it.

The bill before us runs several pages. The underlying principle is clearly that government members opposite have decided to increase the four year advantage by another 12 days. They want to reduce the possibility of being defeated, the possibility of fair play by another 12 days. I want to issue a challenge to members opposite. They can have a 47-day election period, probably with unanimous support in this House, under one condition: give us the date of the next federal election at least six months or possibly 12 months in advance so that everyone has an equal opportunity to plan, nominate candidates and raise money. The parliamentary secretary to the government House leader says to me across the floor of this House from behind the curtain "We are not as dumb as you guys. We believe in hanging on to power."

Mr. Collenette: I didn't say that.

Mr. Hawkes: That is sufficient justification for the thesis I am advancing. They say, "if this bill is allowed to pass, will I be a victim? No. I have an advantage over all of those who choose to unseat me. I have access to this chamber and to the press gallery for an additional 12 days. My opponents have 12

days less to become known, to make my record known to the electorate in an attempt to unseat me. Anyone who wants to take my seat will be disadvantaged."

If I were totally motivated by the desire to hang on to power, I would have no trouble with this bill. However, in the long term, on account of short-term gain, to retain power will erode the commitment of the Canadian people to the democratic process. It is another step in the direction which is inherent in the Constitution. It is a fundamental belief in oligarchies, that the strong shall rule the weak. It runs counter to the very first paragraph of Beauchesne, which is the book which each of us receives upon election to this House, about the purpose of this House and Parliament.

I can see the unfairness of this 47-day period even more clearly in the case of a byelection. If you are an astute observer of the rhythm of this House as it unfolds and transpires toward a general election, you can begin to make a reasonable guess as to whether or not we are heading toward an election. That guess is likely to be reasonably correct unless, all of a sudden, an unfavourable Gallup poll comes in, and then it changes dramatically and quickly.

The provisions of this bill would affect byelections. Do all political parties have the same opportunity to see a byelection coming? Do they have equal opportunity to contest that byelection? We need only look at the past decade of behaviour by this government in relation to byelections. You can see how cleverly they wield the power to name the date.

Mr. Collenette: It is the law.

Mr. Hawkes: Who made the law?

Mr. Collenette: Everyone in this House.

Mr. Hawkes: The transitory majority wants to change the fundamental law of this country, the Constitution. That same transitory majority wants to amend the fundamental democratic protection we have which is inherent in the elections act. To be on that side of the House and say that it is this House and all of the regions and a reasonable portion of the people in those regions who support the Constitution, or this kind of electoral reform, is to be dishonest. It is dishonest to make that kind of statement. This is a transitory majority, primarily from two provinces, that is determining the Constitution of Canada. That same majority is seeking to weaken—

Mr. Fisher: Mr. Speaker, I wonder if the hon. member would permit a question.

Mr. Hawkes: I would be happy to accept a question.

Mr. Fisher: I am curious about how the hon. member can reconcile an apparent contradiction in his comments. I am asking this honestly out of my own curiosity. One of the great differences between a parliamentary system, which I think the hon. member has actively supported and endorsed in the past and probably still does, and a presidential system is that a presidential system has a fixed election date and a parliamentary system has a floating date. Can the hon. member tell me how we can protect Parliament and still have a fixed date?

Mr. Hawkes: Kindergarten teachers could think up such complex questions. Had the hon. member been listening, near the beginning of my remarks I said that the government could simply name the date one year in advance instead of 47 days in advance. Why not tell us one year in advance when it is going to be? It would not be a violation of the parliamentary principle. There is one other part of the parliamentary system which is not the same as a presidential system, and that is that the government can be defeated by a majority of the members of this House who have the guts to do so.

• (1550)

An hon. Member: That's what happened a year ago.

Mr. Hawkes: No, what happened a year ago was an extension of the parliamentary secretary's basic commitment to retaining and hold power regardless of whether it was good for Canadians. That is what happened a year ago.

You could have another provision in the electoral law, that when the government is defeated, we can have our 60-day period. It could occur under that circumstance. But in the absence of a government defeat, give us all equal notice, six-months' notice or a year's notice, and that will not violate parliamentary democracy. That certainly is not the presidential system.

Mr. Knowles: Mr. Speaker, would the hon. member permit another question? Does the hon. member feel that the Canadian people would like us to have campaigns that last a whole year?

Mr. Hawkes: I think I can speak on behalf of the voters of my riding who have noticed that some campaigns seem to go on for two or three years. The Liberals run a campaign as a government from the day they are elected till the next election. That is the point I have made. Those of us who would like to spare the voters of this country long election campaigns might be better served with certain knowledge of the date of an election further in advance. In the absence of that knowledge, I suggest that the New Democratic Party as well as this party begins to move into an election stance a considerable length of time ahead of an election. Many, many ridings in this country and many political parties had campaign headquarters rented and phones installed for the 1979 election in May and April 1978, yet that election took place only in May of 1979. The government controlled this, a great deal of money was wasted and Canadians were subjected to a very long election campaign.

Mr. Baker (Nepean-Carleton): Now they are opening ministerial offices all over the country.

Mr. Hawkes: That is true. The campaign offices today are called ministerial offices and the taxpayers pay for them. That is the difference. Once an election period starts, it is the donors

to political parties, hopefully, who pay for most if not all of what those election campaigns cost.

An hon. Member: How much did the Conservatives get last year?

Mr. Hawkes: There was another question which I did not quite hear from across the floor.

[*Translation*]

The Acting Speaker (Mr. Blaker): The hon. member for Gatineau (Mr. Cousineau) on a point of order.

Mr. Cousineau: My hon. friend is suggesting, I believe, that the members of the party in power are the only ones who receive funds during election campaigns. So, my question is this: has the Progressive Conservative party not also received gifts from the public at large?

[*English*]

Mr. Hawkes: We receive gifts from the public at large. I suggest the Liberal party uses taxpayers' funds which, in my riding at least, are not perceived as gifts but rather as compulsory contributions to good portions of the party.

My concern is that there are so many members opposite who have questions about this bill—

[*Translation*]

Miss Bégin: I would add that the Progressive Conservative party also sends Liberal ministers requests for funds accompanied by membership cards, like the one I received today, in an attempt to collect funds, because I think the public is giving them quite a lot of trouble.

[*English*]

Mr. Baker (Nepean-Carleton): On the same point of order, Mr. Speaker. I wonder whether the Minister of National Health and Welfare (Miss Bégin) will write Norman MacLeod and please take me off his mailing list.

An hon. Member: Me too.

Mr. Taylor: Take me off too.

Mr. Kilgour: Mr. Speaker, is the quality of debate going up or down? I would point out to the minister that I have received two letters from the Liberal party, and furthermore I responded with a donation of ten cents.

An hon. Member: Too much.

Some hon. Members: Oh, oh!

An hon. Member: They even squandered your dime.

Mr. Hawkes: Mr. Speaker, I was just beginning to make the point that as you begin to examine the principles of this bill and try to write them out with some sense of clarity for the Canadian people, the degree of interest on the government side noticeably increases, and this expresses itself in an attempt by them to ask questions and receive some clarifications.

I hope that has been helpful and that it might encourage some members opposite to sit down and actually read the bill, then prepare some words of wisdom and come to this chamber and talk about it. If they intend to vote for it, Canadian people might be mystified that none of them took the trouble to come and talk about it, that they would simply stand up and vote for it without coming to the chamber to defend it. I think democracy might be somewhat better served if we were to hear some set of real or invented reasons why this bill is supportable.

It is drawing near the time for private members' hour and there is much more about which I would like to talk. Once you restrict the total election period to 47 days rather than 60 days, there are many clauses in this bill which need examination, because they really affect the voters of this country. If I may bring to the attention of the House an example, and this is not a complete list, the time allowed for revision historically has been 14 days. Any of us who have been elected to this House have encountered new Canadian citizens, people who have achieved citizenship in the preceding two months or one year, who did not comprehend the need to read the list and make sure their name was on it but who had been looking forward to the opportunity to vote. Nobody found them and nobody got their names on the list in 14 days. That seven-day revision period is one that should be looked at very closely. This is a complex country in a complex world, and seven days is not enough.

Mr. David Kilgour (Edmonton-Strathcona): Mr. Speaker, it is a pleasure to participate in this debate. I see I have about a minute and a half in which to condense all I hope to say.

An hon. Member: It's too much.

Mr. Kilgour: They say "too much" on the opposite side. I would like to point out that in my respectful submission, the bill is the parliamentary equivalent of using a band-aid for a severe case of appendicitis. It is not likely to do much about the basic problem, whether it is a band-aid, or in this case this bill, but it allows those opposite in the government to go forward pretending they are doing something about the grave problems of electoral reform. Why not reduce the electoral period to ten days or a week, as I believe somebody suggested on the other side of the House? Why do we need 47 days? It seems to me if you want to assure your re-election, you should have an electoral period of seven days. Since my time is up I would suggest that perhaps somebody would at least address himself to this question, if anyone on the opposite side has the guts to speak on this bill later on. May I call it four o'clock?

• (1600)

The Acting Speaker (Mr. Blaker): Order, please. It being four o'clock, the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely, public bills, notices of motions and private bills.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

The Acting Speaker (Mr. Blaker): Does the House agree to stand all public bills and orders preceding Order No. 33?

Some hon. Members: Agreed.

* * *

REGISTERED CHARITIES ACT

MEASURE TO ESTABLISH

Mr. Walter McLean (Waterloo) moved that Bill C-233, to encourage the role of the voluntary sector in Canadian society, be read the second time and referred to the Standing Committee on External Affairs and National Defence.

He said: Mr. Speaker, the purpose of Bill C-233 is to encourage government action to support the voluntary sector in our Canadian society. The bill calls for a mechanism. It calls for a commission to take existing reports, studies and recommendations and consolidate their suggestions for early action by the government.

The importance or the relevance of the bill is that if we are to maintain a caring society, it is imperative that we undergird the voluntary efforts of millions of Canadians in the face of today's inflationary times and the difficult economic situation many Canadians are facing.

The bill encourages action in two areas affecting the voluntary sector. It relates to the tax law and suggests the need for an amendment which could be prepared to give donors to voluntary agencies the same tax incentives as are given to those who donate to political parties. This was addressed by my colleague, the hon. member for Edmonton South (Mr. Roche), on June 9, 1980, when he spoke on a private member's motion.

The second matter to which the bill relates is the sharing of goods and services and the importance of taking tax dollars which have already been used to provide goods and equipment for government to operate and communicate and see that that asset is used during off-hours or non-peak periods by voluntary agencies in order to maximize the use of those tax dollars. This can be done and has been done in some areas where there has been a will to do so. The bill lists several areas which are examples only of what might be done.

The idea I am setting forward in Bill C-233 is not a new one. It has its roots in a substantial volume of research and study which can be traced at least as far back as the 1951 Massey report of the Royal Commission on Arts, Letters and Sciences. There is a large body of research into the needs of the voluntary sector as well as the different means of providing aid in kind assistance to address particular needs. My bill calls for a commission to report its recommended guidelines to the Minister of Finance within six months of its establishment.

Registered Charities

In encouraging passage today by the House of Bill C-233 I would like to underline the importance of the contribution made by the voluntary sector to both the Canadian way of life and our national economy. I do so having been involved in the voluntary sector as a field director for CUSO, as a director of the national voluntary thrust of the Canadian Centennial International Development Program, as an executive director of the Manitoba Association for World Development, as chairman of the Inter-Church Aid Committee and as one who has sat on the boards of a number of voluntary agencies nationally and a number of community and service clubs at the local level.

According to a survey, highlighted by Statistics Canada in the context of National Volunteer Week which was held April 27 to May 3, some 2.7 million Canadians, or 15.2 per cent of the country's working age population, performed volunteer work between February, 1979, and February, 1980. The survey, to be published later this month, was the largest ever conducted on this topic in Canada. A total of some 18,700 households were contacted, which represented 43,000 persons. Results also indicate that 54 per cent of the volunteers were women and 46 per cent were men. An estimated 49 per cent of the volunteers were between the ages of 25 and 44. Another 36 per cent were 45 years of age or over, with the remaining 15 per cent divided almost equally between the 20 to 24 and 15 to 19 age groups.

I would like to quote briefly from the introduction to the forthcoming publication, as follows:

> While volunteer work is as old as charity itself, it has become increasingly topical in recent years, and the escalating interest appears to be attributable to a variety of factors. In part it can be related to the advocacy of women's groups and others who wish to promote the recognition of the importance, relevance, and value of unpaid community work, both in itself, and as it relates to possible subsequent paid employment. It can also be traced to a recognition that during times of fiscal restraint at all levels of government, the work of volunteers represents an even greater contribution to community well-being, which would otherwise not exist. Current levels of interest in this topic are also a result of a growing awareness that many of the services provided by volunteer workers, and the profound dedication which they bring to their work, cannot be fully duplicated in the field of social services provided by paid workers.

These figures in the survey now provide an up-to-date framework for the body of research which includes "People in Action", the 1977 report of the National Advisory Council on Voluntary Action, which was presented to the then secretary of state, the present Minister of the Environment (Mr. Roberts). It also includes two reports prepared under the auspices of the Canadian Council on Social Development entitled "Volunteers: the Untapped Potential" which was produced in 1975 and "Tapping the Untapped Potential: Towards a National Policy on Volunteerism" which was published in 1977. The body of research culminated in the briefs prepared for the meeting between government and the voluntary sector held January 29 to January 31 here in Ottawa called "Consultation '81" and organized by the Committee of National Voluntary Organizations.

Two additional statistics which were circulated at Consultation '81 arose from the labour force survey released by Statistics Canada on January 28 of this year. Total volunteer hours

worked during the year ending February, 1980, were 373,991,000, which is equivalent to approximately 218,000 person-years of volunteer labour.

If this volunteer labour were compensated at the average industrial wage, it would represent a wage forgone by these volunteers of $3.5 billion for the year ending February, 1980.

The keynote address at Consultation '81 was given by the hon. Secretary of State (Mr. Fox), and I would like to read excerpts of that speech since, in the non-partisan atmosphere which exists with respect to this subject, many of the minister's remarks can be shared by many of us here. The minister said the following in that context:

> There was a time when a fair amount of mistrust existed in the minds of members of voluntary organizations when they viewed government. There were reasons for that mistrust. In some cases, organizations which had established themselves to promote sound goals were superseded by government programs which took over their mandate. When we now look at that pattern, we wonder if it was the right approach. Would we have been better to have helped voluntarism to give help, rather than giving help ourselves? This is a question which I feel we should answer in seeking stronger linkages between voluntarism and government. I think that political leaders have come to realize that the voluntary movement offers a rich resource for the delivery of help and services.

The minister was speaking—and I do not wish to take his remarks out of context—of the much debated argument over the advisability of financial support of the government for the voluntary sector, and the possible costs of independence and initiative which are so vital to all voluntary activity. It is my hope, in returning to the notion of aid in kind assistance, that the independence of any agency would be both encouraged and nurtured and their effectiveness so enlarged that centrally-administered government programs could be reduced.

The minister went on to discuss some of the ways by which he felt government could be beneficial to the voluntary sector. He said:

> One way is through the tax system. The give and take proposal is an example . . . In my role as "advocate minister" to the voluntary sector, I am of the view that I must ensure that the National Voluntary Organizations' tax credit proposal is given a thorough hearing by government.

● (1610)

He went on to discuss the problem of the definition of the term "charitable organization" for use by Revenue Canada in granting charitable status to a voluntary organization. This would enable it, as you know, Mr. Speaker, to issue tax deductible receipts for donations.

The minister stated that his colleagues:

> —are anxious also to put at the disposal of the voluntary sector the results of government conducted research . . . This will be done by establishing a resource centre devoted to this task.

He also said:

> I am committed to the development of a comprehensive federal government action policy developed jointly with the voluntary sector . . . I have directed my department to provide toward this end the support services of the Assistance to Community Groups Program, which I am renaming the Voluntary Action Program . . . I want to emphasize that this is much more than a cosmetic change. We are devoted to implementing a new thrust to co-operate with the voluntary sector.

He went on to suggest:

> —a joint means by which we may ensure that information flows within your own network of organizations, and between government and yourselves.

It is my hope, Mr. Speaker, that the government would see the commission proposed in this bill as a vehicle for the marriage of the research that has already been completed over many years and what the Secretary of State calls a new thrust to co-operate with the voluntary sector. With the announced commitment of the minister and the well known capacity of the voluntary sector for moving things ahead, I believe that such a commission could bear fruit in under six months. The evidence has been gathered; now is the time to show that commitment to follow the words of praise with some government action in terms of goods and services and some tax incentives.

This perception has been confirmed for me by the significant national support I have received from circulating this bill throughout the volunteer community in Canada. I believe that this response has also been communicated to the Secretary of State and to the Minister of Finance (Mr. MacEachen). They will be aware of the support for Bill C-233 expressed by such organizations as the United Nations Association in Canada, the Canadian Mental Health Association, The Order of St. John, the Canadian Paraplegic Association, Frontier College, the Canadian Diabetes Association, Inter Pares, The National Voluntary Organization, the Canadian Public Health Association, and CUSO, whose anniversary we were marking in the House this morning. There are many more, but I would like to go on record as thanking those organizations and others for the inestimable gift which their endeavours represent to all Canadians.

As well, Mr. Speaker, I would like to give this House some indication of the support and interest of many of the smaller agencies. I have found across my riding interest from such groups as, to mention but a few, the Kitchener-Waterloo Regional Council of Canadian Bankers, the North Waterloo Boy Scouts Association, even a chapter of the Mennonite Church. I have found that interest also among the many individuals who see this direction and stimulation by government of that sector as being vital to the quality of life we accept.

Although I would like to continue this discussion which I feel has a direct bearing on the lives of a great majority of concerned and committed Canadians, as has been borne out by the responses to me and to other members of this House, according to our tradition it is now time for the House to hear from other members and representatives of the government. I am as anxious, as are any of these groups and individuals I have mentioned, to hear the response and find out what the timetable will be for action, because there has been a lot of rhetoric around this theme for many years from the government. However, regardless of the government's decision on whether to talk the bill out or let it go on to committee, I hope that it will indicate very shortly a timetable or deadline as to when it will move to support this sector.

I want to thank this House for this opportunity to speak about some of the lessons I have learned in my life from the various voluntary agencies of which I have been a part and from others. I know that all members of this House join with me not only in congratulating the volunteers of Canada for their contribution, but by passing this bill or letting it move through the House to the next stage, indicating on the part of the government and of Parliament their sense of urgency in developing and encouraging this great Canadian resource. This resource needs to be tapped as well as do the natural resources about which we talk so much, for if it is not cared for, we cannot, within the budget of Canada, replace what is there in terms of making our society the compassionate and caring community that we have and that we cherish.

Mr. Kelly: Mr. Speaker, may I ask a question of the last speaker? I will preface it by saying that I am supportive of his bill's intentions but I would like him to tell me how this new commission would affect the existence of the present National Advisory Council on Voluntary Action? Does he see one replacing the other or does he see the two of them merging or the two of them coexisting?

Mr. McLean: I think, Mr. Speaker, the commission is to take the evidence which has been compiled, for example, that contained in the government's major study "People in Action"; the reports of the existing council which are on record; and to recommend to the Minister of Finance what decisions should be taken in relation to the budget and what policy decisions should be taken by cabinet in relation to goods and services that could be made available. So the commission would be established for a short term with a specific task, not to do the work of the councils, but rather to take the evidence and turn it into political action so that we do not have more reports on the record, more briefs and more indications of support, the only consequence of which is to leave that sector frustrated.

Mr. Kelly: One further question, if I may, Mr. Speaker. The commission then would exist for one purpose only and after it has made its recommendations it would then automatically disappear. Is that correct? There will be no specific time limit on it? It would not exist for six or eight months and then disappear?

Mr. McLean: Mr. Speaker, the provisions of the bill call for a period of not more than six months, and if the evaluation of the existing recommendations can be done and presented to the Minister of Finance in three months, then the commission would go out of existence. Obviously a private member's bill cannot deal directly with finance. Therefore, I am recommending a mechanism to take the intentions of the government, of this party when we were in government, and to move that forward, not to go on and on with reports that everybody only nods to. So the commission has a specific limited frame of reference.

Mr. Douglas Fisher (Mississauga North): Mr. Speaker, I want to speak very briefly about this bill because I support it, and I would like to underline some of the sentiments written into the bill and some of the ideas that the hon. member for Waterloo (Mr. McLean) has brought out over the past few minutes.

It seems to me the hon. member referred to some of the non-partisan statements being made by the Secretary of State (Mr. Fox) on the topic of voluntarism and he was quite complimentary about the atmosphere that the minister had created. I would like to turn that compliment around and apply it to the hon. member for Waterloo whose speech was a non-partisan effort which underlined quite clearly his evident concern for voluntarism and community improvement. I think the hon. member should be congratulated for his very evident non-partisan spirit on this.

All of us, I think, support at least the principle behind the bill. The hon. member spoke about the very delicate balance between the public and private sector. I have noticed over the past year as the member for Mississauga a distinct difference between the atmosphere in my riding and, for example, that in the city of Toronto. In my riding a great premium is placed on voluntary activity and on the contribution of a citizen to the betterment of his community. In other communities, such as Toronto, the government might be somewhat more active and step in and take an activist's role; whereas, in Mississauga the government tends to encourage local groups and let the groups do the work themselves.

• (1620)

It would be quite accurate to say that in my riding we would prefer to see volunteers take the lead in community improvement and let government provide the facilities. We would prefer to see the volunteers take on the activities and the ongoing leadership. There are literally thousands of people involved in the entire spectrum of volunteer activities across Mississauga. We have one of the largest soccer leagues in the country. There are community festivals and social activist programs.

For example, I am thinking of the joint co-operation between the federal government and volunteers in Mississauga to help the Vietnamese refugees. There are scores of families who are receiving financial aid and some training through federal facilities. They have been settled in the community thanks to the hard work and the dedication of churches, social clubs, service clubs and individual citizens who have provided them with clothing and housing as well as information on medical treatment, schooling and all social services. Above all, they have become friends of these families. We have followed the model very successfully across Mississauga where the government has made the activities of volunteers possible.

There are many other examples in my constituency where this type of thing has happened. For example, the community saw the master plan for the Toronto airport unveiled. Quite frankly, the master plan attempts to make Toronto airport a good neighbour. This is thanks to the hard work and the pounding of pavement by volunteer and ratepayers' groups.

Over the past ten years they have attempted to get across to the officials in the Department of Transport that it not only

serves aviation but it also serves the local community. Those volunteer groups have added substantially to the improvement of life in Mississauga, Etobicoke and Brampton. They made the effort; they went to the airport and demanded an improvement in facilities. They are good examples of how volunteers groups can outdo the government. They can see a lot further than the government. The end result is a direct public benefit. The people got together out of concern to help make a better community.

Also in the Malton community, a series of ratepayers' groups, social clubs and interest groups got together with the Malton Community Council to advise governments on citizenship, education, day care and a range of other very personal activities, as well as conducting their own activities in their own programs. The result is that the small town of Malton, which normally would be drowned by the surrounding urban environment, has maintained its own identity. Volunteers got together and made the place a living entity unto itself; it is a very good community. The intent in this bill is to support such people and to use government services to underline and support voluntary activity.

Many times we have seen the government moving toward taking over a voluntary cause. This is not always very successful. Fortunately, the government is not doing that as much any more. The volunteer centre for Peel directs volunteers in hundreds of activities across the region. For example, representatives of the centre went to the government and obtained a student grant which enabled them to hire a student to work on a specific project over the summer. It is automatically self-liquidating; it is a summer project. When the student leaves, the volunteer activity will still be there and the benefit will still be there. It will be an ongoing benefit, thanks to the volunteers who are continuing to work through the centre.

We use the summer employment grant a lot across Mississauga to develop such a pattern. The Credit Valley Treatment Centre and the Mississauga Children's Fund obtained students to come in and do some of the special one-time work. The volunteers were there first; the volunteers will be there after the students leave. The federal assistance is enriching a special part of those programs and leaving these projects in a better position to contribute to Mississauga.

In the Peel Multicultural Council last January someone was hired under the winter program through CEIC. A staff person took the efforts of 45 different concerned multicultural groups and pulled them all together in order to give them some focus, a newsletter and a place to telephone during the day for help and for co-ordination. The grant will end some time in January, but the Peel Multicultural Council will be much stronger because of that person's contribution. I suspect the Multicultural Council will go out into the community to find some volunteers and businessmen who will fund that person's payroll through the year 1982. It is a very small amount of money federally, but it was a huge amount of money for the Peel Multicultural Council.

We find repeatedly across Canada that the federal government makes a very small contribution relative to its total budget, but a huge contribution relative to the quality of life in local communities. There is no guarantee that the federal involvement will be welcome. For example, yesterday I was talking to Mayor Hazel McCallion. The McCallion family are deeply involved in the Bread and Honey Festival in Streetsville. This weekend, approximately 19,000 to 20,000 people will come to Streetsville for a one-day event. It has been totally operated without government assistance for ten years. The various exhibitors and participants make contributions, including myself. I do not know whether that counts as government assistance. Then, when the festival is over, it ends up with a profit which allows them to finance some work in preparation for the following year.

The same pattern is followed in Malton, Meadowvale, and Erin Mills. These volunteers get together without government assistance. The experience they contribute enriches the communities.

There was a startling example of this a couple of weeks ago. A citizen of the year dinner was held. Approximately 400 people attended, each of them representing hundreds more. Their intention was to pick one person, and by picking that person, the late Ted Glistan, they were able to celebrate volunteer activity and their own personal contributions to the city.

I think we underplay this too much here. We downplay the importance of volunteers too much in Ottawa. We do not pay attention to the impact of volunteers on the country and individual communities. People simply get together to have a good time. In doing so, they add depth and variety to their community. It does not matter if they are activist groups, such as the airport group or the Malton Information Centre, they go after a specific cause. They enrich the community by achieving their goal. It does not matter whether it is a sports group such as hockey or the track and field people who are in the Olympic class; they are adding greatly to the activities young people are able to enjoy in a huge area like Mississauga. It does not matter what role these people play in festivals, sports or activist causes, they indelibly change cities such as the ones in the riding I represent.

● (1630)

Looking at Mississauga from the outside, you might see it as just a huge suburb, but once you are there and involved in its life, you will find that what appears to be massive and anonymous is really broken down into a great deal of variety with active and intimate groups making the city much richer. A number of these people have done this with government assistance. I think they are proud to have received that assistance. I think they know that they cannot rely on it totally. They are pleased to receive it. Some of the programs which we have used in Mississauga, such as the summer student program or the winter program, have added greatly, not only to the individuals who have been hired but to the community at large.

I started off by saying I would be brief. I simply want to give recognition to the people who are doing a very good job in

my riding. I also want to acknowledge the hon. member who has brought forward this bill. I think he has an idea which is worth promoting, whether today in this House or whether it is done through the government and the Secretary of State. This is an idea which should be pushed very hard. I want to congratulate the hon. member for Waterloo. I will end my speech at this point so that he has a chance to carry on.

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, I wish to make six main points with relation to Bill C-233. First, we support the principles of this bill, although we are concerned that it is far too limited in the assistance it offers to charitable organizations. However, we do support the grants in aid which are mentioned int the bill.

Second, we are concerned that the bill and the establishment of a commission should not be used as delaying tactics which would slow up some of the other changes which are needed, particularly changes with regard to tax reform and the provision for support services and grants for voluntary organizations.

Third, we do not feel that another study is needed. I do not really think that is what is intended because, as has been mentioned, the "People in Action" study done by the National Advisory Council in September, 1977, is very comprehensive. The study suggested many recommendations which can be implemented and which should be implemented by the government right away.

Fourth, we support the reform of the tax credit system, which has been mentioned by other speakers. We also support the give and take tax reform which has been advocated by the Committee on National Voluntary Organizations.

Fifth, we particularly want to broaden the concept of registered charities. In our view there is not much point in having these extra services available if they will only be available to established organizations, the registered ones such as the United Way, which has a professional staff and all the advantages and expertise to help it. We urge that the concept of registered charities be expanded as part of the commission's activities in this regard.

Bill C-233 proposes that a government commission be established to issue guidelines for supplying aid in kind to registered charities. As was mentioned, the bill particularly proposes the use of government telephone lines and computer time in off-peak hours. It proposes to offer special rates on charters, excursion flights and rail travel, special postal rates for informational material and the use of unused premises—government premises, I presume—or meeting rooms.

I support these proposals as far as they go, again provided that these services are made available also to consumer groups, self-help groups and advocacy groups which may not now be considered under the title of "registered charities". Why should taxpayers not have access through recognized organizations, which are registered provincially, to facilities and equipment for which they pay out of their tax dollars? Undoubtedly, maintenance and security problems will be used as an excuse by bureaucrats who resent the intrusion of ordinary citizens into their domain. However, our experience has shown that these problems can be resolved if the responsibility to serve the public is a required expectation of all government bureaucracies and departments.

When I was an area manager for Vancouver Resources Board, all local offices of this health and welfare service were planned and administered under the direction of a locally elected board of citizens. Community facilities were designated for community use and had to be open for community groups to use on evenings, weekends and even during the daytime. As a result, people developed a much more positive attitude toward their social service centres. I think the same thing could happen with government bureaucracies. Community schools are another example of where government facilities are being opened and expanded for community use by all age groups on weekends, evenings and all summer long. Again, these facilities come under the direction of local citizens' organizations, which is as it should be. So there are precedents for these kinds of measures. From a federal point of view I would certainly support them.

If this approach works in local communities, why should federal facilities not be more accessible? The problem is, of course, that most of our federal bureaucracies are too centralized and too luxurious for many casual neighbourhood groups. They are sometimes too intimidating for poor people's organizations as places where they could hold informal gatherings. Opening the doors of public buildings could help to humanize Manpower Centres and other federal bureaucracies.

The proposal in Bill C-233 to allow registered charities to use government phones and to enjoy reduced mailing rates is a good suggestion, provided that these services are made available to low-income groups as well as to established registered societies. Non-profit societies have few funds and are cut off from communications with similar organizations across Canada. They are cut off from the government and its policies here in Ottawa. This is a particularly serious matter for organizations which happen to be located in the outlying regions of Canada, in our eastern and western provinces and, of course, in the north. From the point of view of fairness and equity across Canada, I would urge that travel arrangements and these community facilities be made available.

I would now like to move to the main concern which we have, that is to say, that this bill really does not go far enough, both in offering services and in finding a way to redefine the term "registered charities". Although we support the bill in principle, we have serious concerns about this matter. Our first concern is with the major reform of the tax credit system. The National Voluntary Organization, which is a coalition of some 120 national associations, has recommended a tax reform proposal entitled "give and take". It proposes to make two major changes to the Income Tax Act in order to increase donations to registered charities. First, it proposes to eliminate the standard $100 deduction which is now in place, and which we know does not encourage charitable donations. Its second proposal is to introduce 50 per cent tax credit so that taxpayers can deduct 50 per cent of their total charitable donations from

their tax payable rather than from their taxable income, as is the case now. The research of the NVO shows that this proposal will provide more incentive for people to make charitable donations. It is a more equitable measure, since all taxpayers will receive the same benefit regardless of their income. It also creates incentives to give more for less, as is the case with tax credits with respect to political donations. The amount of money which the government forgoes under the $100 exemption is now some $550 million, so it would benefit by the acceptance of tax credits.

● (1640)

We support the given proposal for tax reforms, but only on condition that the definition of "registered charity" be extended to include self-help and consumer organizations and other legitimate community organizations such as welfare rights groups which may have an advocacy function as well as a service responsibility. This latter point, then, is the major area of our concern.

At the present time, most registered charities which qualify for a tax number under the Income Tax Act are established, largely middle-class organizations which have lots of Liberals and Conservatives on their boards, I am sure, who are reluctant to act in an advocacy role for changes. Those which have a long tradition of working for policies and reforms for their clients have been increasingly concerned in the last two years because the government has been taking steps to try to take away income tax benefits from organizations which have any kind of an advocacy responsibility. I understand that this matter is now before the courts. We very much hope that a broader interpretation will be the result.

I notice, under "Charitable Purpose and Objectives", an information circular of Revenue Canada put out in August of 1980 in which it states that "These courts have characterized the objects which are charitable in law within four categories, and they include organizations which are aimed at relieving poverty, the advancement of religion, the advancement of education, and other purposes beneficial to the community as a whole in a way which the law regards as charitable". That clearly indicates that welfare rights groups, tenant advocacy groups, neighbourhood groups, women's groups, native groups, and many other organizations which are working for reforms should be included and be able to apply and qualify as registered charities.

I would also like to say that the long established organizations, which now are registered charities, in their long tradition actually have been advocacy groups, but their style is more acceptable sometimes to the people in power. For example, CNIB, of course, was formed to work for people who are blind and who need services and often need changes in policies and legislation which affect them. The John Howard Society has a proud tradition of working for penal reform. Organizations of the disabled, particularly this year, but also in years past, have worked aggressively for changes in building codes and access to jobs, transportation and housing for handicapped persons. We feel that it is now time to extend the rights which are available to these groups as registered charities to other groups which are just as deserving, have fewer funds and skills, and do not have the sophisticated experience and expertise, but certainly deserve the chance to develop those if they can get more funding in the way of income tax deductions.

I would like to mention particularly that today I phoned some of the representatives of the anti-poverty movement. I am pleased to note that the Minister for National Health and Welfare (Miss Bégin), who has been a great supporter of these groups, believes very strongly that in a democratic society we must enable poor people themselves to work for changes on their own behalf. In B.C., the federated anti-poverty groups and a coalition of a number of groups are working very hard with no funds to expand. They are not able to qualify as charitable organizations and have not registered, and at this time believe that they are not qualified to do this under the present federal income tax regulations. That is another example of just how important it is to expand the Income Tax Act itself.

Self-help groups were dealt with in the "People in Action" report, and were defined as follows: "Self-help activities provide an environment where people with the same problems can get together and discuss them, while at the same time providing services." Surely, that is not so revolutionary or so intimidating to the government that we could not include self-help groups as being responsible and justifying the same kind of benefits under the Income Tax Act.

My riding of Vancouver East is a working-class district with a high proportion of unemployed people, many public housing projects with a large proportion of people on welfare, and many immigrant families. It has a very long and proud tradition of self-help. Over the years, we have had many militant citizen organizations. I hope we still do. If they had not been militant, they would never have achieved the kind of community development and self-help programs for which they fought so hard. We have many self-help citizen organizations, non-profit enterprises and co-operatives which should also be included under these provisions.

Tenant organizations are fighting to control rents and to improve housing conditions, particularly during this desperate housing crisis and the high cost of housing for both tenants and home owners. Neighbourhood planning groups in the five neighbourhoods within my riding have organized and worked with city planners. They continue to press for changes in developing liveable communities and neighbourhoods. People on welfare, many of whom are mothers raising families on their own, are fighting for a better life. Once again, their energies renewed with a new generation of people, they are trying to fight for their rights, for liveable incomes and a better chance for the future for themselves and their kids.

Family centres have developed out of government sponsored employment programs. Again, they are community self-help centres employing local people when they have the funds to employ anyone. They work to help children at risk, to prevent families from breaking up, to strengthen parents with parenting groups and mutual support kind of activities.

Of course, like any other riding, we have many ad hoc people's movements starting. They are starting, perhaps, in some neighbourhoods; but they spread across cities, provinces and across our country.

Women's groups are another example. Certainly, the ad hoc women's conference held in Ottawa a few months ago is a great example of women organizing on short notice and coming together. They had no help at all. What a help it would have been had they had phone privileges, mailing privileges and some help with travel expenses to come to that very important conference.

Of course, we also have many consumer groups. The latest is a very active organization of people fighting to protect their homes from the adverse effects of urea formaldehyde foam insulation. They are organizing in cities across the country, particularly in Vancouver, and are demanding government action to compensate them for the removal of this poisonous insulation from their homes.

These are all very worth-while groups which have a very important function. They are credible organizations which could become registered societies and establish that credibility. That should be available to them so they would have the advantages of income tax deductions and tax write-offs for donations to help them organize and carry out their important roles. These groups would also welcome aid of the kind mentioned in this bill, such as phone and travel services, and certainly help with getting out regular newsletters to their members and to others to tell them about the issues which concern them, the kind of programs they are developing and the need for action at various levels of government.

Mr. Jarvis: This is an NDP filibuster! They are against volunteers.

Mrs. Mitchell: This is not an NDP filibuster.

Mr. Jarvis: It certainly is. It has been 20 minutes so far.

Mrs. Mitchell: I am certainly in support of this bill, Mr. Speaker.

Mr. Jarvis: You are against the bill.

Mrs. Mitchell: I would like to say that I began some of this action, and was supported by the Conservative members during the Conservative government—

Mr. Jarvis: This is hypocrisy.

Mrs. Mitchell: —which developed a voluntarism committee which certainly supported some of the points I am raising.

Mr. Jarvis: You are not supporting this bill.

Mrs. Mitchell: Contrary to the quibbling from my colleague to my right—

Mr. Jarvis: I am not quibbling.

Mrs. Mitchell: —my party and I do support the principles of Bill C-233, Mr. Speaker. We feel it is very important that the aid in kind, which will be available if this bill is implemented, and if the commission can convince the government that this is necessary, this must be made available to low-income self-help groups, to consumer groups, to non-profit co-operatives and to other non-profit societies which are sometimes involved in non-partisan social action.

• (1650)

This requires action in addition to this bill, which perhaps the same commission could undertake to broaden and perhaps to give a more democratic interpretation of registered charities under the Income Tax Act. It also requires a reform of the income tax system itself. This was recommended through the give-take tax proposal to encourage tax donations for those organizations whose greatest need is for ongoing funds as well as for health and aid in kind.

Hon. Michael Wilson (Etobicoke Centre): Mr. Speaker, I will be very brief because of the extended speech my friend to the left has delivered. She said that this bill does not go far enough in the objectives that she would have us follow. But I say to her that it is better to have half a loaf than to spend 20 minutes trying to break a whole one.

I presume the government will talk out this bill because we have had no comment at all from the member from Mississauga directed toward this bill or the reasons why there might be some objections on the part of the government to the bill. In view of the worth-while initiative expressed by my friend from Waterloo, I thought the government side would at least have had the courtesy to address the intent of the bill so we would know how we might move in future to meet these objections of the government in trying to achieve those worth-while objectives of the hon. member for Waterloo (Mr. McLean).

Canada is particularly blessed to have the strength of the volunteer sector in this country. It dates from our pioneer days when the whole tradition of self-help was developed as we rolled back the frontier. It is very difficult to maintain in the type of society that we have, as was pointed out by my friend, the hon. member for Mississauga North (Mr. Fisher), particularly in the large urban communities when so many other things are happening around us.

I want to support one element of the bill in particular which I think is very important in view of the oppressive power of government in society today, as it relates to funding, namely the financial support of charitable and volunteer organizations. What we see in the directions that have been proposed toward a change in the treatment of donations to charitable organizations is a means of withdrawing some of the financial support directly from government to support that is indirect, and in so doing to give these organizations a means whereby they can develop a greater degree of independence. If they can convince their fellow citizens of the merit of the services they wish to provide, then they are able to go ahead within their own mandate and with their own supporters to provide that service rather than to rely on governments.

Today as we see the Ontario government being forced to curtail funding of a number of these organizations, the services are contracted. Unless they are able to replace those services, to be financed by independent funding, we will see an over-all cutback in the service provided by volunteer and charitable organizations.

I think we know that it is impossible for governments to provide all the services needed or desired by people in our society today. For that reason, it is very important for a government to try to be a catalyst through the various means that have been set out in Section 6 of Bill C-233, both the aid in kind and the increased support through funding.

I view Bill C-233 as a call for action, certainly not the delaying action which my friend to the left has stated, but as a mechanism that we might move ahead to provide a focus for the government to take action on the various proposals that have been put forward.

I encourage the government to accept the principles which have been established in Bill C-233, to refer it to committee where the particular objections of the government can be addressed in order to develop a bill which will be compatible with the government's objectives as well as those of the hon. member for Waterloo.

Mr. Knowles: Question.

[*Translation*]

Mr. Jean-Guy Dubois (Lotbinière): Mr. Speaker, what struck me in looking at Bill C-233 in the name of my friend opposite, the hon. member for Waterloo (Mr. McLean), was subclause 6(3), which says that in this section, "registered charity" has the same meaning as in the Income Tax Act. This leads me to believe, Mr. Speaker, that it is all very well to introduce such a bill which can have—my hon. colleague has certainly great ideas with regard to this bill, but when it comes to the voluntary sector, we must refer you to existing organizations, and this is the basis of my argument. We must not always depend upon the government. Charities already have available to them various mechanisms to obtain assistance. In my constituency, I had to intervene and make representations to the Department of National Revenue so that certain organizations could be recognized as charities under the terms of the Income Tax Act and be able to give out receipts for income tax purposes. As I had to take care of a few such cases myself, Mr. Speaker, my colleagues no doubt both on this side of the House and on the other side have had to check with the Department of National Revenue for the licensing of some organizations. I was thinking about two examples in my own constituency, Entraide Sainte-Victoire and Fondation Hôtel-Dieu d'Arthabaska. These are voluntary organizations, groups of people who take care of various sectors. The latter is made up of people who would use the provisions of the bill to bring financial assistance to a hospital in providing equipment not supplied by the government because of budgetary restrictions. What did we do? We asked the Quebec government to issue a charter approved by the Department of Social Affairs, and we also asked the Department of Revenue to approve this organization as a registered charity so that it could issue donation receipts for income tax purposes. This is one type of assistance provided by the government and, of course, the provincial governments do the same.

In this regard, I see that the bill would replace the voluntary organizations, which still have a role to play, and the government does not always have to help them. With regard to postal charges, I was very interested in the bill to establish a Crown corporation. In fact, it was proposed that no additional organizations could enjoy special rates.

Mr. Speaker, may I call it five o'clock?

[*English*]

The Acting Speaker (Mr. Blaker): Order, please. The hour provided for private members' business has now expired.

It being five o'clock, this House stands adjourned until Monday next at 2 p.m., pursuant to Standing Order 2(1).

I might mention that the Minister of State for Mines (Mrs. Erola) has asked me to extend on her behalf good wishes for a pleasant weekend to all members.

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, June 8, 1981

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

ISRAELI ATTACK ON NUCLEAR REACTOR IN IRAQ—MOTION UNDER S.O. 43

Mr. Douglas Roche (Edmonton South): Madam Speaker, the Israeli attack on a nuclear reactor in Iraq is an event of utmost importance with respect to world security. The entire world has reason to feel the deepest concern for global safety. Therefore I move, seconded by the hon. member for Dartmouth-Halifax East (Mr. Forrestall):

That this House expresses its deepest concern to the government of Israel with respect to the attack and reported destruction of a nuclear reactor in Iraq, and urges all governments in the mid-East and elsewhere to moderation in any contemplated response, and to put foremost the safety of mankind in the increasingly dangerous nuclear age.

Madam Speaker: Is there unanimous consent for the introduction of this motion?

Some hon. Members: Agreed.

Madam Speaker: Hon. members have heard the proposed motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

THE ECONOMY

CANADIANIZATION OF INDUSTRY—MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, the reports from the Grit policy meeting on the weekend indicate that Canadianization of industry will take place in much the same way as the energy Canadianization has been carried out, namely, state ownership.

Under Standing Order 43, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That this House advise the government that any program to Canadianize industry be so designed as to encourage individual Canadians to purchase companies and shares in companies located in Canada and not to purchase industries by a government-controlled corporation such as the Canada Development Corporation or a new Crown corporation created for that purpose.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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INDIAN AFFAIRS

FUNCTIONING OF SEWAGE SYSTEM IN FORT RUPERT, QUE.—MOTION UNDER S.O. 43

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, I rise under the provisions of Standing Order 43. The Cree village of Fort Rupert in northern Quebec is finally acquiring a new sewage system. However, the Cree are now faced with the problem of having insufficient electrical power to run the system. Several weeks ago, as a result of plugging in a four-slice toaster at the construction camp, the electrical system for the entire village was shorted out. This is particularly ironic, given the fact that Fort Rupert is in close proximity to one of the world's largest hydroelectric plants. Therefore, in light of the urgent need for a functioning sewage system and that such a system will not operate without sufficient electrical power, I move, seconded by the hon. member for Bow River (Mr. Taylor):

That this House instruct the Minister of Indian Affairs and Northern Development to provide the necessary electrical infrastructure to the village of Fort Rupert as stipulated in the James Bay and Northern Quebec agreement in order that the sewage system may operate.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AVIATION SAFETY

DUBIN REPORT—APPOINTMENT OF COMMITTEE TO DRAFT IMPLEMENTING LEGISLATION—MOTION UNDER S.O. 43

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. Whereas the report on aviation safety by Justice Dubin identifies areas of serious safety problems such as patterns of accidents, the role of senior

staff within the department, and implementation of air safety recommendations, and whereas these factors are extremely important in terms of air safety, and whereas the committee appointed by the minister, with the exception of one person, has been touched by the criticism in the justice's report, I move, seconded by the hon. member for Yorkton-Melville (Mr. Nystrom):

● (1410)

That the Minister of Transport appoint an impartial committee to draft the required legislation, regulations and structural plan to implement Justice Dubin's report and, further, that the minister refer the report of Justice Dubin to the Standing Committee on Transport.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PENITENTIARIES

RIOTS AT BRITISH COLUMBIA INSTITUTIONS—REFERRAL TO PARLIAMENTARY COMMITTEE—MOTION UNDER S.O. 43

Mr. Alex Patterson (Fraser Valley East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Within a period of one week, two riots have taken place in federal penal institutions in my riding of Fraser Valley East, resulting in the destruction of approximately 50 per cent of the Matsqui institution complex and the damaging of 90 cells and destruction of furniture in the Kent maximum security prison.

In view of this challenge by troublemakers, and the wanton destruction of facilities provided at taxpayers' expense, and in view of the failure of the Solicitor General (Mr. Kaplan) to make a statement to the House on these incidents, I move, seconded by the hon. member for Yukon (Mr. Nielsen):

That this matter be referred to the Standing Committee on Justice and Legal Affairs for study and report.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NUCLEAR ENERGY

CANADIAN ASSOCIATION CONFERENCE—MOTION UNDER S.O. 43

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, I rise under the provisions of Standing Order 43. The second annual conference of the Canadian Nuclear Association is being held in Ottawa this week and is combined with the twenty-first annual Canadian Nuclear Society international conference. The topics of discussion will include nuclear energy as a method of energy self-sufficiency, nuclear exports, waste management, and public acceptability. The conference represents the direct and indirect involvement of 55,000 people in activities related to a high technology energy source which faces the danger of extinction by 1984 if changes are not made in our management.

Since the efforts of the conference are a valuable source of information for nuclear policy, I move, seconded by the hon. member for St. Catharines (Mr. Reid):

That this House request that a summary of the findings be presented to the Minister of Energy, Mines and Resources for his consideration during the internal government review of nuclear energy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PENSIONS

IMPROVEMENT OF WIDOWS' BENEFITS—MOTION UNDER S.O. 43

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, under the provisions of Standing Order 43 and seconded by the hon. member for Beaches (Mr. Young), I move:

That this House notes that, under various government superannuation plans, if the wife dies first the surviving widower's pension is 100 per cent, but if the husband dies first the surviving widow's pension is only 50 per cent, and this House calls on the government to bring in the necessary legislation to correct this situation on an interim basis by raising the widow's pension in all cases to 75 per cent and to declare that the eventual goal is pension equality between men and women.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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AGRICULTURE

CALL FOR REMOVAL OF FINANCE MINISTER—MOTION UNDER S.O. 43

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of great importance. Last week the Ontario Federation of Agriculture held a farm economy seminar in Toronto to discuss the problems which face agriculture today, problems which are forcing many bankruptcies. The federation invited the ministers of agriculture and finance for the province of Ontario and the federal government. Premier Davis, Mr. Henderson and Mr. Miller of the province of Ontario attend-

ed, but only the Minister of Agriculture (Mr. Whelan) attended for the federal government. This confirms our opinion of the importance the federal Minister of Finance (Mr. MacEachen) places on agriculture and related problems in Canada today. He could not care less. I therefore move, seconded by the hon. member for Brampton-Georgetown (Mr. McDermid):

That this House direct the Prime Minister to remove the Minister of Finance from his post and replace him with someone who understands the problems facing farmers today and who is willing to listen to them.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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ROYAL CANADIAN MOUNTED POLICE

PENSIONS OF RETIRED MEMBERS—MOTION UNDER S.O. 43

Mr. Jim Hawkes (Calgary West): Madam Speaker, I rise under the provisions of Standing Order 43. The government has not kept its promise to the Royal Canadian Mounted Police. The Treasury Board has stolen over $100,000 from each and every RCMP member who retired between January 1 and March 31, 1981. I therefore move, seconded by the hon. member for Dartmouth-Halifax East (Mr. Forrestall):

● (1415)

That the salaries of the Treasury Board ministers be reduced to $1 a year and that the savings thus effected be put in a special fund to compensate partially those who are the retired victims of the broken promises of this morally bankrupt government. The retired RCMP and their families deserve fair treatment, and ministers who dishonestly break their promises should be the ones who suffer, not the retired RCMP members and their families.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

INCREASE IN FARM BANKRUPTCIES—GOVERNMENT ACTION

Hon. Bill Jarvis (Perth): Madam Speaker, my question is directed to the Minister of Finance who will be aware of his colleague's, the Minister of Agriculture's statement last week wherein he called the 78 per cent increase in farm bankruptcies "a significant increase", an understatement indeed from this particular Minister of Agriculture. He also referred to a

number of foreclosures and forced sales of farms. Of even greater concern are the much larger number of Canadian farmers who are withdrawing voluntarily from production rather than face the stigma of bankruptcy or foreclosure. In either case the result is the same: a loss of farm production.

I ask the minister what measures he proposes to take, and when will those measures be taken to attack this national disgrace?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as I have indicated several times in this House, I have held discussions with the Minister of Agriculture and will continue to do so with a view to determining whether any measures to assist could be taken in the present circumstances. If any such future measures are decided upon, they will be announced in the House at the appropriate time.

FARM CREDIT CORPORATION LOANS

Hon. Bill Jarvis (Perth): My supplementary is also directed to the Minister of Finance, who said last week:

The truly sensitive person is the one who is thinking of the long-term interests of the Canadian people.

I point out to him that a farm withdrawn from production often takes years and years to regain its productive capacity. To avoid this, does the Minister of Finance agree with the Minister of Agriculture's proposal regarding the Farm Credit Corporation which was contained in that minister's letter to the Ottawa *Citizen* last week, and I quote:

—instituting a moratorium for three years on payments of interest and principal.

Is the minister in accord with his colleague's proposal?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as I indicated in the House earlier, I am not undertaking as a matter of daily practice to comment on the views of every person in the country who may make comments on the economy—

An hon. Member: This is not every person.

Mr. MacEachen: —and I have already dealt with that question—

Mr. Crosbie: Who speaks for the government?

Mr. MacEachen: —last week specifically addressed to me with respect to the letter in the newspaper by the Minister of Agriculture, by saying that I was holding discussions with him on the subject of the Farm Credit Corporation and if any changes were made as a result of these discussions, then of course the Minister of Agriculture would be making an announcement. However, I assure the hon. member that the difficulties that the farming population may be facing as a result of high interest rates are a matter of deep concern and the subject matter of discussions at the present time.

Oral Questions

EXTENSION OF SMALL BUSINESS DEVELOPMENT BOND PROGRAM

Hon. Bill Jarvis (Perth): Madam Speaker, no one could interpret that letter as other than a clear government proposal, or at least a proposal by the Minister of Agriculture. The Minister of Finance will know that, in addition, the Minister of Agriculture proposed in that letter an extension of the small business development bond to unincorporated farms. I want to know whether the Minister of Finance agrees in principle with that proposal, particularly because in Toronto last Thursday the Minister of Agriculture said in a speech:

So we really have a market problem, not only an interest rate roblem.

My concern is that if the Minister of Agriculture cannot convince himself of the devastation caused by interest rates, how can he ever convince the Minister of Finance, let alone the whole cabinet?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I answered that very precise question last week.

Some hon. Members: Oh, oh!

[*Translation*]

REQUEST THAT BANKS ISSUE LOANS AT LOWER INTEREST RATES

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, my question is for the Minister of Finance. Interest rates have just reached a record high in Canadian history because the government's economic policy only aims at artificially supporting the value of the dollar. Those hardest hit, such as farmers and small businessmen, must borrow at rates of 20 per cent or higher. Because of this, many of them will be tempted to sell their assets or to declare bankruptcy.

Under the present circumstances, is the minister ready to ask the banks, which are now making windfall profits, to grant loans at lower rates to small businessmen and farmers?

● (1420)

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the Minister of State for Small Businesses and Tourism and myself have a meeting slated this week with representatives of the banks, to raise the relationship of banking practices with the plight of small business at the present time.

Mr. Kilgour: Madam Speaker, it all sounds really so simple to the minister, but I submit to the House that the same policies he is practising led to 35 per cent inflation and unemployment in Jamaica at the time the Manley government was defeated in that country.

[*Translation*]

SMALL BUSINESS

INQUIRY WHETHER GOVERNMENT WILL APPLY SPECIAL INTEREST RATES POLICY

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, my supplementary is for the Right Hon. Prime Minister.

In Quebec, these interest rates have a stranglehold on hundreds of farmers. A new economic policy must be developed if we are to avoid disaster. Once again, is the government finally willing to implement a special interest rates policy for small businessmen and farmers?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think that the hon. member will have heard the Minister of Finance state in reply to similar questions that he was discussing and had already discussed with the Minister of Agriculture certain of his suggestions concerning farmers. As for small and medium-sized businesses, Madam Speaker, the Minister of Finance has just indicated that, jointly with the minister responsible for small businesses, he would meet with banking officials this week.

* * *

[*English*]

SOCIAL SECURITY

MINISTER'S STANCE ON INTRODUCTION OF NEW PROGRAMS

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, my question is for the Minister of Finance. During the weekend the minister made a speech to some of his fellow and sister Liberals in which he stated that it is now government policy not to initiate any new social development programs for the next three years. Apart from the fact that that is a cynical way of saying to the country, "Nothing now, but watch for the goodies just before an election in 1984", how does the minister square that statement with those made by some of his ministers who advocate improved child tax credit arrangements, help for low-income people in terms of housing, and so on? Why does the minister continue to reject assistance to people who need it, especially when in the Speech from the Throne at the start of this session the government indicated that it would remember those who need help?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am glad the hon. member referred to the Speech from the Throne, because it was in that speech we committed ourselves to making a substantial increase in the guaranteed income supplement which, on an annual basis, represents an increased expenditure of one half a billion dollars. I believe that was very substantial testimony to the interest of the government in carrying out its pledge of helping those who need help most, because we took action to help those who really needed assistance.

With respect to my comments on Friday night, I made the statement, which in the current circumstances is justified, that it was not the intention of the government to launch major new spending programs. I do not believe that statement is in any way contradictory to some of the allegations included in the hon. member's question.

• (1425)

DELAY IN INDEXATION PAYMENTS

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, in that statement over the weekend the minister also said that although there would be no new social development programs those now in effect were to be kept at their value by regular indexation. The minister continues to tell us that these benefits are fully indexed. In view of the fact that indexation is always behind, and in view of the fact that those who will receive an increase in July will be getting what was made necessary by the increase in prices in April, and in view of the fact that those who need it most are needing it even more, will the government not do something about this issue on an emergency basis, even if it means overhauling the system of indexation?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I should draw to the attention of the hon. member that, in the very same speech, I talked about the funds which had been allocated by the government in the spending plan over the next several years, which provides for several billions of dollars of increased support in the social development envelope—not $1 billion but several billions of dollars—so that our expenditures, year by year, are not being decreased. They are not being kept stationary in the social development field, but they are increasing substantially. It seems to me that this is further evidence of the interest of the government in helping those who need help most.

With respect to the question of indexation, we have had a debate on that matter already during the question period. It is my view that there is not a substantial gain to be made by persons in the categories mentioned by the hon. member in adjusting the indexation factor because, in fact, these groups are fully protected against increases in the cost of living. I believe that studies will demonstrate this fact.

Mr. Knowles: Madam Speaker, that is a myth which no one but the Minister of Finance believes. People who are subject to indexation are always behind.

PENSIONS PAID TO WOMEN

Hon. Stanley Knowles (Winnipeg North Centre): Does the minister not also realize that these additional dollars which will be put into social development programs make up a total that is a declining proportion of the total expenditures of the government? Is he not also aware of the fact that 61 per cent of the women of Canada who are on pensions are below the poverty line and in a state of degradation? In view of the government's protestations all the time that its ministers are interested in people, why do they not do something now, and not three years from now—just before an election—for the women of this country, especially those between the ages of 55 and 65?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I think it is rather inappropriate for the hon. member to ask this government to do something three years down the road—

Mr. Knowles: Do it now.

Mr. MacEachen: —for those who require help, as if nothing has been done in the present session of Parliament. I remember during the last election campaign that it was the leader of this party who raised the question of increased support for recipients of the guaranteed income supplement. Up to that point it had not been mentioned by the leader of the Conservative party. It had not been mentioned up to that point by the Leader of the New Democratic Party.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. MacEachen: It had not been mentioned in the campaign up to that point by the Leader of the New Democratic Party. But when the Prime Minister made a commitment, the Leader of the New Democratic Party chimed in several days later and, in usual fashion, increased the ante.

Some hon. Members: Hear, hear!

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EXTERNAL AFFAIRS

ISRAELI ATTACK ON NUCLEAR REACTOR IN IRAQ

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is for the Secretary of State for External Affairs. It concerns the bombing attack on Sunday by Israeli planes on an Iraqui nuclear power plant. Can the minister give us any further details with regard to this very serious matter which could have such an important bearing on peace and security in the Middle East? As well, has the minister conveyed the position of the Canadian government to this Israeli government that we do not in any way condone this act of aggression of one country against another, and that we view the matter with grave concern?

• (1430)

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I can certainly assure the hon. member that we do not condone this attack, and, indeed, take the most serious view of it. At the moment we have only the bare bones of facts that the attack occurred. We are

endeavouring to find out, from our embassy, all other relevant facts, in particular the question of whether there is a problem with nuclear radiation. If, as I believe, the motion by the hon. member for Edmonton South, which was approved under Standing Order 43 earlier, requests the government to convey our concern to the Israeli government, we will certainly follow those instructions of the House. Beyond that, we would like to have just a little more information before we take any action.

REQUEST FOR STATEMENT BY MINISTER

Hon. Flora MacDonald (Kingston and the Islands): Because of the difficulty there is in eliciting information of this nature during the necessarily limited question period, would the Secretary of State for External Affairs undertake to make a statement on motions when more detail becomes available, so that we can have a much clearer picture of the state of affairs in the Middle East at this time?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I will be pleased to give consideration to at least some form of fuller information to the House and the country when further information is available.

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PENITENTIARIES

IMPLEMENTATION OF PARLIAMENTARY SUBCOMMITTEE'S RECOMMENDATIONS

Mr. Alex Patterson (Fraser Valley East): Madam Speaker, my question is directed to the Solicitor General. Recommendation No. 1 of the report of the subcommittee on the penitentiary system in Canada states:

> A crisis exists in the Canadian penitentiary system. It can be met only by the immediate implementation of large-scale reforms. It is imperative that the Solicitor General act immediately on this report as a matter of the utmost urgency.

Why have the intent and recommendations of the subcommittee not been implemented in their entirety in view of the fact it was presented as a complete package and was submitted by a unanimous decision of the committee, chaired by the member from Windsor-Walkerville, the present Secretary of State for External Affairs?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, it is true that not all of the measures recommended in that joint committee report have been implemented, but that is because former solicitors general, including those of the hon. member's own party, and myself, do not agree with all of the reforms. Those with which we do agree have been implemented. I think documented evidence of that has been presented to the justice committee from time to time, and has been accepted by the justice committee.

So far as there being a crisis in the prisons is concerned, the fact that no demands were made by inmates during any of the incidents which have happened in the last few days is some evidence that they were not motivated by a lack of reform or by wanted or needed changes in any of the institutions.

REFERRAL OF SUBJECT OF RIOTS TO STANDING COMMITTEE

Mr. Alex Patterson (Fraser Valley East): Recommendation 65 provided for a permanent reference during the rest of the Thirtieth Parliament, and for the Thirty-first Parliament to enable it to review the implementation of the report. As far as I can see, this was not followed. Will the Solicitor General proceed now to provide such a reference in this Parliament, including a study and report with reference to the incidents to which I have previously alluded? It would seem to me that the magnitude of the riots which have taken place would indicate that something more drastic must be done, and some greater reforms will have to be undertaken in order to bring the penitentiary system under control.

Some hon. Members: Hear, hear!

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I have no present intention of recommending such a reference because I am not satisfied that the incidents which took place in the institutions have indicated any kind of fundamental weakness in the institutions. However, I would be glad to hear from the hon. member as to what sort of issues he feels could be considered by such a reference, before considering whether one should be recommended.

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BANKS AND BANKING

TAXATION LEVELS APPLICABLE TO BANKS

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, my question is directed to the Minister of Finance. In light of the fact that the profits of the chartered banks have gone up 210 per cent since 1970, and that their taxes have only gone up 14 per cent, can the minister explain to the House why he and his government have consistently rejected proposals which would close the loopholes and would bring the banks up to a level of taxation which would bear some relationship to their ability to pay, which would reduce the federal deficit by over $300 million in this year alone, which would allow the federal government to provide for the kinds of social programs that my colleague from Winnipeg North Centre was speaking about today, and which would allow the government to give help to those Canadians who need it most when the government's interest rate policies are, as I say, driving most Canadians to the wall?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I cannot answer the question because I am not aware—

Some hon. Members: Hear, hear!

Mr. MacEachen: I cannot answer that question because it is based upon a false premise.

Mr. Baker (Nepean-Carleton): How do you know, if you are not aware?

Mr. MacEachen: To my knowledge, there has been no consistent rejection of proposals because no such proposals have come forward in the House of Commons or elsewhere. The hon. member has made some general comments about the necessity of taking action in this field, and I have listened to his comments, but at no time have we rejected any specific proposal. I have told the hon. member and the House that the matter is obviously of considerable interest to all hon. members of the House and to the government, and is presently under study and consideration.

Mr. Rae: Madam Speaker, the minister's lips are moving, but the words are not coming out. He cannot have been in the same House of Commons or in the same finance committee that I was in, and members of my party have been in, discussing the Bank Act and asking questions. I simply say to the minister that I take the trouble to read his speeches. I suggest that he take the trouble to read some of ours on this side, because we have made some very specific proposals.

REASONS FOR LOW TAX RATES

Mr. Bob Rae (Broadview-Greenwood): My supplementary question has to do with advertisements which have been taken out by the Canadian chartered banks which have blessed us with them over the past week or two, telling us what a good job they are doing and how their profits are reasonable. I wonder if the minister would consider having the federal government take out some advertisements on our banking system, to tell Canadians exactly how much tax the chartered banks have been paying over the last ten years, why it is that their rates are so absurdly low, and how those rates of taxation compare to the rates of tax which are paid by the average Canadian.

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): The hon. member's suggestion probably merits consideration, but it has been our experience that when we have taken out advertisements to explain government policy and government approaches, it has been vigorously opposed by both parties, the official opposition and—

Some hon. Members: Oh, oh!

Mr. MacEachen: —the New Democratic Party as well. The hon. member is not really making very much of an impression on a Monday morning.

Some hon. Members: Monday afternoon!

Oral Questions

HOUSE OF COMMONS

ALLOCATION OF TIME TO DEBATE FOREIGN AFFAIRS

Mr. Chas. L. Caccia (Davenport): Madam Speaker, my question is directed to the government House leader. Today in *The Globe and Mail* the hon. member for Edmonton South, the foreign affairs critic for the official opposition, is quoted as criticizing the government for not making House time available for a debate on foreign affairs. Considering the work on the part of all parties in this House on the question of North-South, and in view of the July summit in Ottawa, would the House leader ask the two opposition parties to give up one of their allotted days so that the government could also allot one as well, and thus we could have a three-day foreign affairs debate before July in this House?

Some hon. Members: Hear, hear!

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, this issue is admittedly most important. The government is therefore still willing to follow the suggestion made by the hon. member. However, if three days are too much for the hon. member for Edmonton South (Mr. Roche), the Progressive Conservative party might consider using one of its many allotted days this month to debate this very important issue of the North-South dialogue or international affairs in general instead of seeking a formula for poison pills or injections to assassinate criminals in Canada.

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[*English*]

ENVIRONMENTAL AFFAIRS

WASTE DISPOSAL SITES—GOVERNMENT POSITION

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, my question is directed to the Minister of the Environment. The minister is well aware of the South Cayuga waste disposal site in southern Ontario, a site which was not recommended by the MacLaren report and which was not subject to an environmental study or environmental hearing. It just happened to be land owned by the province of Ontario, dangerously situated between Lake Erie and the Grand River. In reply to my request to the minister to involve the federal environment ministry in order to protect the waterways of Canada and the health of the people of Haldimand-Norfolk, I was informed that toxic waste disposal is a provincial matter and that the federal government would not involve itself, even in this situation of national waterways, contrary to its action in the Niagara River.

● (1440)

Now, Madam Speaker, we receive a news release stating that Environment Canada is co-operating—

Madam Speaker: Order, please. Would the hon. member please put the question.

Mr. Bradley: Madam Speaker, in view of the fact that the minister has stated that the government will co-operate with the maritime provinces in setting up a waste disposal site there, how can he turn his back on the concerned people of Ontario?

Hon. John Roberts (Minister of State for Science and Technology and Minister of the Environment): Madam Speaker, the hon. member is both misdirected and misinformed. He should be issuing his beseeching request to his provincial colleagues at Queen's Park who are responsible for the selection of the waste disposal site in southern Ontario.

We have made it clear to the government of Ontario, and to other provincial governments, that we are prepared to consider turning over Crown land if the provincial government felt that would be of some assistance to it in locating waste disposal sites. That kind of question has been discussed both with provincial governments in the west and with provincial governments in the Atlantic provinces. No such request has been received from the province of Ontario.

We are not ignoring the development of the Cayuga site, as the hon. member seems to imply by his question. We have observers at the hearings to try to ensure that if there is any potential damage to the international waterways and interprovincial waterways, we will be fully aware of it and will be able to take remedial action. So far there has been no indication that this is the case.

DISPOSAL OF TOXIC WASTES FROM THE UNITED STATES

Mr. Bud Bradley (Haldimand-Norfolk): I have a supplementary question, Madam Speaker. If that is the case, the minister should be well aware that this site has not even been decided upon yet. It is not known where it will be located in South Cayuga, nor has it been stated what type of facility will be put in place.

I should like to quote briefly from "Environment Update" as follows, "The toxic chemicals problem is complex. We will need the co-operation of producers, users and governments to ensure the safety and well-being of our population and the environment, and to ensure that the public has the information on this subject to which they are entitled. I am personally determined that these objectives will be met." That was signed by the minister, "John Roberts", Madam Speaker. The minister is saying now that he will not co-operate with governments and will not ensure that the people get the information.

Has the minister received guarantees that toxic waste from the United States of America or other provinces which would make this a federal responsibility, will not be disposed of in South Cayuga? If so, will he table these guarantees and if not, how can he not involve the federal government in order to ensure the safety of its citizens as he promised in his statement?

Hon. John Roberts (Minister of State for Science and Technology and Minister of the Environment): I cannot help but conclude, Madam Speaker, that the hon. member was so intent upon asking his next question that he did not listen to my answer to his first question. I tried to make it clear to him that we are co-operating with provincial governments in the design of waste control management systems throughout the country, but the responsibility for the location of those centres is in the hands of the provincial governments. We are co-operating with them in every area of the country, including Ontario. It is not our responsibility to select those sites. We are prepared to offer assistance and to try to find Crown land and make it available to them if that is convenient for them, but the location responsibilities are theirs.

I shall be happy to send on to the Conservative minister of Ontario the representations which the hon. member has made. At the present time, the border between the United States and Canada is closed to the transshipment of toxic waste. We are not happy with that situation. There are many occasions on which co-operation between the United States and Canada in the disposal and destruction of toxic waste would be beneficial to both sides. We are exploring that matter with the American government, at the behest of the provincial governments, I may add.

The assumptions that underlie the hon. member's question are far from the facts of the situation, and make it difficult to give the hon. member a helpful answer.

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HOUSE OF COMMONS

ALLOCATION OF TIME TO DEBATE FOREIGN AFFAIRS

Mr. Douglas Roche (Edmonton South): Madam Speaker, my question is directed to the Prime Minister. A moment ago the hon. member for Davenport, in questioning the government House leader, talked about some combination of days given by the various political parties for a debate in the House on foreign affairs. I should like to ask the Prime Minister why the government does not exercise its responsibility and call a foreign affairs debate, bearing in mind that in the nine years I have been in the House there has only been one such government-sponsored debate. That was in 1977.

Of late the Prime Minister has journeyed around the world dealing with the North-South question, having discussions with world leaders. He has given no leadership to the Canadian Parliament or the people of Canada, however. The economic summit begins six weeks from today. It will be discussing the North-South question, and will be followed by two more summits within a short time. The Canadian people and members of Parliament have been given absolutely no direction by the government.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member might recall that I answered this question more than a month ago by suggesting, as I believe the hon. member for Davenport was suggesting, that since we all view this as a very important subject, each party should give up one of its days. The opposition parties have several days left before the end of June. The government has a limited number

of days left before the end of June in which to pass all the necessary legislation. If the hon. member's party is so earnest about wanting to debate this subject, I make a proposal now that we would take one government day if the NDP would take one NDP day—

Mr. Nystrom: Agreed!

Mr. Trudeau: —and the Tory party would take one NDP day—

Mr. Nielsen: Agreed!

Mr. Trudeau: —take one of its opposition days so that we could have a significant and worth-while debate. I suspect that the question asked by the hon. member should not be put to this side but to his own leader in this House.

QUERY RESPECTING DEBATE

Mr. Douglas Roche (Edmonton South): Madam Speaker, I am directing my questions to the Prime Minister because he is the Leader of the Government and has the responsibility to bring a government plan on foreign affairs and the North-South question into the House of Commons. I ask him now, specifically, if a debate on foreign affairs in the House of Commons is conditional upon the other parties giving up an opposition day?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it is not conditional. I just want to make it evident that the hon. member is not in a party which welcomes this debate; he is in a party which, he will recall, was led by a foreign minister who was indicating her interest in sharing more with the southern countries, at the very moment that the minister of finance of that government was saying that there would not be another penny for the Third World. They cannot get their act together, Madam Speaker.

Mr. Crosbie: That is a false statement; absolutely false.

Mr. Trudeau: Until they do, I suggest it would be difficult to give the kind of leadership to the Canadian people that we on this side believe should be given.

Mr. Baker (Nepean-Carleton): You are stretching the truth as usual.

* * *

THE ECONOMY

RE-EXAMINATION OF GOVERNMENT SPENDING

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I wish to direct my question to the Minister of Finance. When addressing the Senate Standing Committee on National Finance on May 26, 1981, the Governor of the Bank of Canada stated as follows: "I do not think it is realistic to suppose that an economy like ours will work well under conditions of rising inflation. Rising inflation", he said "is a recipe for stagnation, not for prosperity."

Since interest rates are still rising, our dollar is still falling, and failure to face up to the problem of inflation will compound our economic problems, has the minister considered requesting all ministers and deputy ministers to re-examine their departments' spending programs in the hope that cuts can be made which will help lower the deficit without hurting those who really need help?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I stated in the budget of last October that expenditure restraint is one of the key elements in the government's fiscal plan. As part of that fiscal plan we have undertaken not to increase the level of government expenditures more than the growth in the economy itself. That is a long-term effort to restrain expenditures, but obviously with respect to the current situation and in preparation for a forthcoming budget, the President of the Treasury Board and his officials, along with mine, will be examining all possibilities with respect to further restraint.

FISCAL POLICY

Mr. Lloyd R. Crouse (South Shore): I have a supplementary question, Madam Speaker. As the minister is well aware, nothing stimulates inflation like indifference to it. History gives us many examples of countries that have tried to deal with 20 per cent, 100 per cent and even 1,000 per cent inflation. Eventually they have had to start on the long, hard road back.

Since in some cases of extreme inflation, democratic governments were the casualties in the process, at what stage in our present inflationary spiral will the government announce a new fiscal policy in order to lower this deficit?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, as was also indicated in the budget, we have projected a gradual decrease in the size of the deficit.

● (1450)

In my remarks over the weekend, to which the hon. member for Winnipeg referred—

Mr. Knowles: Took exception.

Mr. MacEachen: —I spoke at some length about the importance of reducing the deficit as part of an over-all effort to reduce inflation. The hon. member cited with some approval the comments in the Senate standing committee by the Governor of the Bank of Canada who is following an anti-inflationary monetary policy. I assume the hon. member is fully in support of that anti-inflationary monetary policy in the same way that the hon. member for St. John's West demonstrated in his interesting interview on the weekend, namely, full support.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

INQUIRY CONCERNING POSSIBILITY OF BREAKTHROUGH IN NEGOTIATIONS

Mr. Raymond Dupont (Chambly): Madam Speaker, I have a question for the Minister of Labour. Concerning the Radio-Canada conflict which has been lasting for a good many months, I would like to know if there are ongoing negotiations between management and labour and, through the good offices of the mediator, does the minister expect an early end to the negotiations in the hope of reaching a negotiated agreement as soon as possible?

[*English*]

Hon. Gerald Regan (Minister of Labour): Madam Speaker, I thank the hon. member for his question. There is considerable and widespread concern about the three work stoppages involving the CBC or Radio-Canada at the present time. The work stoppage that involves the French language journalists has been under way since last fall. As recently as three days ago the Labour Canada mediator met again with the parties and has made substantial progress, even in the past two weeks. However, there remain outstanding differences. It is proving to be a very difficult strike in which to bring the two parties together.

The dispute involving NABET, or the technicians, the two groups, also continues. It has now been under way for a month and a half or two months. Our mediators are available to meet with the striking parties and have been doing so from time to time. With regard to either of these disputes, I am not able to offer the hon. member the hope of an immediate settlement. I can tell him that progress has been made. While they are difficult disputes, we are hopeful that the parties will continue to be more realistic and come to an agreement.

* * *

IMMIGRATION

CUTBACKS IN SERVICES

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, my question is directed to the Minister of Employment and Immigration. The mayor of Vancouver forecasts an increase in racism as a result of 50 per cent cutbacks in immigrant services. Inasmuch as the employment and immigration task force overwhelmingly points out the need for employment counselling, job placement, and educational services for immigrants, is the minister now prepared to restore funding for immigrant services and adaptation programs, and will he extend programs for immigrant women?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): As the hon. member knows, Madam Speaker, about a month ago we did announce a number of new initiatives we are inclined to take to assist immigrant women in particular. We have decided to pursue an integrated language training policy. My colleague, the Minister of State for Multiculturalism, and I, are presently working on the details of that program. It will be of major assistance in giving immigrant women a chance in the workplace. As far as the ISAP program is concerned, the funding reverted back to its original level as it was established in 1979 before the major movement of refugees from southeast Asia. We are presently examining and discussing whether additional resources can be put into that program.

CERTIFICATES FOR DOMESTIC WORKERS

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, we are pleased at some of the initiatives being taken on behalf of immigrant women, in particular that foreign domestic workers may become landed immigrants. Is the minister considering a requirement that domestics have a vocational certificate in order to remain in Canada? If so, would that not discriminate against Caribbean women in favour of British nannies?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I spent a good part of this morning meeting with a number of representatives of different organizations. They speak for domestic workers across Canada. They brought that problem to my attention. That certainly is not the intent of the new regulations. As the hon. member knows, we issued a series of new regulations applying to domestic workers to give more of them a chance to acquire landed status in Canada. I have taken note of their concerns. We are checking them out. I can assure the hon. member that is not the intent of the regulation, even though it may be applied in that way in some of our offices. If that is the case, we will change it.

* * *

METRIC CONVERSION

DATE OF IMPLEMENTATION

Mr. Bill Domm (Peterborough): Madam Speaker, my question is directed to the Minister of State for Small Businesses and Tourism. In an answer in this House on April 23, the minister confirmed he had met that day with both the president of the Canadian Federation of Retail Grocers and the president of the Canadian Organization of Small Business. In his response he said:

> They simply asked that with them I look into the possibility of setting another time schedule and of finding other means of easing into conversion.

The minister has now had two months to examine that possibility with cabinet. Has he been successful in obtaining a new date to coincide more with the implementation of metric in the United States?

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, after a meeting with my colleague, the Minister of Consumer and Corporate

Affairs, we decided to wait until the date of the publication of the new regulations in *The Canada Gazette* before studying the representations which might have been made to us during that period of time. The officials of the Department of Consumer and Corporate Affairs and of the Metric Commission have now undertaken that study and I have no intention at this time to propose any change to the date for implementing the metric system conversion of scales used in retail food outlets.

[*English*]

REQUEST THAT CONSULTATION BE EXPEDITED

Mr. Bill Domm (Peterborough): My supplementary question stems from knowledge of the fact that there is to be a meeting with the retail grocers this Wednesday. The Metric Commission, at great expense to the Canadian taxpayers, will be flying to St. John's, Newfoundland, on June 17 to determine whether the people of Newfoundland want metric on January 1 and Canadian measurement made illegal. Will the minister speed up the process so that these businesses can function within their budgets on January 1, and advise the major chain stores whether they have to purchase American metric weigh scales for January 1.

[*Translation*]

Hon. Charles Lapointe (Minister of State (Small Businesses and Tourism)): Madam Speaker, there are several inaccuracies in the question and comments of the hon. member. First of all, I fail to understand why he should criticize the fact that officials of the Metric Commission travel to St. John's, Newfoundland. In my opinion, the established practice is that the members of the board of the Metric Commission hold hearings throughout Canada to give to all interested Canadians an opportunity to appear before the commission and make their representations. I believe he said that we ought to state clearly whether or not the conversion will take place. I think I did just that in my previous answer.

* * *

[*English*]

EMPLOYMENT

ADULT ACADEMIC UPGRADING AT NIAGARA COLLEGE

Mr. Joe Reid (St. Catharines): Madam Speaker, I have a short and direct question for the Minister of Employment and Immigration. Why at Niagara College is one of the most basic programs, that of adult academic upgrading for people wanting to better themselves, being phased out, terminating the upgrading of some 230 students and either resulting in a discharge or transfer of some 16 college instructors?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I cannot reply to the specific question of the hon. member. I can indicate that the planning of the curriculum in each of the community colleges is done jointly with the provincial governments which really have the basic responsibility for education under their jurisdiction. We have a manpower needs committee that works with each of the provinces and tries to plan the most appropriate courses to meet the demand where the most skills are required.

● (1500)

I would be glad to look into the specific case, but I can indicate to the hon. member that this is a decision that is really based upon where the demand and the need for training are the greatest, and where the allocations will do the most good.

REASON FOR DEPARTMENTAL DECISION

Mr. Joe Reid (St. Catharines): Madam Speaker, I direct my supplementary question to the same minister. As the minister knows full well, the province of Ontario program is based on the number of seats purchased by Manpower, and the province only purchases some 20 per cent of those sponsored by Manpower. When Manpower cuts off its sponsorship and allocates funds to different programs, then there is a substantial reduction in the number of persons allowed to take part in the program. This has now resulted in a phasing out of the program at Niagara College. I would appreciate knowing why the minister is placing this kind of roadblock in the way of people who need this kind of basic training in order to find a way in life and find opportunities as a result of at least a grade 12 level of education.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I would agree with the hon. member. This is one of those cases where the federal government pays most of the bills and provincial governments take most of the credit. The fact of the matter is that we consult with provincial governments on the allocation of those funds. It is really a judgment made as a result of those consultations that determines the allocation, but it is the province of Ontario through its department of education that must make the real decision as to where the general bloc of funds we allocate to the province is directed.

* * *

BUSINESS OF THE HOUSE

Mr. Knowles: Madam Speaker, I rise on a point of order relating to the business of the House which arises out of two exchanges during the question period. When the proposal was first made that the three parties might each contribute a day to a foreign affairs debate or, more specifically, to a North-South debate, we said we were willing to give a day toward that. As matters stand we have only one opposition day left in this month, which is next Tuesday, June 16, and we plan to put down a motion for that day on North-South. Even if the Conservatives will not join I invite the government to add a day so we can have at least a two-day debate on this important subject.

Point of Order—Mr. Waddell

An hon. Member: Let's have a response.

Mr. Knowles: Can't we have an answer in *Hansard*?

* * *

POINTS OF ORDER

MR. TAYLOR—RULING OF ACTING SPEAKER ON SECOND READING DEBATE

Mr. Gordon Taylor (Bow River): Madam Speaker, I have a point of order involving Citation 712 appearing at page 220 of Beauchesne's fifth edition. In reference to second reading it states in part:

At this stage, debate is not strictly limited to the contents of a bill—

On Friday the Acting Speaker, (Mr. Ethier) was in the chair and he ruled during second reading of the elections bill we had to confine our remarks to the bill's contents. I suggest this is contrary to Beauchesne, contrary to our rules and I would appreciate your ruling.

Madam Speaker: That point of order, if it was valid, should have been raised at the time this occurred. It is very difficult for the Chair to rule on a point of order when I personally was not in the chair. The matter should have been raised on Friday if the occurrence took place on Friday.

Mr. Taylor: Madam Speaker, I endeavoured to raise it on Friday, but the Acting Speaker would not hear it.

Madam Speaker: He probably had his reasons for not hearing it. Surely at the time the hon. member had other recourse by which he might have been heard by the Chair. The matter should have been settled on Friday, not today.

Mr. Taylor: I do not want to continue the debate, Madam Speaker, but I do want to say that I endeavoured to raise it. I suggested that the ruling was wrong at the time but the Chair would not listen.

Madam Speaker: Order, please. Those comments on rulings by the Chair should not be made, as the hon. member knows. The hon. member is now showing me Beauchesne. The interpretation is made by the Chair; that interpretation was made on Friday and we cannot come back to it.

MR. WADDELL—REQUEST FOR POSTPONEMENT OF COMMITTEE MEETING

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, today is an opposition day dealing with energy and the speakers include both opposition critics in the energy area. At the same time the Standing Committee on National Resources and Public Works is meeting to consider the very important bill, C-48. It is obviously impossible for the hon. member for Etobicoke Centre (Mr. Wilson) and myself to be in both places at the same time. I wonder if through you the minister, who is also in the House—and we want to hear him speak as well—would indicate whether this committee meeting could be postponed. Apparently the government will not do that. If this were done we could at least complete three or four speeches in the debate in the House.

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, this event was brought to my attention early this morning. I did have consultations with my colleague, the hon. member for Etobicoke North (Mr. MacLaren), the parliamentary secretary to the minister, and I understand either the minister or the parliamentary secretary will be at the committee, that the steering committee scheduled these meetings and the opposition knew full well that these meetings were scheduled before the motion was put down on Friday for the opposition day. So really there should be no excuse for this kind of intervention at this particular point in time.

Hon. Michael Wilson (Etobicoke Centre): On the same point of order, Madam Speaker, I listened to what the parliamentary secretary has just said and I should like to make one point very clear. He may not be aware of it, but I advised the parliamentary secretary and the chairman of the committee that we did have an opposition day and that two meetings on one day was totally unrealistic. I asked at that stage that the committee hold one meeting today. I said we would be prepared to have one meeting today, but not two in view of the fact that members would be required to attend both places.

I ask you, Madam Speaker, whether you could prevail on members on the other side to bring some order into this issue. I should also let you know, and you are not aware of this, that the committee has asked for 12 meetings a week. We have many other responsibilities as members of Parliament, and that is also totally unrealistic. We have tried to impress upon the minister the desirability of moving this bill ahead in a measured way, but not in a way unrealistic to members of Parliament.

Madam Speaker: The hon. member, I am sure, must realize that I am in no position to prevail upon the chairman or the members of that committee to reschedule meetings. This is entirely the responsibility of the chairman and the committee. These circumstances occur quite often, but the Chair is in no position to change the scheduling of committee meetings.

* * *

BUSINESS OF THE HOUSE

DISPOSITION OF BILL C-48

Mr. Waddell: On another point or order, Madam Speaker, I should like to ask the President of the Privy Council to indicate to the House whether the government is preparing a debate on Bill C-48 before the session finishes, I gather around the beginning of July? Is it the minister's intention to have that bill back before the House? We have only considered ten clauses out of 80 in committee. Perhaps the minister might indicate to the House that instead it is the government's intention to deal with that bill in the fall.

[*Translation*]

Mr. Pinard: Madam Speaker, I understand that the Committee on National Resources and Public Works is to sit twice today. Perhaps we will be in a better position next Thursday to answer more specifically the question raised by the member. However, may I remind him that the bill has been before the said committee for over four months. Under the circumstances, I find it is difficult, in the light of what happened during the past four months, knowing that some intensive proceedings are now taking place in committee which by the way will be sitting twice today, to answer the member more specifically at this time. Perhaps on Thursday, when the usual questions are asked about the business of the House, I will be in a position to give a more detailed answer.

● (1510)

ROUTINE PROCEEDINGS

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,418, 1,711, 2,323, 2,360 and 2,377.

[*Text*]

GOVERNMENT LOANS TO TANZANIA

Question No. 1,418—**Mr. Blenkarn:**

Has the government made any loans to Tanzania and, if so (a) in what amount (b) what are the repayment terms (c) has Tanzania defaulted on any payments?

Hon. Mark MacGuigan (Secretary of State for External Affairs):

(a) $ 7,251,681	$ 286,482	$2,000,000
31,383,904	1,954,501	1,065,214
424,375	2,000,000	1,879,172
1,041,133	4,798,058	1,974,431
1,322,673	14,609,364	

(b) The terms of all loans were made at 0 per cent interest, ten years grace and 50 years maturity.

(c) All loans were forgiven.

PUBLIC SERVICE COMPETITIONS

Question No. 1,711—**Mr. Stewart:**

1. For each year 1975 to 1979, how many employment competitions were announced or publicized in the public service?

2. How many competitions were (a) universally open to the public (b) open only to public servants employed in the public service?

Order Paper Questions

3. How many (a) positions were successfully filled after boards were convened (b) applicants were found to be unqualified (c) competitions were opened to the general public when a suitable candidate was not found internally in the closed competitions?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications): I am informed by the Public Service Commission as follows:

1. The Public Service Commission does not maintain records on the number of employment competitions that are announced or publicized in the public service. However, the Public Service Commission does maintain, and publishes, the number of appointments from inside and to the public service in its annual reports.

There are a number of reasons why the commission does not have records on the number of competitions. First, the commission's primary responsibility is related to appointments and its information systems are oriented to reporting on this area. Second, one competitive process can result in no appointment being made if no candidate is found qualified in a given area of competition or a number of appointments can result from one competition process. Consequently there is not a direct relationship between the number of employment competitions and the number of appointments. Third, processes other than competitions—applicant inventories, in-service inventories, and without competition processes—are often used to make appointments to and within the public service. Finally, because of the extensive delegation of appointment authority to deputy heads, a listing of employment competitions would entail a lengthy and costly examination of the personnel records of both the headquarters and the regional offices of every department and agency. The cost in manpower and time to carry out such a task would be prohibitive.

2. (a) The number of appointments from outside of the public service for the years 1975 to 1979 are as follows:

1975	36,251
1976	29,730
1977	22,437
1978	19,225
1979	15,293

(b) The number of appointments from within the public service by competition for the years 1975 to 1979 are as follows:

1975 Figures are not available since they were not broken down by process, but there were 90,920 appointments from within the public service by all processes.

1976	40,780
1977	43,396
1978	46,431
1979	42,954

3. Because of the reasons outlined in the response to question 1, these figures are not available.

Order Paper Questions

ASSISTANCE TO NEWSPAPERS IN PROVINCES AND TERRITORIES

Question No. 2,323—**Mr. Herbert:**

For each of the past five years, by province (a) what amount was granted by the Department of the Secretary of State to assist English newspapers in Quebec and French newspapers in the other provinces and territories?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications):

Official Language Minority Groups
Assistance to the Official Language Minority Press
Fiscal years 1976-77 to 1980-81

(a) Amounts granted to associations representing the official language minority press for administration, co-ordination and training:

Fiscal year	Outside Quebec Association de la presse francophone hors Québec (founded in 1976)	In Quebec Association des media régionaux anglophones du Québec (founded in 1978)
1976-1977	$ 23,900	
1977-1978	30,000	$ 4,805*
1978-1979	52,508	8,790*
1979-1980	87,100	35,305
1980-1981	187,000	40,335

* To McDonald College for research into the official language minority press in Quebec
(1977-1978: $4,805; 1978-1979: $6,790).

(b) Amounts granted to official language minority newspapers through non-profit organizations for advertising and technical assistance:

Provinces	Fiscal Year 1976-1977	1977-1978	1978-1979	1979-1980	1980-1981
Newfoundland		$ 5,000			
Prince Edward Island		15,330	$ 13,676	$ 13,400	$ 11,754
Nova Scotia		15,330	13,676	13,400	11,094
New Brunswick	$25,000	46,000	179,704	111,800	148,716
Quebec		4,805	6,000	99,450	69,840
Ontario		107,350	95,732	110,100	96,400
Manitoba		15,330	13,676	13,400	11,754
Saskatchewan		15,000	13,676	13,400	11,754
Alberta		15,330	13,676	6,600	11,754
British Columbia		15,330	13,676	13,400	11,754

LEGAL WORK WITHIN LEEDS-GRENVILLE CONSTITUENCY

Question No. 2,360—**Mr. Cossitt:**

What are the names of all lawyers and/or legal firms receiving or who have received payment from the government for legal work within the constituency of Leeds-Grenville since the government took office following the 1980 general election and, in each case, what was the amount?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development):

Names	Amount
Anderson, C. D. (Brockville)	$ 5,280.50
Barr, R. A. (Brockville)	$ 10,316.60
Childs, Philip (Kemptville)	$ 1,404.93
Fraser, Duncan F. (Brockville)	$ 545.04
Hart, Hugh R. (Brockville)	$ 571.64
Laushway, Barry (Prescott)	$ 3,387.75
O'Shaughnessy, Michael J. (Brockville)	$ 217.10
Tobin, Richard M. (Prescott)	$ 3,288.52
Warren, Edward (Kemptville)	$ 210.00

MINERAL SELENIUM

Question No. 2,377—**Mr. Cossitt:**

1. Is the Department of National Health and Welfare aware of theories advanced by certain doctors, particularly in the United States, that the mineral selenium has shown evidence of (a) preventing heart attacks (b) building up body immunity to a number of forms of cancer?

2. Has the department knowledge as to whether or not there is validity to the theories that the mineral has such effects if given in dosages of 50 to 200 micrograms daily and what research was carried out in Canada?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare):

1. (a) Yes.

(b) Yes.

2. Minimum daily requirement for Canadians has not been definitely established because selenium deficiency in humans is virtually nonexistent in this country, except in extreme pathological states or very bizarre diets. Almost any balanced Canadian diet would provide selenium in the range of 50 to 200 micrograms daily. Research in Canada has mainly been done in animals which have a higher selenium requirement and can develop deficiencies. Epidemiological studies have been done, attempting to correlate varying levels of selenium in foods and water supplies in different parts of the country with disease states of the local residents, with little success.

[*English*]

Mr. Beatty: Madam Speaker, for the fourth time I want to bring to the attention of the parliamentary secretary question No. 1,852, which was placed on the order paper by me six months ago as of tomorrow. That was on December 9, 1980. It is a very simple question which I have brought to the attention of the parliamentary secretary on three previous occasions. On each occasion I have received the assurance from the government that every conceivable action would be taken to get a speedy response.

In view of the fact that this question deals now with the former chairman of the Canadian Film Development Corporation, whose term in office has expired while I have been waiting for the government's answer, and in view of the fact that he is no longer in the government's employ, the government should have no cause for any further delay. Why has the parliamentary secretary been incapable of getting the Secretary of State to supply an answer to what is a very simple question?

Mr. Collenette: Madam Speaker, every time someone in the House asks me to follow up on a question, I do try to get the answer. There are many reasons for delays. Sometimes the answers required entail a lot of work and expense.

Mr. Beatty: Not in this case.

Mr. Collenette: Perhaps certain questions are not priority questions to the particular departments concerned. However, I will look into this matter again and try to get an answer for the hon. member.

I ask, Madam Speaker, that the remaining questions be allowed to stand.

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—CONDEMNATION OF INCREASED TAXES ON PETROLEUM PRODUCTS

Hon. Flora MacDonald (Kingston and the Islands) moved:

That this House condemns the government for again unnecessarily raising petroleum taxes and thereby burdening all consumers, but particularly consumers of heating oil, with prices far in excess of those promised without providing relief to those hardest hit and least able to adjust.

She said: Madam Speaker, last Wednesday the Right Hon. Leader of the Opposition (Mr. Clark) moved the adjournment of the House under the provisions of Standing Order 26 to allow an emergency debate on the unprecedented price increase and tax increase on petroleum products. Those increases had been introduced the previous day by the Minister of Energy, Mines and Resources (Mr. Lalonde). In denying that motion Madam Speaker indicated that she felt this matter would be the subject of debate on an allotted day in the very near future. Indeed, Mr. Speaker, she certainly guessed right.

Because of our deep concern about these steep price and tax increases and because we know they are creating very real difficulties for a great number of Canadians, we in the official opposition are using the first possible opportunity—our first allotted day since Madam Speaker made her ruling—to raise this issue for public debate. Of course, this is what the government should have done because, as the Minister of Finance (Mr. MacEachen) knows, and as his alter ego, the Minister of Energy, Mines and Resources, knows, these price increases are in fact tax hikes and should be introduced for debate by the government as is regularly done with taxation measures.

Instead, rather than for once facing up to his responsibilities honestly, the Minister of Finance continues to duck, bob, weave and evade both the implementation and the consequences of his tax hikes. He has become the yo-yo at the end of the Lalonde string. The minister might think it is smart to bob up and down and ignore the financial and personal hardship his measures are creating, but meanwhile hundreds of thousands of Canadians are daily becoming more deeply mired in the slough of despond which his measures are creating for them. They are stuck; they do not have the latitude to indulge in fancy footwork and to sidestep issues as the minister does. They can only suffer and wonder what new blow he will aim at them in their already vulnerable position.

I have just arrived back in the House of Commons from another weekend in my constituency. My weekend was spent talking to people, not to politicians or pundits. I spoke with people who are staggering under the burden of record high interest rates, rampant inflation and crushing energy costs. When my telephone in Kingston rings or when I walk down the streets, I know I will hear another tale of hardship, struggle and, yes, even of ruin. People say to me: "What in the name of heaven is going on up there in Ottawa? Don't they have any idea of what they are doing to us?" Farmers, businessmen, home owners and consumers are fighting just to keep their heads above water. The situation is depressing for them and for those of us who are trying to do something to relieve the situation.

Do hon. members know what was the worst part of this past few days of speaking to these people? It was in knowing that we would return to the House of Commons on Monday and that I and my colleagues would have to face the frustration of talking to a brick wall, for the Minister of Finance listens to the problems of Canadians and reacts to the financial plight of people with the same interest and the same compassion as would a brick wall. I simply do not know what kind or degree of hardship it will take to snap the Minister of Finance out of his lethargy or to keep his eyes open to what the government's policies are doing to Canadians. If only the Minister of Finance would go out across the country and look for himself, rather than cooping himself up for the weekend at a Grit policy conference with a bunch of yes-men and yes-women who are only too willing to tell him he is doing a great job, and if only he would go back to his own riding and ask a few of his constituents how they are doing, how they are making ends meet and what kinds of problems they are facing, then maybe the minister would realize that Canadians are not happy with the government's economic and energy policies and that they are certainly not happy with the minister's cold and uncaring attitude.

The Minister of Finance has been in Ottawa too long and he has been at the trough too long to muster any compassion for the suffering of others. He no longer seems to care. He does not even acknowledge that a problem exists. As he said to me and the House on May 25, as recorded at page 9858 of *Hansard*:

—the increase in the number of bankruptcies compared to the very large number of Ontario farmers is not very great.

That is what he said. I am sure Canadian farmers do not see the situation through the same rose-coloured glasses as the

minister. They certainly acknowledge the problem. They have to live with it. They have no other choice. I wonder what kind of blow it will take to shake the minister and his colleagues out of their complacency. The blow Canadians suffered last week certainly shook them out of any illusion they might have had that the Liberal government cared about their predicament. It was a blow which hit every Canadian and one Canadians could ill afford to absorb, in light of all the other economic burdens this government has forced on them.

I refer, of course, to the increased energy costs which were sprung on us last week by the Minister of Energy, Mines and Resources, who has, I am sure, been taking lessons from his colleague, the Minister of Finance, on the cavalier use and abuse of the hard earned incomes of Canadians. The Minister of Energy, Mines and Resources is intent on punishing the Canadian people for his inability and his unwillingness to reach an oil pricing agreement with the producing provinces.

Last Tuesday the Minister of Energy, Mines and Resources announced another increase in the price of oil. Canadian consumers will have to shell out nine cents more per gallon for their gas and 8.19 cents more for their heating oil. This was just the latest instalment in a string of increases the Liberal government has implemented since coming to power last year and, by the minister's own admission, this is by no means the last increase.

● (1520)

I have no doubt that the minister will keep that promise, unlike the major promise he and his colleagues made during the election and subsequently broke. That election promise, made over and over again, can best be summed up in two headlines which depict the before and after syndrome of the Liberal party, headlines that say: We will give you this before the election; we will give you that after the election. One headline, sir, is dated January 23 from *The Scotia Sun* and says:

Vote Liberal, and the price will stay down!

The other one is in the *Toronto Star* dated June 5, 1981, and says:

Oil price: It's going to keep climbing—MacEachen.

That is what they said. The first one is what the Minister of Finance said before the election, and the second one was said after the election. That tells the story, sir, the story of deceit, hypocrisy and sham. A two-faced approach.

I know, of course, what the minister and his colleagues probably want to say at this point. They will say: Oh, well, you were going to increase the price of oil, do not forget it.

An hon. Member: That is right.

Miss MacDonald: Well, we have not forgotten. The hon. member and the NDP are right. They, of course, voted along with the Liberals to do away with the kind of proposals we were making. We were going to increase the price of oil but with two major differences, something which the members of the NDP should remember. The first difference, one that goes to the heart of our democratic system, is that we believe that if we are to have a free government, freely elected, then political parties have a responsibility to the electorate to deal with them openly and honestly. Political parties should not see election campaigns as a time to cheat, manipulate and lie. To do so is to make a mockery of the very meaning of democracy itself. Indeed, to do so is to erode and abuse the trust that must be there between people and their government, a trust which is fundamental to our political system.

The Liberal government, Mr. Speaker, has abused the trust of the voters time and again by saying one thing and doing another, but never so blatantly and dishonestly as with the issue of energy costs. The Progressive Conservative party told the people straightforwardly that there would be higher oil and gas prices in the future. We played fairly. We said the international oil market is unstable, we need more money for exploration and development and we have to organize ourselves now in order to be self-sufficient and secure in the future. However, while we were saying that, Liberal candidates all across the country were saying that they would not raise oil prices, that there was no need for it, even though they knew all along there was no truth to that. Of course, they won votes on it and there are some who would call that kind of campaigning smart politics. Well, sir, I call it just smarmy electioneering. It is that kind of posturing that turns Canadian voters into cynics.

The Minister of Finance obviously finds it easy to live with a lie. It does not seem to bother him that his credibility is shattered. After all, he has his motley crew of backbenchers to cheer him on, these backbenchers who seem no more concerned about high inflation, high interest rates and high energy costs than does the minister. You never hear a word of protest out of them.

The second difference between our proposed energy increases and those that were "unproposed" but nonetheless implemented by the Liberal government is that we did not forget or ignore those Canadians who would be hardest hit by high energy costs. We realized, sir, that many consumers needed time and help in absorbing what inevitably would be higher costs. For one thing, our excise tax was on transportation fuels only, not on home heating fuels as were the government's tax measures of last week. Not everyone drives a car, and as you move down the income scale or into the higher age brackets, you find fewer and fewer people who can afford to own their own means of transportation. They can, however, even then look to other options. However, everyone has to contend with the cold of a Canadian winter; everyone has to have heat. Unlike a car, heating a home is not an option, it is a necessity.

We knew that the inevitable higher heating costs would impose severe financial difficulties on many Canadians, and we tried to alleviate that by exempting home heating fuels from the excise tax. That, we felt, would be one means of easing the burden for the consumer. The Prime Minister (Mr. Trudeau), like the Minister of Finance, does not seem to understand, or perhaps he does not care, what these higher

energy costs mean to people. Last week he flippantly remarked, as is his wont, of course, the following:

> It seems people are prepared to pay these higher prices . . . You still find some people roaring around in fast cars.

That is what he said and it seems to be the extent of his analysis of the situation. Well, if he thinks that a 63-year-old woman on a spouse's allowance of $369 a month is roaring around in a fast car and thumbing her nose at high energy prices, then he is more misguided than I believed.

Mr. Wilson: Who drives a fast car around here?

Miss MacDonald: It is the Prime Minister who drives a fast car. But it is the woman who has to exist on a spouse's allowance who is concerned about how she is going to pay her fuel bills. She has had to absorb an increase of $244 for heating oil since the Prime Minister took office some 15 months ago. Add to that the general cost of living increases that we have seen soar to new heights and you just have to know that this woman is in trouble. She is but one of the many Canadians who would have been eligible for the second measure by which the Conservative party sought to cushion the impact of higher energy costs. She would have been able to claim the energy tax credit we proposed which would have eased her burden by up to $220 a year. But no, instead she and thousands of other Canadians like her are being left to sink or swim under the Liberal's punitive energy program.

The energy tax credit, sir, was not the only means we had devised to aid Canadian consumers through the difficult transition to self-sufficiency. We took stock of those regions of the country that would be hardest hit, particularly in the Atlantic area. Much of the electricity in the maritime provinces is generated through burning oil. Consequently, higher oil prices would affect that region to a much greater extent than anywhere else in the country. If you look at electricity bills in various parts of the country to compare the cost of home heating fuels, Mr. Speaker, you find that the average residential electricity bill in Charlottetown, Prince Edward Island, including heat, in 1980 was $296.33 a month. In Cape Breton, where the Minister of Finance comes from, it was $221.35 a month. Now, in Montreal that same bill would be $127.40 a month, in Ottawa, $128.39 a month, and in Calgary $119.16 a month. So those living in Atlantic Canada have to pay much higher costs for home heating fuel than those elsewhere in the country.

● (1530)

Recognizing the discrepancy, the hon. member for St. John's West (Mr. Crosbie) stated the following in his budget of 1979:

> We will be mounting a major effort to ease the burden of adjustment to higher prices in the Atlantic region. We will provide grants to compensate for the additional costs of electricity generation resulting from oil increases in excess of $2 per barrel per year.

One can find no such grant in the MacEachen budget, although the per barrel oil increases for 1981 have already exceeded the $2 limit. Indeed, one can find nothing in the budget or since to help consumers, except for an ill-fated conversion grant which has taken far too long to put into operation. Even then, there seems to be so many snags and loopholes that it may well cost the consumer even more than he saves.

What about all those people who do not live near the natural gas mains or electrical generators and must rely on only one energy source, oil? Because of the vastness of our country, many communities find themselves in relative isolation when it comes to utility conversion. These people have no relief, no substitute, no choice but to pay the ever increasing oil prices. Even then, the price to consumers would not have to be so high if the government were not determined to make a profit out of these recent tax hikes on petroleum products. This is what the government is out to do—to make a profit.

Let me explain what I mean. In March of this year the government paid out a total of $148 million to refineries and importers of offshore oil, but it collected revenues in various taxes and charges on sales of oil and gas to the Canadian consumer totalling $337 million. In other words, the government made a profit of $189 million in that month off Canadian taxpayers. "That is only one month", the minister has told us; "That is only one month", he blusters. The trend is for a higher take by the federal government, if we look back over the several months preceding it, over and above what it needs for compensation payments on imported oil.

If we look at the first few months at the beginning of this year, we find that in January the government had a deficit in its compensation account of $124 million; in February it had a surplus of $67 million; in March it had a surplus of $189 million. Those surpluses are going to reduce the government's huge deficit. Of course, it is not admitted; it is all done on the sly.

On June 30, the hon. member for Etobicoke Centre (Mr. Wilson) said:

> The government is indulging in price gouging. It has claimed that the money from these new taxes is to be used to pay for the cost of subsidizing imported oil, but their own figures show that the petroleum compensation charge and the "special Lalonde levy" are already collecting much more money than is needed. In the first month of this fiscal year, the government collected $189 million more than needed.

Then the hon. member for Etobicoke Centre went on to ask:

> Why doesn't the government admit that they need the money to reduce the deficit and introduce the taxes in the proper manner?

The government can take by illicit means, but it will not even consider giving by fair means. I know the Minister of Finance said that he cannot afford an energy tax credit, given the current deficit. Of course, he can afford $1.5 billion to buy Petrofina and to send that amount of hard-earned taxpayers' money out of the country. He can afford $60 million in government advertising to try to brainwash Canadians on what a great job the government is doing. But he cannot afford to provide any relief for those who must heat their homes and run their electrical appliances, even though he is making $189 million on his energy tax hikes.

In my own riding the double whammy of high interest rates and high energy costs is forcing small businesses into bankruptcy. These people are the backbone of our economy—diligent and hardworking. They do not deserve the kind of treatment they are being accorded by the government. Let me refer to one firm which has half its business with the federal government in contracts. It has a number of five-year contracts for trucking mail throughout Ontario and Quebec. These contracts are signed on the basis of a per mile cost of haulage. The basic rate is revised only at two-year intervals. There has not been a revision for over a year, a year which has seen the price of gasoline soar. In July of last year the company's monthly bill for gasoline came to $24,700. But in May of this year, driving the same number of miles at the same basic rate of payment, its monthly bill for gasoline came to $73,000, and the June increase of 9 cents per gallon has not yet been calculated. That firm is going into debt to the tune of almost $50,000 per month on gasoline alone. This is because of the government's inept way of handling oil price increases. The company's financial difficulties are directly attributable to the government.

I should like to refer to another case, for example a person who owns a small business such as a hardware store. He has a family and owns a home. Such individuals can be found all across Canada. In the past year he has seen his grocery bill rise over 15 per cent. His mortgage rate five years ago was 9 per cent and now he must renew it at 18 per cent. On a $30,000 mortgage, this is almost $200 more per month. On top of those items, he has seen his gasoline charges rise by $158 and his home heating costs by $178. If he has a loan on his business, as do many small businessmen, he is paying over 20 per cent interest. In order to pay off the loan, he might have to let his staff go and work the store himself. He tries to conserve energy, but still the bills come in and every month they seem to get larger. He is at the end of his tether; he cannot make ends meet. He turns on the news at night and what does he hear the Prime Minister and the Minister of Finance telling him? They are telling him, as the Prime Minister said the other day:

—we say that Canadians are 50 per cent better off, on average, in 1980 than they were in 1970.

That is what he turns on the television to hear. Perhaps we can find that somewhere on paper, although I rather doubt it; but in the real world it is just not so. People are having a hard time, but no one on the other side of the House wants to admit it. They want to hide behind statistics and sit tight. My constituents are not statistics; they are angry, as I am angry and the whole of Canada is becoming angry. We want something done now.

● (1540)

The Canadian people are not stupid. They know what is going on, even if the Minister of Finance and the Minister of Energy, Mines and Resources do not want to tell them. They can see that the oil and gas increases with which they are being hit are due in large measure to the government's bungling. They know that if the National Energy Program and the Minister of Energy, Mines and Resources had been a little more sensitive to Canadian reality, we could have had an agreement with the producing provinces long before this. But no, the minister was content to drift along in an oil price vacuum, which makes us ever more dependent on offshore oil—more dependent now than we were a year and a half ago. We are sending millions of additional dollars out of Canada to pay for OPEC and Mexican oil, money which should be spent at home on development and exploration of Canadian oil and natural gas.

The minister's battle with Alberta has resulted in investors refusing to place their capital in this country. Indeed, the capital which we have is leaving. We have taken a giant step backward in our drive toward self-sufficiency, and the consumers are having to pay for it. The consumer is having to pay directly at the gas pump and through his home heating fuel bills for the failure of government policies. As well, he is paying through higher costs, higher interest rates and a higher cost of living because of the depressed value of and lack of confidence in the Canadian dollar—a situation which stems directly from the lack of an energy agreement.

Some 18 months ago the Conservative government spelled out the increases which would be necessary to bring us to self-sufficiency. In doing so we were able to reach an agreement in principle with the producing provinces. As well, we had devised a program which would protect consumers hardest hit by the energy increases and the rise in prices. By contrast, the Liberal government has levied unscheduled and erratic increases which now amount to 55 cents a gallon for gasoline and over 40 cents a gallon for heating oil. There is no energy agreement with the producing provinces and there are no programs to shield the consumer.

In considering the motion before us today, will the government not abandon its policy of taking from the taxpayer more revenue than it needs to balance its compensation fund, while at the same time refusing to help those who are hardest hit? Just let the government introduce an energy tax credit to help fixed and lower income earners in this country; then they will see how quickly that measure would receive parliamentary approval.

Some hon. Members: Hear, hear!

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Mr. Speaker, I welcome this opportunity to debate once again the question of energy. It seems to be almost a weekly event these days, one we on this side of the House certainly do not shy away from, even if it is the opposition that decides to spend one of its opposition days on this subject.

I have listened with great interest to the points raised by the hon. member for Kingston and the Islands (Miss MacDonald). I would like to make a number of comments on the points raised by her. She mentioned that last week we introduced a ways and means motion to, in part, collect the funds required to pay for the cutbacks imposed by the government of Alberta and, in part, to ensure that the cost of imports would not be larger on the taxpayers of Canada than had been planned in

the budget. This is the way these matters are taken care of, which is a very normal way.

At the time the Chair ruled that the way the government had proceeded was in order. Far from preventing debate, such a measure will, in due time, take the form of specific legislation, which I am sure will give rise to a lengthy debate in this House. Thus, I think the hon. member was talking in the wrong way when she was complaining about the ways and means motion.

The hon. member talked about her visit to her riding over the weekend. She said she listened to her constituents there. I certainly wish that she had visited her constituents more in November and December of 1979. I think her constituents would have given her good advice concerning the proposed budget which the Conservative government was bringing in at that time. Since she has made a number of comments about colleagues of mine who are not in the House today, I might tell the hon. member while she is here that, indeed, she might have better spent her time in her riding listening to her constituents at that time rather than travelling in Europe. I would have thought that if her party's budget was that great she would have been in the House to vote for it rather than being stranded in Europe, as she was at that time.

Some hon. Members: Oh, oh!

Mr. Wilson: Dirty blow!

Mr. Lalonde: Indeed, there are Canadians who are concerned with the high price of energy, and justly so. They are suffering from higher prices. It is important that the situation be put in perspective and that Canadian citizens have the true story about the situation.

The hon. member for Kingston and the Islands could have told a great many things to her constituents over the weekend, but obviously she did not. I can suggest a few things which she could have said to her electors. The first thing she could have told them is that, in spite of the latest increases, Canadian consumers are much better off under the Liberal government regime and the National Energy Program than they would have been under the Conservative budget, if it had been approved.

Miss MacDonald: No one would have believed it.

Mr. Lalonde: She could have even demonstrated that fact with figures. For instance, she could have said that a family of four has saved about $370 on gasoline and heating oil since the election, compared with what they would have spent under the Conservative budget.

Mr. Wilson: Table the figures.

Mr. Lalonde: Yes, Mr. Speaker, I will certainly give hon. members all the figures. It will be very easy. Last week we made preliminary calculations and I indicated to the House that savings to the consumer had been $1.9 billion. In effect, those figures, including the latest increases, represent a $2.2 billion saving to the Canadian consumer since December, 1979.

Some hon. Members: Hear, hear!

Mr. Lalonde: For a family of four this represents a saving of $370. The hon. member could have mentioned that to the good voters of her riding.

She could have demonstrated this all the more if she had used the figures from the Conservative budget, since she has made some reference to the 18-cent tax. There was a great deal more in that budget than that 18-cent tax. I remind the hon. member that on December 12 that 18-cent tax represented a $6.35 increase per barrel. Then on January 1, 1980, there would have been a $1 increase. On July 1 there would have been a $2 increase. On October 1, there would have been another $1 increase. On January 1, 1981, there was to be a $2.25 increase. To these figures must be added the amount of the Syncrude levy, the petroleum compensation charge, which on April 1, 1980, would have been 15 cents. On June 12 it would have been 75 cents and in January and June of 1981 it would have been a $2.15 increase per barrel under the Conservative budget. The hon. member could have told the voters in her riding: "Even with the latest increases it is still cheaper to buy gasoline under the Liberal arrangement than it would have been under the Conservative budget". It is cheaper by a significant amount, when you take into account the Alberta cutbacks which have added to the price we have had to charge the consumer. In effect, even as it stands at the present time, the difference between the Conservative regime and our arrangement is around 2.4 cents a litre. If one multiplies by 4.5, it gives an idea of what the cost would have been under the Conservative regime at the present time.

● (1550)

Mr. Baker (Nepean-Carleton): No self-respecting person will accept that.

Mr. Lalonde: Therefore, gasoline is cheaper at the present time than it would have been under the Conservatives.

The hon. member could have used not only the actual figures in the Conservative budget, but she could have also used some headlines. She referred to headlines. I will go further than headlines. I will go to actual statements. These statements were the ones made by the Conservative minister of finance during the election campaign. She talked about it during the election campaign, and this is a statement which was made on January 15 in an exclusive interview in the Montreal *Gazette*. This is what the minister of finance at the time had to say after the budget increase:

> A re-elected Conservative government might have to push Alberta oil prices even higher than previously planned, because world oil prices are rising faster than expected, says Finance Minister John Crosbie.

Here is the quote:

> "I believe after the election a new budget certainly will have to take account of the fact that energy prices have moved worse even than we had thought when we were getting the budget ready in November and late December" . . . "This certainly will have to be assessed as to whether there have to be any revenue

changes or what would happen to the deficit. We certainly do not want to see a deficit greater than the one that is forecast."

That was said by the then minister of finance. One sees the headline in the *Toronto Star,* "Crosbie sees even higher gas prices". One sees in the *Citizen*, "Crosbie warns of higher oil costs". One sees in *The Gazette*, "Tories see worse gas hike". That was January, 1980. This is the type of thing that the hon. member for Kingston and the Islands could have said to her electorate during the weekend. She could have said, "You are very lucky that the Conservatives could not go ahead with their budget and that they were defeated because, indeed, the situation would have been very much worse as far as the consumer is concerned".

An hon. Member: Shame, Marc! You are going to have to go to confession.

An hon. Member: They don't like it, Marc.

Mr. Lalonde: Another thing that the hon. member could have said to her voters is this. Indeed, she referred to the punishment of consumers. I think in all honesty she should have said to her voters that the major part of that so-called punishment arises from what many have called the Lougheed levy resulting from the cutbacks which have been imposed by the government of Alberta. These cutbacks were 60,000 barrels in April and another 60,000 barrels in June, for a total of 120,000 barrels a day. This is the type of cutbacks we have had.

I have indicated that if the government of Alberta were to decide today to eliminate those cutbacks, which are completely unnecessary, counterproductive, are not at all required in the circumstances and are really a regrettable step taken by a provincial government, tomorrow morning we could reduce the price of gasoline by seven and a quarter cents per gallon. That is the type of thing which could be done had we not had the decision taken by the Alberta government. That is another thing she could have said to her voters.

The hon. member could also have gone on to say, "Look at the Liberal commitment during the election and you will see that the Liberals have respected their commitments to the letter, and they have indicated that they will respect their commitments."

Some hon. Members: Hear, hear!

Mr. Lalonde: In that election there were two basic commitments. There were a number of other commitments which we have already fulfilled, in the area of conservation, with regard to Petro-Canada—which the Conservatives were going to destroy—with regard to setting up a corporation for the conservation of energy and with regard to helping consumers convert to other forms of energy and oil. All these commitments have been respected, and these are already in place.

In addition, we said to the Canadian consumer in 1980, "We will not have an 18-cent excise tax and the price at the wellhead will be lower than it would have been under the Conservatives." What did we do? There was no 18-cent tax in 1980, and the price of oil went up by $3.80 rather than $4, as had been foreseen by the Conservative government, at the wellhead. This is what happened in 1980, and this is where a good part of the $2.2 billion savings to the consumers comes from.

Then the hon. member could also have said that the Liberals made a second commitment. The Liberals said, "Not only will Canadians have a lower price in 1980 than has been foreseen by the Conservative budget"—and specified that the 18-cent tax would not be there—but they also said, "Over four years the National Energy Program will produce a price to the consumer which will be lower than the one which had been foreseen by the Conservative budget". This is, again, a commitment. She could have said that the Liberals have kept it up until now, and they will keep it during this current mandate.

Some hon. Members: Hear, hear!

Mr. Lalonde: Again, does one remember that the Conservatives said in their budget that oil would cost 75 per cent of world price at the wellhead, and then 85 per cent of the world price at the wellhead in 1983 and 1984? Under the Liberal program, the National Energy Program, it is projected that the price at the wellhead will be about $40 in July, 1983, and $44 in July, 1984. What would the price be under the Conservative budget? The price would be a minimum of $43.50 in July, 1983, and up to a maximum, depending on what happens to world price, of $58.25. In 1984, while our price would be about $44, theirs would be between $55 and $70. That is what the Conservatives had proposed for this country, and that is what this country rejected during the last election; and this was where we said what the Canadian consumer could expect.

There will not be lower prices. Prices will have to increase; but they will increase on a gradual and predictable basis in order to allow the consumer to adapt better to the changes which are taking place. Therefore, even today, as I indicated, the price of gasoline in this country is cheaper than it would have been under the Conservative budget. I do not have to refer Your Honour to the example of other countries, whether it is the United States or Europe, where the difference between the Canadian price and their price is huge.

The hon. member for Kingston and the Islands, who has disappeared—

Mr. Baker (Nepean-Carleton): I rise on a point of order.

Mr. Lalonde: Well, the hon. member has disappeared.

Mr. Baker (Nepean-Carleton): I do not want to interrupt the minister, but I want to make it clear to the minister that the hon. member for Kingston and the Islands was temporarily summoned from the chamber. That happens from time to time to the minister during debates. She will be back shortly.

Mr. Lalonde: I am glad to hear that. I am glad to hear the leader of the House on the Conservative side reassure us in that respect. I listened to her. It was a great pleasure, but I

was rather sorry to see how someone could be so misguided and so misinformed about the situation and about the facts.

Again, what could the hon. member have said? She could have said that the Conservative proposal was hurting the consumer a lot more. She could have said that a good part of the increases which have taken place result from the Alberta government production cutbacks. She could have said the Liberals have kept their commitments during the election. She could also have said that, in addition, the Liberal government has brought in measures to protect the consumer. She forgot to mention these.

For instance, the people who live in Kingston have choices and can switch to heating fuels other than oil. The government is providing up to $800 per family to facilitate this conversion to products other than oil, whether they be electricity, natural gas, wood, propane, solar energy, wind energy or other forms of renewable energy that they might prefer. That grant is available to all those who want to abandon oil for heating purposes and switch to other forms of energy. As a matter of fact, the government has allocated well over $1 billion for this particular program so that Canadian consumers can be helped to adjust to other forms of energy that will be cheaper than oil.

● (1600)

We have also taken other measures. The hon. member referred to the maritimes. We have allocated up to $500 million to help in the construction of a gas pipeline to the maritimes and one to Vancouver Island in order to ensure that the people of the maritimes in particular will have access to natural gas in the same way as the other major regions of the country have at the present time. That money will ensure that the people of the maritimes will be able to count on a natural gas supply coming to them at a price that will not only be competitive with other forms of energy but will be the same, basically, as the price in Toronto. Through that policy we will help the people in the maritimes and eastern Quebec get a fair deal as a result of the National Energy Program.

Miss MacDonald: Oh, oh!

Mr. Lalonde: I see that the hon. member for Kingston and the Islands (Miss MacDonald) is back; I noticed her return to the House.

[*Translation*]

Mr. Speaker, those are some of the things the hon. member for Kingston and the Islands (Miss MacDonald) and other members of this House could have mentioned to their constituents.

In fact, the National Energy Program proposed and announced when the last budget was brought down protects the consumer much more adequately and even generously than did the Progressive Conservative budget that was defeated in 1979. Mr. Speaker, because of the price increases we have had to impose as a result of the cut of 120,000 barrels a day made by one provincial government in the production available to Canadians, a shortfall that has to be made up with foreign imports at a very high cost, we have had to add about 7¼ cents per gallon, that because the Alberta government decided to reduce production needlessly, doing considerable harm to Canada as a whole in the process. Despite those increases, the current price of gas is still lower than it would have been under the Progressive Conservative government. The hon. member could have pointed out once again that the Liberal party, this government, has lived up to its promises to the consumers. Last year, we saw to it that the price of gas did not go up by 18 cents. So far, we have managed to see to it, and will continue to do so until the next election, that the net result of the National Energy Program is a consumer price that is much lower than it would have been under the Progressive Conservative government.

We implemented a program of predictable and gradual increases to allow consumers to adjust. It is precisely for this reason that a few weeks ago we announced a program of grants of up to $800 to help people convert their heating system from oil to some other form of energy, either electricity, natural gas, solar energy, wood or any form of energy other than oil.

The measures we announced are efficient and they will provide an alternative to oil dependency, as petroleum prices can only rise in the years ahead. Furthermore, we added an extra $500 million for the construction of the Q & M pipeline so that it could be built at a reasonable cost for the consumer and generate sufficient revenue for producers. We also announced that the price of natural gas in eastern Canada would be the same as in Toronto so that the have-not regions would be protected by the measures we announced and that we will implement as soon as the pipeline to eastern Canada and the maritimes is completed. So these are some of the measures we announced. I think the hon. member could have mentioned other things as well.

[*English*]

The hon. member alleged that the government would make money from the petroleum compensation account. I think she could have said to her voters on the weekend, "Don't believe that garbage; it doesn't make sense".

What happened was that in the last budget the Minister of Finance (Mr. MacEachen) indicated, as did the previous minister of finance in the Conservative government, that there would be a maximum subsidy for imported oil. In our case it was $350 million. It has been shown that with the previous petroleum compensation charge, this would be totally inadequate to meet the cost in 1981-82. Had we continued with the previous charge only, we would have found at the end of 1981-82 that we had a deficit of some $500 million that would have had to be paid by the taxpayers of Canada. By increasing the petroleum charge, we ensured that there would be an adequate collection of funds to make sure that the total deficit would be held down to only $350 million.

The net increase in expenditures that we expected because of the value of the Canadian dollar relative to the United

States dollar remained low, and the fact that we had to import a higher volume because of the Alberta cutback in particular meant that we would have had a net increase in expenditures of $595 million in the petroleum compensation account. The increase of $1.25 per barrel announced last week will bring in about $605 million, or a net total difference of about $10 million in total income and expenditures as foreseen at the present time. As I indicated earlier, the increase that has been announced has returned us to a situation where the net deficit would be about $500 million, out of which we would have to deduct another $150 million of revenues that will be collected by way of the transportation fuel compensation recovery charge. At the end of the year we should arrive at a net total deficit of $350 million in the petroleum compensation account.

I think the hon. member for Kingston and the Islands missed a great opportunity to explain to her constituents that the information, whether from press reports or statements made by members of the opposition, just did not make sense. I hope that on her next trip to her riding she will have an opportunity to put the facts straight for her voters.

The hon. member concluded by saying that she wanted something done now. The government has wanted something to be done for quite a long time. The government went into extensive negotiations last year with the government of Alberta in particular, and with the other producing provinces.

Mr. Wilson: That is a joke.

Mr. Lalonde: Unfortunately, like the Conservative government, we could not come to an agreement. The previous government which was defeated in December, 1979, tried its best, and I will give it credit for that; but it did not reach an agreement either.

I heard the hon. member say "an agreement in principle". She does not talk about an agreement any more; she says an agreement in principle. Mr. Speaker, you either have an agreement or you do not. She should admit the truth and say that they had no agreement.

● (1610)

That is confirmed in a book by Jeffrey Simpson entitled "Discipline of Power", which I commend to the hon. lady. I quote from page 204:

> On Tuesday, December 11, the day of the government's fateful budget, Joe Clark spoke to Peter Lougheed by telephone. A committee of officials led by Mickey Cohen, Deputy Minister of Industry, Trade and Commerce and a taxation expert, had proposed a new formula for the energy self-sufficiency tax that seemed acceptable in principle to Lougheed. But four other points remained to be clarified, Lougheed said. Maybe an agreement could be signed the following week, maybe not, Lougheed concluded. They would see at the first ministers' conference on the economy the following week.

That is the record. They had no agreement. We have tried but not have been able to get one yet. We are working hard on it. Tomorrow I will again be going to Alberta to try to reach a satisfactory compromise that will be helpful to all Canadians. I cannot promise an agreement, far from it. There are many difficult issues. I certainly cannot promise an agreement tomorrow or the day after. I believe the view held by the government of Alberta is the same.

What we must do is try, and try we did, try we do and try we will. This government has indicated over the past few months that it is willing to compromise, willing to take steps to accommodate the needs of the industry and the producing provinces. Surely we are entitled to expect the same sort of compromise from the producing provinces with which we are negotiating. I hope we will see that in the days and weeks to come.

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, I am pleased to take part in this debate and to follow the minister. Before getting into my main speech, which will deal with the position of the different parties on petroleum pricing and with this motion in particular, I want to say that I take objection to the minister's comments about the hon. member for Kingston and the Islands (Miss MacDonald), the former external affairs minister, being away for the vote that brought down the government. I know she is very strong in defending herself, so I will not say very much except that I thought she was away on government business. That was a pretty cheap shot to take at her. Surely the minister had enough other ammunition to deal with. Maybe that is why the minister is having so much difficulty reaching agreement with the provinces. If he would stick to the facts and forget about the cheap shots, perhaps he would get further.

Mr. Lalonde: On a point of order, Mr. Speaker, the hon. member for Vancouver-Kingsway was in this House when I made my speech and when the hon. member for Kingston and the Islands made her speech. I did not say that she was not on government business. I said she was not here for the vote. It is on the record.

As far as cheap shots are concerned, I invite the hon. member to refer to the speeches made by the hon. member for Kingston and the Islands to see what she said about some of my colleagues who were not in the House, whether it was the Minister of Finance or the Prime Minister, and the kind of cheap shots she took at them which were objectionable and completely unnecessary. We did not say a word about that. We thought we would let het get away with it, but she went back to it. The hon. member should remember that, if she wants good treatment in this House, she must show elementary courtesy.

Mr. Waddell: I thank the minister, with all his experience, for teaching me, a young member, that one cheap shot deserves another cheap shot. Maybe that is part of the difficulty this government has had in the past.

I now want to deal with some of what was said by the minister. The minister suggested that the hon. member for Kingston and the Islands talk to her constituents. I have just returned from Toronto where I made a point of visiting different gas stations and speaking with various consumers. Having talked to those consumers and listened to the speeches today, I am reminded of the poem, "Strange that these

differences should be, 'twixt Tweedledum and Tweedledee". I thought of Alice in Wonderland. Tweedledum and Tweedledee talked alike, looked alike, acted alike but said they were different. The consumers are saying there is no difference between the Conservatives and the Liberals in terms of price. The consumers are paying higher energy prices. There is no agreement with Alberta and so the consumers are not getting money back in their pockets. They say progress is not being made on renewables and conservation. They want to know what is happening. It is really a Tweedledum, Tweedledee situation.

This was set out in Jennifer Lewington's article in *The Globe and Mail* of Monday, March 23, 1981. Under present government policies, the article states that consumers are paying less for gasoline than they would have paid under the Conservatives policy. However, they are paying more for heating oil than they would have under the Conservatives policy. That is the truth of the matter.

The minister was not intentionally misleading the Canadian public but he was nevertheless misleading in his speech a few minutes ago. He said that if Alberta settled the dispute on pricing today, he could reduce the price of gas by seven cents a gallon. The Canadian people were not born yesterday. They know that if there is a settlement with Alberta and if the government, to use the minister's words, is willing to be flexible in its negotiations and is willing to compromise, that means higher prices. Does the minister think the Canadian people believe that if there is an oil agreement with Alberta, a higher oil price agreement, then he will withdraw the seven cents a gallon? He will subtract that, but he will still increase prices. He is misleading the people by saying that.

The other matter with respect to the minister's speech concerns consumers. He said this government had taken measures to protect consumers. Well, what has the government done? It took the watchdog for consumers, Mr. Bertrand, who produced the report showing that the oil companies had ripped off Canadian consumers anywhere from $12 billion to $14 billion under both Liberal and Conservative governments, and dumped him in the Anti-dumping Tribunal. What did the government do with the report? It sent it to another tribunal for more study and action.

The minister said the government had shifted Canadians off oil to gas. That is a good idea. In part it is going to subsidize the building of a gas pipeline to the maritimes. That is a good idea, but only if those Canadians can be assured that, having converted their oil furnaces to gas, they will be able to get cheap and available Canadian gas in the future.

At the same time as the government has approved the pre-build of the Alaska pipeline to continually ship out cheap Canadian gas to the United States, there is a real chance that the consumers, those in the maritimes in particular, who have converted from oil to gas will have to pay more in the end because there will be no cheap Canadian gas available.

The minister should not pretend that this Liberal energy program is any better than the Conservative program. I want to deal with that program and the promises that were made. The Liberals were elected on the promise that their price would be less than $4 more in 1980 and less than prices would be under the Conservative program by 1984. However, we have to look at the National Energy Program, which is a detailed blueprint of what the Liberal party really wants. There is a new promise in the National Energy Program. It talks about an increase of $3 in 1980 and $4.50 in 1981, 1982 and 1983. For consumers, under this schedule the pump price so far would have increased 23 cents a gallon since the Liberals were elected. This was the promise of 1980; this was the new promise in the National Energy Program. The price was to increase by 23 cents a gallon.

• (1620)

What has happened, Mr. Speaker? There have been ten increases, and I will count them. On March 1, 1980 there was a $1 per barrel crude increase. I mentioned Toronto so let us take an Imperial Oil station in metropolitan Toronto for my example. At that time you would be paying 25.4 cents per litre. In 1980 there was a $1 per barrel crude increase which meant an increase of .7 cents a litre, bringing the price to 25.4 cents a litre. There was a second increase on April 22, 1980. There was a change in federal sales tax which added .5 cents per litre, making the cost 25.9 cents a litre. Third, there was a Syncrude levy increasing the price .5 cents a litre, which made the price 26.4 cents a litre. Fourth, there was a $2 per barrel crude increase plus higher company costs on September 30, 1980, adding two cents a litre, making the price 28.4 cents a litre. Fifth, there was a sales tax increase in the Syncrude levy on November 1, 1980, which added .6 cents a litre, making the price 29 cents a litre.

On January 1, 1981, there was a petroleum compensation charge of 1.9 cents a litre, which increased the price to 30.9 cents a litre. Can you not see that pump price going up and up as you fill your car? On March 1, 1981, the seventh increase took place. There was an increase in the price of crude, or a higher company cost it was called, of 1.3 cents a litre, which made the price 32.2 cents a litre. On March 3, 1981, there was a surtax because of the Alberta cutback of .5 cents a litre and the price then became 32.7 cents a litre. On May 1, 1981, the PetroCan levy occurred, which was .8 cents a litre, so the price became 33.5 cents a litre. Finally, there was a tenth increase on June 2, 1981. It was a petroleum compensation charge of .8 cents a litre, and a cutback levy of an additional .8 cents a litre. So this morning in metropolitan Toronto at that Esso station you are paying 35.1 cents a litre. It is strange that there should be these differences between Tweedledum and Tweedledee. What the consumers see is a rapid increase in the price of gasoline no matter which party, Conservatives or Liberals, they placed their trust in.

We have also seen an inability to reach a negotiated settlement with the producing provinces. The minister has said it is a tragedy that one province should cut back the export of a commodity like oil to another part of the country. That should not happen in a confederation and I agree with him, but I wonder what the minister expects. This does not make that right, but what does the minister expect when he unilaterally

brings in the Petroleum Administration Act and thumps the provinces? Canadian consumers are about to say: Well, a plague on both their houses.

Mr. Lalonde: What would you have done?

Mr. Waddell: The minister asks what I would have done. I would have continued negotiations with Alberta and I would not have invoked the act. I think he invoked the act too soon. He could have continued negotiations with Alberta. Alberta indicated it was not going to take that kind of measure. The invocation of that act, coming as it did right after the budget and with the constitutional proposals, made what I would like to call an overreaction on the part of Alberta inevitable.

Let me continue by noting what the government has done in monitoring the industry's profits. There has been an ineffective, toothless monitoring of the industry and profit levels have never been higher. Imperial Oil's profits are up 70 per cent to $680 million. The government has done nothing about that. Last March the companies piggybacked a 6-cent a gallon increase, and surveys show that the consumers' price of gasoline after it was all finished went up 55 cents to 60 cents a gallon. If the federal take was 35.5 cents a gallon and provincial sales taxes accounted for five cents to eight cents a gallon, then the companies were in the trough for another 15 cents to 20 cents per gallon, representing $2.4 million a day.

What is the government prepared to do about that? Is it prepared to look at those prices and, if they are unjust, roll them back if necessary? If Mr. Bertrand's report was right, is the government prepared to take some action to give consumers a break? Is the government prepared to make these companies which had illegal profits, if they were illegal, disgorge those profits? That is not what the government is prepared to do.

My conclusion about what the Liberals have done since being elected is that we have to look at their actions and not their promises. They brought in higher prices without really doing anything, not even bringing in the energy tax credit the Conservatives suggested—and I will get to that in a moment—even though it was a weak tax credit. This government has not even brought that in but has allowed fairly substantially higher oil prices for the oil companies.

I want to spend a couple of minutes discussing what the Conservative policy has been, in view of the fact that they have brought this motion forward. One has to look very closely at what their budget tended to do. Their budget was for high prices, high prices, high prices; it was literally following Alberta hook, line and sinker. That party literally associated itself with one producing province and really bought a bill of goods, tying our price into a world price war. That was the position the Conservative party took.

As much as I personally admire the hon. member for Kingston and the Islands and her concern for low-income people and pensioners, the fact is that the Conservative budget was really going to hurt, and hurt badly. The way it was to work reminds me of a mouse trap. There was a little bit of cheese in the beginning in that there was to be a $4.50 increase in 1981-82; but in 1983 the trap would slam shut, because there would have been an increase of $25 a barrel in the one year bringing the price up to $47 a barrel, and that does not include the excise tax on gasoline. The total impact would have been just tremendous. In 1981 the increase would have been 42.5 cents per gallon, in 1982 there would have been an additional increase of 24.5 cents a gallon, and in 1983 the consumers would have faced an increase of $1.75 a gallon. Who would have been the winners? I suggest they would have been the producing provinces and the foreign-owned oil industry, the same industry which has taken $3 billion out of this country in the last five years in dividends and credits.

I put it to members of the Conservative party to my right that the tax credit they speak about in their motion today would have been meaningless next to the $1.75 per gallon increase in 1983. I do not think Canadians are fooled by this.

Second, Canadians were not only not fooled, but they were not amused by the changes the Conservatives made in their policy on Petro-Canada. The minister quoted from Jeffrey Simpson's book "Discipline of Power" so I will not quote from it except to say, Mr. Speaker, that you will see a reference to the Wilson committee on Petro-Canada and what some of the Conservative proposals were to privatize that company. I do not think Canadians believe in that or would accept it for a minute. When the Petro-Canada signs go up around these Parliament Buildings here in a few months, I predict that Canadians in this city will rejoice. They are going to say that the NDP was right in pushing the government at all times to expand Petro-Canada. They will be proud of those signs, proud that it is a Canadian government oil company and will show their pride by patronizing those stations. I predict that will happen in Ottawa in a few months.

I would like briefly to say something about the directions the NDP think should be followed. I suggest, first of all, that Canadians have difficulty paying more for gas. I suggest they are not against that in principle, but it comes at a very bad time; we have inflation, prices are going up and the economy is troublesome. What we suggest, to begin with, is that you cannot divorce the pricing issue, with increased prices for gasoline and home heating oil, from the economy as a whole. If a person in Newfoundland, St. Catharines or in my riding of Vancouver-Kingsway is not working, he cannot afford to pay higher prices. If that worker is paying increased costs because of inflation, he has difficulty paying higher prices for gasoline.

I suggest most Canadians are prepared to pay higher prices, and I have said this before in the House, but they want to make sure that the money that comes out of their pockets does not go into the pockets of the multinational oil companies, but goes back into making this country energy self-sufficient and into public ownership of these companies.

● (1630)

They also want to be assured that there is some cushion. To the hoots and howls of my friends next to us, I suggested in the House of Commons the other day that there should be a cost of living allowance. A component of that would be an energy

tax credit, but it would be broader than the credit proposed by the Conservatives. It would be a cost of living tax credit, and I think it could be fashioned in such a way that people making $20,000 a year or less would not have to pay any more money when price increases for heating oil and gasoline are imposed. I think this could be done.

I hope in a few weeks to be able to tell the minister about this in detail. He asked for some detail about how prices can be dealt with in this way and how we can get an agreement in principle with the producing provinces. There has to be a cost of living tax credit which would cushion the people. We are talking about $1.8 billion, but this could be done if we were to reform our tax system in relation to corporations and companies. We could collect taxes in a different way and have money available to distribute to the people.

As I understood the people with whom I spoke in Toronto this past weekend, consumers are not prepared to view the Liberal government program in a different way than they viewed that of Tweedledee, the Conservatives. Consumers see the programs as being the same. They see rising energy prices with no real cost of living tax credit and with no real commitment to renewables. Consumers see a continuation of the selling out of natural resources by way of the pre-build.

Consumers hear a lot of talk about Canadianization, but in fact that is just a feathering of the bed of Canadian capitalists like Dome and others in comparison with Americans. Consumers do not see this Canadianization being tied into a whole industrial strategy for this country in such a way that if there were rising oil prices they could be sure that the proceeds would be going toward building a Canadian, publicly-owned industry. That is the position we would take, and we think the Canadian consumer will come around to that position as well.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): Order, please. Before recognizing the hon. member for Etobicoke Centre (Mr. Wilson), it is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Hamilton West (Mr. Hudecki)—National Defence—Support for participation in militia training; the hon. member for Peterborough (Mr. Domm)—Metric Conversion—Opposition by grocers and small businessmen; the hon. member for Edmonton South (Mr. Roche)—National Unity—Western separatism—Call for review of Constitution and energy policies.

Energy

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—CONDEMNATION OF INCREASED TAXES ON PETROLEUM PRODUCTS

The House resumed consideration of the motion of Miss MacDonald:

That this House condemns the government for again unnecessarily raising petroleum taxes and thereby burdening all consumers, but particularly consumers of heating oil, with prices far in excess of those promised without providing relief to those hardest hit and least able to adjust.

Hon. Michael Wilson (Etobicoke Centre): Mr. Speaker, before moving to the main content of my remarks today I would like to refer briefly to the blatantly cheap shot taken by the Minister of Energy, Mines and Resources (Mr. Lalonde) in reference to my colleague's being absent from the House on the day of the vote of December 13, 1979. My colleague was in Europe on government business. She had paired with someone in the minister's party. That pair was broken, and my colleague was unable to be in the House for that vote. That is the fact of the matter, and that is why I say the blatantly cheap shot taken by the minister should not have been taken in this House.

Mr. Lalonde: Your leaders told her to stay in Europe.

Mr. Wilson: What we are addressing here in the House this afternoon is a problem faced by many Canadians. The problem is the price of gasoline and heating oil, which is rising drastically. That is the fundamental problem Canadians are facing.

During the last election campaign the Minister of Finance (Mr. MacEachen) advertised as follows: "Vote Liberal, and the price will stay down because Allan J. MacEachen and the Liberal party spoke up for you". The Liberal party is certainly not speaking up for the people of Canada because since then the price has increased 60 cents a gallon. The minister tries to confuse the matter by citing figures in an attempt to show that prices are lower than they would have been under the Conservative government. I want to examine those prices later on in my remarks in order to prove to the people of Canada that the minister is wrong.

Mr. Lalonde: You are wrong.

Mr. Wilson: He is playing with figures, and he knows it. We have seen all this before. We have seen the two-faced policy of saying one thing when running for election and another thing when wanting to get people's money. Back in 1974 the Liberal party ran on the platform that there would be no wage and price controls. Hon. members opposite said, "Zap, you're frozen; we will not have any of that if you elect us to govern this country". Fifteen months later we had wage and price controls.

We have the same time-frame now with respect to oil and gas prices. In 1980 hon. members opposite said we should vote

Liberal and prices would stay down. Fifteen months later price increases are hitting the magic figure of 60 cents a gallon. Canadians trusted hon. members opposite. Canadians believed they would stand by their promises. Canadians took them at their word. So much for trust; Canadians were deceived in January and February of 1980.

Canadians are speaking out today. They are asking members of my party to speak out for them in this House of Commons. At one time they believed the Minister of Finance, the Minister of Energy, Mines and Resources and the Prime Minister (Mr. Trudeau). Canadians recognized that prices would have to be higher. They recognized that there would have to be some price increases, but they believed there would be some offset. They believed there would be some assistance to people who could not afford the increases which might be coming. They took a chance. They trusted, but they were let down.

We are speaking here today for Canadians who are bewildered at the reasons that this blockbuster tax increase was imposed last week. The minister sneaked that increase in. He did not have the courtesy or the courage to explain to this House why it was necessary to increase prices at this time so much more than in a similar situation just three months ago. Last week the price went up nine cents a gallon. That was about three times the increase we faced back in March of this year. We have not heard a proper explanation for this by the minister today.

On June 3 I asked the minister if he would table the internal report substantiating the need for this increase. I received a very evasive answer. The minister did not even address the question, let alone give me an answer. Throughout his speech today I waited to see whether there would be some indication, but all the minister said was that if there is not an increase now, we may experience a larger increase down the road than we had planned for. However, that is not good enough when we are talking about a price increase of nine cents a gallon. He will have to do better than that.

Since the National Energy Program was announced on October 28 of last year, there have been five increases totalling 22 cents a gallon. As I have said, since the beginning of 1980 the price has increased 60 cents a gallon. In a few minutes I will come to what part of that 60 cents has been taken by the federal government in increased taxation, not including revenue to the provinces and not including revenue to the industry for producing oil.

In the last six months we have seen probably the largest single tax grab in the history of this country. This tax grab has been sneaked in through little undebatable motions. The people of this country are coming to realize that this is a shying away from reality on the part of the minister and other members of the government.

I listened to the numbers cited by the Minister of Energy, Mines and Resources. I heard him say that in the 1980 election campaign his party had made two basic commitments. I would like to address those two basic commitments right now. The first was that in 1980—and these were the minister's words—there would be no 18-cent a gallon excise tax. That is correct; there was not. However, he said that the price at the wellhead would be lower than the $4 we projected. Well, Mr. Speaker, that price at the wellhead was not $4, it was $4.40 or $4.88 depending on where you live. So much for that promise.

● (1640)

Over the four years they said that the energy program would result in a price to consumers lower than that—

Mr. Lalonde: That is nonsense.

Mr. Wilson: —presented by the Conservative party.

Mr. Baker (Nepean-Carleton): That is what you said.

Mr. Wilson: Well, he knows about that promise. He cannot stand there in the House and make that promise today because he has broken it already. In his own words he said that the price of gasoline now is about the same as it would have been under the Conservatives.

Mr. Lalonde: It is cheaper.

Mr. Wilson: And that does not include the impact on heating oil, which he never talks about. He is afraid to talk about the increase in the price of heating oil.

Now let us talk about these price increases. My friend the hon. member for Vancouver-Kingsway (Mr. Waddell) summarized the increases but I would like to put it in a somewhat different way. On the wellhead price we have had three increases amounting to $4, shared between the industry, the provinces and the federal government. There have been six other categories of price increase. The petroleum compensation charge, three increases totalling $4.55 a barrel. The removal of the Sarnia-Montreal subsidy, 18 cents a barrel. Two increases in the Syncrude levy amounting to 90 cents a barrel, and a special levy amounting to $2.01 a barrel on two occasions.

Mr. Baker (Nepean-Carleton): That is the Lalonde levy.

Mr. Wilson: Yes, that is right. Then the Canadian ownership charge of $1.15 a barrel on April 23, 1981, as well as an *ad valorem* tax which allows the federal government to participate in every increase to the extent of 9 per cent. The total amount of those increases is $12.79 a barrel, of which the provinces got 14 per cent, the industry got 14 per cent, and the big, fat federal government got 72 per cent.

Now, Mr. Speaker, I have tried to show that the federal government's figures do not hold water. The minister is playing with numbers and he knows it. However, I think there are two fundamental facts here, particularly the second one which we are debating today, and I want to focus on that. First, the dishonesty of the government in presenting to the Canadian people their promise in the last election, which has been broken. The deceit and dishonesty in presenting that promise and attempting to win an election on that basis—

Mr. Lalonde: Utter nonsense.

Mr. Wilson: —is something that is developing a greater degree of cynicism toward the whole electoral process in this country than we have seen in many years. Certainly before my time, Mr. Speaker, and possibly before yours as well.

The second point, implicit in the motion, is that there has been no relief for the disadvantaged people of this country as a result of the government's program of increasing energy prices. I pointed out that 72 per cent of the revenues raised as a result of these increases has gone to the federal government, yet they do not see it within their capabilities to provide anything approaching the energy tax credit or the special compensation we provided for the Atlantic provinces to compensate for the production of energy from oil in those parts of the country. That is the fundamental direction of the motion we are debating today. My friend, the hon. member for Vancouver-Kingsway, avoided that to a very large extent in his remarks but I want to focus on it now because there is a very powerful reason for it, particularly in the eastern provinces.

In St. Anthony, Newfoundland, on a comparable basis the cost of 5,000 kilowatt hours of energy is $387.58. In Summerside, Prince Edward Island, it is $296.23. That compares to Montreal, the minister's home town, at $127.40. Toronto, my home town, is at $145.35. Here in Ottawa, it costs $128.93. That is the reason we felt it was fundamental to allow some form of subsidy to those living in the Atlantic provinces who are suffering from the high cost of energy.

Now, Mr. Speaker, I also want to point out the impact of the energy tax credit in the Conservative budget of December, 1979. This again proves that the minister's figures are trying to tell a narrow story without looking at the broader picture, because he has distorted the figures. Now, on Conservative party stationery, available for every member of the House to see, there is a press release indicating that the annual impact of energy taxes under a Liberal government, including gasoline and heating oil, was $451. That is the increase to the average family. Under a Conservative government, because the impact on heating fuels was much less than under the Liberal proposals—

Mr. Lalonde: Don't you believe it.

Mr. Wilson: —the total amount is $292. So it is $451 for the Liberals, $292 for the Conservatives. However, the value of the energy tax credit is $220 for a family below the income level of $23,000, or $21,000 if I am not mistaken, and that credit would reduce the increased costs of energy to only $72, as against the $451 which applies regardless of income level.

Mr. Lalonde: You have got to be kidding.

Mr. Wilson: So the minister ignores these very real facts for the people who have to pay the bill month in and month out. As his colleague said the other day, prices are going to continue to rise but there is nothing for those people who are unable to afford these high increases.

The minister would have us put all the blame for this on the producing provinces. It is clear that he is again misleading the public. The blame rests largely on his own shoulders and those of the other ministers in the federal government, and they do not have the courage to explain the whole background. This we have tried to draw out in other debates. We have tried to understand better the government side of the negotiations with the producing provinces over the past year, but we have been very unsuccessful in getting that understanding. The consumer wants to know. He is asking us as members of Parliament, why is he being hammered this way? Why do we not have an agreement; why do we have to pay these excessive costs?

The negotiations last summer were a sham. There was no attempt on the part of the federal government to reach an agreement. The minister said just a few minutes ago that he cannot promise an agreement, but I think that at this time last summer he could have come into the House and very honestly said to us that he can promise no agreement, because the federal government went into those negotiations making no attempt to come together with the province of Alberta and the other producing provinces. That is the reason we have a deadlock, the reason we have these major projects on hold, and—

Mr. Lalonde: Nonsense.

Mr. Wilson: The minister says "nonsense". Might I ask him why it was that the energy program, when it came in, was less attractive to the producing provinces than the last deal put to them in July of last year? There was no attempt whatsoever to reach any meeting point between the two positions, and that is why we have deadlock today.

I also would like to make reference to the fact that there were two types of taxes prior to the negotiations which the producing provinces told Canadians they would find objectionable. The first was an export tax on natural gas. The government brought it in; the Alberta Court of Appeal heard a challenge by that province and upheld it; it will be heard later this month by the Supreme Court of Canada. So much for the attempt at compromise. The second one was a production tax, which essentially is a wellhead tax. It clearly impinges on the jurisdiction of producing provinces. Finally, there was the inadequate pricing when compared to prices in practically any other country in the world.

• (1650)

When we put all this together, is it any wonder that there will be some form of deadlock? If there is no attempt to negotiate and the terms of the final policy are unacceptable, there is bound to be a deadlock.

I am not at all happy with the response of the Alberta government in cutting back on supplies and putting major projects on hold. I would have preferred it done in another fashion, but I am hard pressed to suggest any alternative to develop any momentum in the negotiations which must take place if we are to reach an agreement.

It is the old story of trying to deal with a stubborn mule. He must be hit over the head with a sledgehammer to get his attention and make him do what one wants him to do. This is

what the province of Alberta had to do with the Minister of Energy, Mines and Resources.

On March 1 there was a cutback and the increase in tax at that time was half a cent per litre. On June 1 there was another cutback and the increase in tax was almost three times that amount. Many people are asking why, because imports are down. There was a drop in imports in the first two months of this year. These are Statistics Canada figures which were given to me this morning. Year over year there has been a 16 per cent reduction in imports; consumption in February and March was down by 10 per cent. Over the weekend we saw Mexico cutting its price by $4 and the United Kingdom by $2. The financial reports of the government show that the various funds are $250 million in surplus. The world picture shows greater conservation. It is expected that we will see more spill-over into Canada, so there will be less consumption in the country.

Also the minister's department has been calling companies, advising them that demand was down and, if this trend continues, there should be no need to import to the full extent of the second Alberta cutback. So why was there this significant price increase of last week?

Mr. Baker (Nepean-Carleton): Money, money, money.

Mr. Wilson: Let me close by saying that the deceit and deception of the advertisement of the Minister of Finance must ring a very, very sour note for those in the country who are struggling on insufficient incomes, knowing that the government would prefer to pay off foreign shareholders and commission agents rather than provide some small subsidy for the oil price increase caused by the government's inability and inaction. The Prime Minister said that drivers seem to be willing to pay for the high price of gasoline so that they can drive their fast cars. What about persons who have never driven fast cars and never have any intention or hope of driving fast cars? The only person for whom that comment makes any sense is the Prime Minister himself with his little Mercedes sports car which he drives around when he wants to have fun. That is the difference between the outlook of the government and those of us on this side of the House.

Some hon. Members: Hear, hear!

Hon. Judy Erola (Minister of State (Mines)): Mr. Speaker, it appears as if it is my turn to join in the debate on the usual negative motion of the hon. member for Kingston and the Islands (Miss MacDonald) dealing with petroleum pricing. I cannot help but observe that if we could capture and produce the gas from hon. members opposite, we would be well on our way to resolving the energy problems in the country.

Although the cost is admittedly high this year, it will level off over the next three years. In 1984 our projections indicate that the made-in-Canada oil price for petroleum will be substantially less than that proposed by my colleagues opposite in their ill-fated budget of 1979.

The hon. member for Etobicoke Centre (Mr. Wilson) mentioned the word "objectionable". I suggest that Canadians will continue to remember the most objectionable tax of all, the 18 cents per gallon tax.

Miss MacDonald: It was 9 cents.

Mrs. Erola: I remind Canadians that this was to be over and above other scheduled increases. It would have clearly affected most those who could least afford it.

We on this side of the House are committed to establishing a made-in-Canada price for oil which will reflect our relative strength in the energy sector. Canadians know that the OPEC market price is an artificial one and that it has absolutely nothing to do with the cost of producing oil in Canada or, for that matter, in Saudi Arabia. It is a price arbitrarily established by a cartel which dominates the international petroleum market. The government's energy policy will ensure that future Canadians are not burdened by an insecure relationship to a foreign supplier.

Some hon. Members: Hear, hear!

Mrs. Erola: The Canadian oil substitution program costs are to be outlined by my colleague, the hon. member for Etobicoke North (Mr. MacLaren). It is the first in a series of initiatives designed to assist the Canadian switchoff from oil to some other form of domestically generated energy. Average Canadians in every region of Canada will benefit.

The hon. member for Vancouver-Kingsway (Mr. Waddell) suggested earlier that consumers were objecting violently to oil pricing in Canada and that they were not reacting positively. If the hon. member checked with his constituents, he would know that there is a great demand by people in every sector of Canada for the Canadian oil substitution program; it is working.

The hon. member for Etobicoke Centre mentioned the reduction of oil consumption in Canada in the first quarter of 1981. I should like to repeat those figures. In that first quarter, daily consumption dropped to 530,000 barrels per day as compared to 644,000 barrels on an average in 1980.

Mr. Wilson: Those figures are not correct.

Mrs. Erola: That is conservation; that is a reduction in consumption due to our National Energy Program.

I should like to point out, particularly for the benefit of the hon. member for Vancouver-Kingsway, the number of programs initiated by the government. These programs are largely unrecognized and perhaps even unknown to hon. members opposite.

First I should like to talk a moment about coal. There is no doubt that the importance of coal in the Canadian energy economy will grow in the next decade and that by the year 2000 production will exceed its current level by three to five times. Further, it is becoming increasingly obvious that in the near future—and certainly not any later than the mid-1980s—a comprehensive international market for coal will be operating.

The Canadian situation in the field of coal is quite different from that of most other countries. Canada is a nation which has rich coal resources, very rich, but at the present time we use only a small amount of coal in our energy supply mix. We hope to change that. Currently, only about 9 per cent of our primary energy is derived from coal. This contrasts dramatically with the ratios of our western nations. Twenty per cent of the primary energy needs of the United States is supplied by coal. In the United Kingdom the figure is 36 per cent. It is 38 per cent in Australia and about 68 per cent in South Africa. In fact, South Africa leads the world in the introduction of coal into its energy supply mix, and it presently derives a significant fraction of its supply of liquid fuel directly from coal.

• (1700)

I am sure members opposite will want to know that Canada has estimated coal reserves of some 50 million tons of all types. In 1980 Canadian coal production rose by approximately 9 per cent, in physical terms, over that of 1979; and while our coal production in 1979 amounted to some 33 million tons, Canada remained a net importer. This situation will likely reverse itself as early as 1982 or 1983 due to the expected increase and demand for Canadian thermal coal on both the domestic and export markets.

However, Canada has been a net exporter of metallurgical coal for a number of years. It is worthy of note that Canada exports a higher percentage of its coal production than does any other country. Indeed, we exported fully 45 per cent in 1978. It is interesting that, in contrast with other energy sources, coal is relatively unregulated in Canada, and coal and coke enter and leave Canada duty-free. Importing countries have been attracted to Canada because they see us as a secure supplier. Canada is a nation whose coal production is still small in relation to its reserves and whose dependence upon its coal resources for its own needs is still not great. But we are doing much in this area.

I would like to cite some of the federal government's initiatives with regard to coal. We are, of course, actively seeking new markets but, more important, we are carrying much of the financial burden of new coal development by ensuring that the infrastructure is present to adequately handle the increase in coal traffic. We will have a new coal port built at Ridley Island. The coal terminal at Thunder Bay is expected to be expanded and upgraded. There will be major expenditures for the purchase of bulk rail cars and improvements to rail facilities on the west coast, the east coast and areas adjacent to the Seaway.

The oil sands could well be the major source of Canada's future oil supply. We are currently examining processing techniques at the tar sands, and we are convinced that under certain circumstances coal can be useful in both the extraction process and in the upgrading of these oils. Where steam is required to stimulate the production of heavy oil, coal could be used to generate that steam. Where carbon dioxide is required for enhanced recovery, this also could be provided from coal using processes such as the production of methanol. The linkage between the technologies needed for the optimum development of our oil sands resources and for the coal conversion processes is important. The Alsands group, a consortium led by Shell Oil, is planning a major oil sands mining and upgrading plant north of the existing Syncrude facility. This group of companies intends to use fluid coking as the main technology to upgrade the separated bitumen.

Another interconnection of the oil sands and the coal liquefaction process is being studied in our own laboratories here in Ottawa. For many years we have believed that in the long run it is better to treat the bitumen with hydrogen to upgrade it in order to expand the quantity of liquids which can be produced from the raw feed stock. Our scientists and engineers found that it was better to use a disposable catalyst supported by coal in conjunction with what is called a hydrocracking process. When the object of the process is to upgrade bitumen only, a small quantity of coal is used—that required to supply the necessary catalyst. However, it has become evident that coal could play a much larger role in this process and that coal might be increased to as much as 50 per cent of the feedstock weight. In this mode of operation, what we call coal processing, both bitumen and coal are significant contributors to the final liquid fuel product. These projects are all under the auspices of the federal government.

Coal liquefaction, here in our Canmet laboratories and also in Alberta—the member opposite expresses some doubt. I invite him to examine some of the work which is being carried on.

Mr. Gurbin: I was just agreeing with you.

Mrs. Erola: Coal liquefaction and gasification processes are the most exciting aspects of the current and future research and development programs in this sector. In this connection I think it is appropriate for Canada to take an outward look at the situation. The government recognizes this and has provided yet another incentive. We have offered to finance a large portion of the technical risk involved in the introduction of new technologies—indeed, up to the point of commercial use. A number of serious studies of the liquefaction of coal are currently under way. In Alberta—and, I might add, on a very amicable and co-operative basis—our department has joined the department of energy and natural resources of that province to support a study being undertaken by the Nova group into the application of liquefaction technology to sub-bituminous coals.

In another development of interest, the Fording Coal Company has been examining the possibilities for building another major electrical generating station. In this study the possibility of removing liquids from coal prior to combustion of the char is being examined. I would like to acknowledge the efforts in this field over the years of the research council of Alberta. I would also like to commend the intention of the government of Alberta significantly to expand its coal research and development efforts. Studies have also been made of the conditions under which coal can be used in place of gas as a feedstock.

In British Columbia several important studies are under way. The government of that province, in conjunction with Japanese interests, has been examining the possible application of South African liquefaction technology to the very large resource of low rank coal known to exist some 200 kilometres from Vancouver at Hat Creek. In northeastern B.C. our department is providing some measure of support to a study being undertaken by a consortium consisting of Westcoast Transmission, Petro-Canada and the British Columbia Resources Investment Corporation, together with some Japanese interests, who are looking at liquefaction processes applicable in that region of the province.

In Saskatchewan, which I am planning to visit tomorrow, a number of possibilities are currently being examined to determine how coal can be used in conjunction with the extraction and upgrading of the province's heavy oil resources.

Mr. Gurbin: On a point of order, Mr. Speaker. I wonder if the hon. member who is speaking would entertain a short question.

Mrs. Erola: Yes.

Mr. Gurbin: The hon. member has given information with regard to activities in the liquefaction of coal. Would this indicate that the government has made a decision that it would like to see Canada go into coal liquefaction in contrast to, perhaps, becoming involved with another tar sands plant?

Mrs. Erola: Mr. Speaker, it is not an either/or situation, it is both. My colleague, the Minister of Energy, Mines and Resources (Mr. Lalonde), has already addressed this problem. I believe he announced last fall that we would support coal liquefaction studies on a case by case basis, but certainly not in preference to oil sands projects. I would have thought that was very obvious to the hon. member.

I would now like to deal with Nova Scotia for a moment. A major feasibility study is now under way in Nova Scotia entitled Scotia liquid fuels project. The five partners in the study include Gulf and Nova from the private sector, the Cape Breton Development Corporation, Petro-Canada and Nova Coal from the Crown corporations. My department is participating actively in this study which involves the processing of a coal known to be readily soluble. One option of special interest in the latter study is the possibility of processing heavy oil and coal together using hydrogen derived from natural gas. We are hopeful that a fluidized bed combustion unit will be constructed at the adjoining facility of the Nova Scotia Power Corporation. We are examining the feasibility of using the waste product from the coal liquefaction plant as a fuel to power the plant itself.

● (1710)

There is an existing refinery, not now in use, and should the coal processing option prove attractive at that site, we could see a number of facilities of this kind being built around the world. The important advantage of this project is that more modest quantities of coal, one to four million tons a year, could be processed into liquids without incurring the very high capital costs and the major risks involved in free standing coal liquefaction plants.

In Summerside, P.E.I., the construction of the atmospheric fluidized bed combustion heating plant has been annouced. The project will replace two obsolete heating boilers at the base with modern boilers that use a pioneer fluidized bed combustion process. In addition to providing a more efficient heating system for the base, the conversion will allow the system to burn a low-quality, high-sulphur coal while suppressing gaseous emissions of pollutants that cause acid rain.

The major advantage of fluidized bed combustion is that a wide variety of fuels can be used in an environmentally-acceptable manner. If limestone is added as a granular material, it reacts with the sulphur dioxide normally given off by coal burning, resulting in a substantial reduction of sulphur dioxide emissions which, as I mentioned a moment ago, is a major source of acid rain. Because combustion in these new boilers occurs at much lower temperatures than in conventional boilers, nitrogen oxide emissions are also reduced, and this is another major source of acid rain.

Therefore, I think it is obvious to members opposite that the government is moving ahead and that the Canadian people are aware of the fact. Canadians realize the situation that their federal government finds itself in, and the polls indicate that they support us in our movement.

Some hon. Members: Hear, hear!

Mrs. Erola: To listen to the rhetoric of the official opposition is to be lost in predictions and forecasts of gloom and doom. Far from their gloomy outlook, the realities of Canada today reflect a nation both strong and prosperous.

Some hon. Members: Hear, hear!

Mrs. Erola: The opposition would have Canadians believe that the economy is stagnant and that Canadians are a sorry lot. Well, I do not buy it, and the figures do not prove it. I want to take this opportunity to demonstrate that all is not gloom and doom, that on the contrary, this year is but a pause before an even greater period of growth.

In particular, I would like to share some insights as to where one of Canada's strongest industrial sectors is going. I would like to talk about an industry which gave Canada its greatest boom period in this century, an industrial sector which makes Canada the envy of the industrialized world, an industrial sector which will give Canada secure economic growth in the 1980s. I am, of course, talking about the Canadian mining industry, the minerals and metals sector.

Resources in general have proven to be Canada's strength throughout its short history and it would appear that resources will continue to be this nation's trump card in the worldwide game of international economics. By resources, in this case, I mean not only minerals and metals, but energy minerals, agricultural products, forestry, forestry products and our fisheries. World demand for all these resources is high and is

expected to grow throughout the coming decade and well beyond.

The minerals and metals sector is a sector of this country's vibrant economy which is made up of more than 9,000 firms. It employs more than 400,000 people directly, from the Atlantic Ocean to the Pacific Ocean. In 1980 it produced more than $43 billion worth of goods and services. We are, I offer, a very healthy country with a very healthy economy.

Some hon. Members: Hear, hear!

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I listened to the minister with some interest because I thought that in the last minute or two of her comments she would get to the east coast. We welcome and, indeed, give credit for the good sense the government had in carrying on projects which had, in fact, commenced a long time ago, ideas which have come with time, probably because of the explosion in world energy prices over the last seven or eight years.

Coal development is an interim measure for Nova Scotia. We had absolutely no choice. We consider it to be a good mid-term and long-term posture and investment for Nova Scotia and for the federal government, in terms of the economy of Atlantic Canada, to get on with the coal development in Nova Scotia.

In connection with that, though, it puzzles me somewhat to read and learn over the last four or five days that Dr. Read, of the oil substitution grouping within energy, mines and resources, has advised Mr. Dave Nantes, the president of the Tidal Power Corporation, the Crown agency of the province of Nova Scotia, that the federal government is, in fact, now seriously considering withdrawing funding from current and ongoing studies which will, in fact, terminate a little bit later on this year. The federal government had been directly involved in those studies through its position as a member of the co-ordinating committee with respect to Fundy tidal development. The government had said that it would terminate any further funding for that portion of the studies which could be related to any future export of electricity.

I indicated that coal had interim and short-term benefits, with some long-term employment and other benefits, for Nova Scotia. However, the long-term and mid-term benefits of Fundy tidal power lie in the fact that these resources are renewable. They are not finite; they are renewable. Therefore, it surprises me that as we near 1982, when there has been the final and major decision to go ahead with planning, engineering and other developmental studies with perhaps as much as $.5 billion in expenditure, the federal government has threatened to withdraw funding. Up until now, the federal government has virtually carried the ball and has been given all the credit in the world. It made sense when it started some years ago, continues to make sense today, and tomorrow I suppose it will make even more sense, so it surprises me that it would threaten to withdraw funding.

I cannot understand why, at a time in the development of Fundy tidal power when it is so critical to getting on with development so that we might realize the benefits from this tremendous renewable source during the 1980s, that it would, in fact, threaten to withdraw funding. I hope this is not the view of the government but, rather, a bureaucratic reaction to what the money is being spent on. It is rather simple: the money is being spent on updating costs, identification of transmission costs and a marketing study. All these things are necessary because Fundy tidal power is, of course, an enormous project.

In order to make it economic for Atlantic Canadians and other Canadian as well, the markets must be commensurate with the size of the project. Large markets imply that we must go to the northeastern United States and, particularly, New England if we are to find the sales which will make construction of Fundy tidal power economically feasible. This would continue to make it of value not only to Atlantic Canadians but to all Canadians.

It puzzles me why the government would do this. It has never happened before. The Minister of Labour (Mr. Regan) would probably be aware of this fact, and certainly the Minister of Energy, Mines and Resources (Mr. Lalonde) would also be aware, if he were in his seat. I am sorry that he is not. I also regret that there are not maritimers in the House now.

Never before, in the history of Fundy tidal power has there ever been such a high level of interest. The United States is passing legislation which will enable it to participate in this development, its acquisition and distribution. Investors in the United States are evidencing interest almost daily. Even the briefest of conversations with Mr. Nantes, the president of the Tidal Power Corporation, would lead one to a very clear understanding of the very high level of investor interest. That is why most of us are confused when we see the government back away from its commitment to the continuing preparatory studies which are necessary to any significant development of the Fundy tidal power, and it is only a significant development that will make it economically viable.

• (1720)

We have been talking about energy and home heating in all this kerfuffle. I wish my opponent in the last general election were within earshot today. He went with me from meeting to meeting, telling the people that the Liberals would never, never allow the price of gasoline to rise by the 18 cents per gallon that the Conservatives were "forcing down their throats". There have been 13 increases in the 16 months since the Liberals returned to office, Mr. Speaker. They were returned on the panic they instilled in Canadians about the question of the 18-cent increase in the excise tax. Yet the total increases this year alone will probably reach $10 per barrel. What we have seen today is just the beginning, not the end. The price of home heating oil has increased by 37 cents per gallon, without cushioning.

The minister spent his allocated time discussing the Crosbie budget without uttering a word about the intentions of the government on the direction in which it is leading Canadians. I should like to read into the record two points from the Crosbie budget as follows:

Third, we will be mounting a major effort to ease the burden of adjustment to higher prices in the Atlantic region. We will provide grants to compensate for the additional costs of electricity generation resulting from oil price increases in excess of $2 per barrel per year.

By the end of 1981 the increase will amount to $10. Under the Crosbie budget we would have had a cushion, and I would remind the hon. member opposite who is from the Atlantic provinces of this fact.

The next passage from the Crosbie budget that I want to put on record is as follows:

In addition, the refundable energy tax credit I announced tonight when in full effect will return about $1 billion to lower- and middle-income Canadians. The credit will commence with the 1980 tax year. It will be phased in to reflect the fact that the full impact of energy price increases is not felt until later next year. One half of the benefit will thus be claimable in 1980, with full benefits claimable in 1981 and subsequent years. Credit benefits will be reduced for families with incomes over a threshold amount. For 1980 the threshold is $21,380. For every $100 of income in excess of this threshold, benefits will be reduced by $5.

As has been indicated by other speakers today, when the plan was in effect the full benefit would have amounted to about $220 each year per family. I suggest that would be a significant change.

Just the other day an advertisement in the newspaper invited people to convert from oil to gas. If the minister were in the House I would suggest to him that we do not have any "bananas" in Atlantic Canada yet. What are people such as my parents and thousands of other Atlantic Canadians who are on fixed incomes, or incomes that are significantly lower than the Canadian average, supposed to do, Mr. Speaker? Their incomes are lower now, have historically been in the past, and because of the absence of effort or concern on the part of this government probably will continue to be in the future.

I should like to turn now to the matter of electrical energy. Prince Edward Island is probably the lowest user of domestic electricity in the country. The average use per family is about 6,000 kilowatt hours. Before the recent increases, the cost was $292.64 per 5,000 kwh; in British Columbia it cost $85.27. Northwest Territories was less than Prince Edward Island at $261 for 5,000 kwh; Newfoundland, $245; Nova Scotia, $221; Yukon, $201; New Brunswick, $171; Ontario, $145; Quebec, $160, Manitoba, $133, Alberta, $132 and Saskatchewan, $122. These are figures obtained from Statistics Canada, Mr. Speaker. Prince Edward Island uses roughly 6,000 kwh per year; Nova Scotia, 8,500 kwh; Ontario, 10,000 kwh, and so on across the country.

There is one significant point that gives us concern about the cost of energy and the need for cushioning, Mr. Speaker. The Nova Scotia Power Corporation urged Nova Scotians to convert from oil to electricity a few years ago and thousands of people did so. Today an all-electric home uses something in the order of 30,000 kwh on an annual basis. I should like to draw a couple of conclusions from that.

The cost of operating an all-electric home ranges between $1,400 and $1,500 per year in Nova Scotia; in Ontario it costs $870; British Columbia, $510, or about one third of the cost in Prince Edward Island which is virtually totally dependent on oil for generating electricity and where the figure rises to about $1,800 per year. This is killing Atlantic Canada. Some way has to be found to cushion the cost of domestic electricity. It is not really a question of lowering demand on a volunteer basis. I suspect that Canadians everywhere, with just a slight effort, could reduce their annual demand to zero growth and with a greater effort could reduce it to minus 5 per cent or minus 6 per cent on an annual basis.

The pricing policies and energy policies of the government do not allow Atlantic Canadians to take that route voluntarily; it forces them to reduce consumption of electricity by 30 per cent, 40 per cent, or 50 per cent because they bloody well cannot afford it! They cannot pay two or three times the national rate for domestic electricity and live comfortably if they are on fixed incomes. That concept did not work yesterday and it will not work today.

There are two things that I think we must keep in mind as we debate this subject, Mr. Speaker. First of all, I should like to know when Nova Scotia, New Brunswick and Prince Edward Island will have an opportunity to harness the tremendous electrical potential of the Midas Basin. They have done so much to help that area of the country, but now the government is backing away from the idea. I put the question to the hon. member for South West Nova (Miss Campbell), who is the only maritimer opposite, why is the government backing away from this? It is the one chance for energy security in the long term. It is renewable energy and it is clean. In 15 or 20 years coal may be clean, but it is not clean today. Yet our people are forced to turn to it because they cannot afford oil. The government withdraws the subsidies and forces people in the maritimes to find savings in the involuntary restriction of the amount of energy they use! That is true for fishermen, farmers as well as householders and all sectors of the economy that rely on energy.

● (1730)

Our excise tax was aimed at transportation users. Through their income tax, the fishermen could deduct legitimate expenses, as could the farmers and those in the forest operations to a certain degree. We exempted most heating fuels because we knew from experience, and we were concerned, that older Canadians on fixed or lower incomes could not bear the burden that a rise to world prices would cause.

Because of our dependence on oil in Atlantic Canada, we are very vulnerable to an unsympathetic, though I hope not uncaring, Ottawa bureaucracy, the Liberal government policy making process. As with everything, we are hit first hardest and the impact lasts the longest. It takes us longer to recover from this form of insidious taxation.

This is worse in one respect than the Boston tea party. At least some good came out of that. Some measure of progress can be noted from that incident. However, what is there for us? The government says it will not yield in its determination to not cushion exorbitant domestic electricity production costs. Users in Alantic Canada cannot afford that. Wages in Atlan-

tic Canada are one third of those in the Yukon, yet Prince Edward Island has the highest costs. Wages in Atlantic Canada are 30 to 40 per cent behind those in Vancouver, B.C., yet our cost of domestic electricity is over three times as much. That applies to almost everything.

What does the government want us to do? Go back to burning lamps? Is that what is expected of us? Our pensioners are being forced to buy lamps. The government can smile or laugh, but it must listen and pay attention because that is what is happening. These people cannot afford the burden being placed on their backs.

I welcome the initiatives coming forward in the alternate energy programs, but that is all they are. They are proposals and research. We must find alternate sources. I am talking about what has to be done tomorrow, next year and the year after. Some way must be found to cushion the unacceptably high prices for domestic electricity and home heating through generation of electricity by oil.

That is what is being asked for and that is what is needed. I hope this afternoon someone will respond to why the government is considering cutting off funding for ongoing studies for the tidal power corporation because of the significance of that in the development of renewable energy for those in Atlantic Canada.

Mr. Roy MacLaren (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, during the course of this afternoon's debate there have been a variety of comments on certain aspects of the National Energy Program. It is my intention to follow that procedure but to offer some facts, based on an analysis of where we are in the National Energy Program some six or seven months after its introduction.

Members will recall that during the last election campaign and more recently, we on this side of the House have set forward the principles which underline the National Energy Program. From the beginning we have emphasized the need for a made-in-Canada oil pricing policy. We have rejected the idea that the OPEC countries should in concert determine the price of oil to be paid by the Canadian consumer. Canadians enjoy an advantage as a result of having within our boundaries not only large reserves of oil but enormous energy resources.

We on this side of the house prefer a predictable and gradual increase in oil prices, not the sudden and unknown shocks that would result from the acceptance of oil price increases being dictated to us by other countries. We rejected the 18-cent excise tax on gasoline in the Conservative budget. We have kept prices in Canada below those which would have resulted from that budget.

When we look at oil price increases in Canada, the real question is who benefits from them? Under the Conservative budget, there is no question who would have benefited. The beneficiaries would have been the oil companies—at that time in large measure foreign controlled—and the producing provinces. We know the split of revenue that obtained in the past was such as to channel most of the revenue to the producing provinces and to the producing companies. Under the National Energy Program we are implementing a new system that will be fair to both consuming and producing provinces. We are looking at a system that will ensure that revenue netbacks in the industry serve to increase rather than to diminish Canadian participation in our own energy future.

I would note in passing that recent price increases have been the subject of critical comment from one part of the Conservative party. The other part apparently thinks they are not enough. Part of the oil price increases arise from a levy being imposed to pay for the acquisition of a foreign-controlled oil company. In that sense when we speak of higher oil prices, we are really speaking of moving money from one pocket to the other. We are acquiring assets by that decision, a decision that brings benefit to all Canadians. I shall return to that point in a moment.

A second feature of our energy program, as elaborated during the course of the last election campaign and more recently, has been to provide Canadians with energy security through the accelerated development of our domestic supply and through assured foreign supply as long as that is required. We in Canada are in the fortunate position of being energy self-sufficient in every form of energy except oil, and in that one segment of our total energy picture, we produce almost 80 per cent of our requirements. Through enhanced supply and increased conservation, we are committed to a policy of self-sufficiency in all forms of energy, including oil by 1990. Natural gas is already in abundance along with uranium, hydroelectricity and coal. We are seeking new forms of renewable energy as well as ensuring that Canadians enjoy self-sufficiency in oil by the end of this decade.

• (1740)

To ensure that we utilize to our advantage our abundant energy resources and move away from our excessive dependency on oil, we have instituted under the National Energy Program an off-oil project, a conversion plan, which offers the consumer a cash grant to convert from oil to other more plentiful forms of energy in household heating. That program, announced in detail late last month, is now on the way to implementation across Canada, with some variations to take into account local requirements. Despite its very recent introduction, it is a program which has already had an enormous impact on the imagination of Canadians.

Equally, paralleling our Canada oil substitution program in the domestic use of oil is a program to encourage the conversion from oil in the industrial and commercial sector. There our goal is to reduce the use of oil to only 10 per cent of total energy requirements from the approximate 20 per cent which was in place only last year. That program, I am happy to note, is already proving highly successful through a co-operative arrangement with industry. Joint industry-government committees have identified a range of conservation measures which are not only bringing benefit in terms of restraining Canada's need for imported oil but, in addition, have already resulted in major savings for the industry sectors involved. In total, some

$1.6 billion is being allocated for the oil conversion program which includes an improved distribution system for natural gas to ensure that Canadians across our country, whether they live in Quebec, the maritimes or on Vancouver Island, have the opportunity to utilize natural gas in their home heating so that we can further reduce our demand for imported oil.

Substitution of natural gas will also be encouraged by the fact that we are committed to a policy whereby natural gas will be held in price at two thirds of the oil energy equivalent. Canadians will have access to natural gas at 66⅔ per cent of the equivalent oil price, including those in eastern Canada where prices are being equalized to encourage households and businesses to switch to natural gas. As a percentage of oil prices, recent gas prices have been about 80 per cent of the oil equivalent. We are determined to bring them down to 66⅔ per cent by 1983.

Obviously producers of natural gas will benefit from this enlarged domestic market in Canada for their natural gas. They have experienced for some years, especially during 1980, the impact of a glut in natural gas. This has in turn brought about a reduction in exploration activities and in gas sales. We are eager to ensure partly through the expansion of the domestic market that their cash flow problems are further reduced.

In our energy policy the expanded role for Petro-Canada received special emphasis. Since coming to office we have taken measures to ensure that Petro-Canada, the national oil company, does play a greater role in the total energy picture. Since April, 1980, new funding of approximately $80 million has been made available to Petro-Canada, and a capital spending program of $900 million for 1981 is envisaged, compared with $435 million in 1980. That expanded program of capital spending has been approved to ensure that Petro-Canada can accelerate its resource development activities throughout our country.

Additionally, as I have already noted, Petro-Canada has acquired the assets of Petrofina to provide further service to Canadians, to provide further opportunity for our state oil company to participate in the energy future which is so promising for our country. We look to that acquisition to parallel the earlier acquisitions of the Canadian assets of Atlantic Richfield and Pacific Petroleums to provide Canadians with a national oil company that will be visible and active in all aspects of the industry.

At the same time that we have sought the further expansion of our supply, we have emphasized in our program conservation and the promotion of alternate energy. Existing programs are being expanded, with the amount of $1.2 billion being allocated for conservation and renewable energy initiatives. In particular, the Canadian Home Insulation Program, CHIP, which has now become so familiar to all Canadians, will be further increased to ensure that 70 per cent of Canadian homes are more adequately insulated by 1987.

In terms of renewable energy, in addition to the promotion of solar demonstration and biomass programs which were well under way prior to the National Energy Program, a new alternate energy agency has been established in Winnipeg under the name of Canertech to accelerate the development and use of renewable energy. Our aim is that the contribution of such forms of energy to total energy demand will be doubled to 6 per cent by 1990.

I regret that the hon. member who immediately preceded me has since left the House, because in the course of his remarks he made reference not only to renewable energy generally but specifically to the question of federal support for tidal power research in Nova Scotia. I want the hon. member opposite to understand that the information he provided the House is not in accord with the facts. We remain willing to consider supporting an update of the Fundy tidal power study to the extent that that work meets the primary objective of oil conservation and substitution. We do not look for federal funding to be expended for extensive consideration of export opportunities, if that is what the hon. member had in mind. However, the export of surplus Fundy tidal output would certainly not be discouraged, provided it meets the normal criteria for export approval by the National Energy Board. With that brief digression I hope the hon. member opposite will rest assured that his fears are unwarranted.

● (1750)

We estimate that conservation and oil substitution measures will enable total domestic oil demand to be reduced, so that by 1990 we should be looking at a domestic supply situation of about 1.5 million barrels a day. In that connection hon. members would want to know that in the first four months of this year domestic oil demand was significantly lower in Canada—especially in eastern Canada—than it was last year. We are in fact consuming less oil today than we were a year ago.

It is my belief that the benefits of the measures I have touched upon in terms of conservation and substitution are beginning to appear. Indeed, that demand for oil had decreased substantially more than we had originally anticipated.

With regard to another major facet of the National Energy Program, that of Canadian ownership and control, we have set a target, which I think is now familiar to most Canadians, of 50 per cent Canadian ownership by 1990. That policy has consistently been supported in all provinces. It is one of the most popular aspects of the total National Energy Program. That fundamental change of direction in our petroleum sector is reflected in newspaper articles every day. I do not need to enumerate many examples, but an obvious one is the acquisition of Petrofina, to which I have already referred. Another is the creation of Dome Canada. Those are two examples which must now be well known to those who follow developments in the industry.

In addition, I draw the attention of hon. members to the substantial acquisitions involved in recent moves, such as the the purchase by Canadians of CanDel, and of Hudson's Bay Oil and Gas. This has helped us to move forward in a dramatic

way toward the achievement of our goal of Canadianization of the petroleum sector.

However, that is not the only way in which the move toward greater Canadian participation is happening. On every side we see Canadian companies reaching agreements with foreign-controlled companies which have land rights to pursue jointly exploration on those lands in new and imaginative ways. This has not been a feature of the Canadian petroleum industry in the past.

I might note in this context too that in our elaboration of the National Energy Program and in the development of requirements for the participation of Canadian-owned companies, we have modified requirements. We have done so to ensure that a maximum number of companies meet a minimum of requirements. They will become eligible for incentive grants this government is providing to ensure that Canadian companies participate in a way in which they have not in the past had an opportunity to do.

Finally, we promised to make energy part of our larger industrial and regional strategy. I do not doubt that members of this House, as well as the public generally, will increasingly see the National Energy Program acting as a catalyst in furthering our economic prospects. The program has been criticized for somehow stultifying such development. I submit that anyone who views the program fairly, taking into account all its aspects, must judge it as a major stimulus of total economic development in the years ahead.

The Acting Speaker (Mr. Blaker): The hon. member for Peterborough (Mr. Domm).

Mr. Domm: With the permission of the Chair, may I call it six o'clock?

Mr. Knowles: We might as well.

The Acting Speaker (Mr. Blaker): The hon. member seeks the unanimous consent of the House to call it six o'clock?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): It being six o'clock, I do now leave the chair until 8 p.m.

At 5.56 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Deputy Speaker: Order, please. When the House arose at six o'clock, the hon. member for Peterborough (Mr. Domm) had the floor.

[*Translation*]

BUSINESS OF THE HOUSE

ALLOTMENT OF TIME TO CONSIDER BILL C-57 ON REPORT STAGE AND THIRD READING

Mr. Bussières: On a point of order, Mr. Speaker.

Mr. Deputy Speaker: The hon. the Minister of State for Finance on a point of order.

Mr. Bussières: Mr. Speaker, pursuant to standing orders, I wish to inform the House that, in spite of consultations between party spokesmen, it was impossible to agree on the application of Standing Order 75A or 75B at the report and third reading stages of Bill C-57, an act to amend the Excise Tax Act and to provide for a revenue tax in respect of petroleum and gas. Therefore, I have the honour to advise the House that at the next sitting of the House I will move a motion pursuant to Standing Order 75C for the purpose of allotting two sitting days for the report stage and one sitting day for third reading of Bill C-57.

* * *

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—CONDEMNATION OF INCREASED TAXES ON PETROLEUM PRODUCTS

The House resumed consideration of the motion of Miss MacDonald:

That this House condemns the government for again unnecessarily raising petroleum taxes and thereby burdening all consumers, but particularly consumers of heating oil, with prices far in excess of those promised without providing relief to those hardest hit and least able to adjust.

Mr. Bill Domm (Peterborough): Mr. Speaker, prior to the dinner adjournment there were a few statements made in the House by the Parliamentary Secretary to the Minister of Energy, Mines and Resources (Mr. MacLaren), whom I notice has taken his seat in the House, which I do not wish to allow to pass without some comment.

During the last federal election, Mr. Speaker, I do not think there was one thing that annoyed me more than to hear time after time the present Liberal government stating that what we needed in Canada was made-in-Canada energy pricing. There was nothing, it felt, that would serve the people better to keep down the costs of energy than if we had a made-in-Canada energy policy.

Some hon. Members: Right on.

Mr. Domm: The then opposition could show the people of Canada how they could get the prices down at the gas pumps, how they could supply low cost heating fuels, how the taxi drivers and the truck drivers and the people driving to and from work would save all these millions of dollars, if they could just get their clutches on some major oil company or

some free enterprise business. So the people bought it, and they were misled, they were misinformed, they were poorly directed and hoodwinked by the then opposition into believing that their increase would be much less than the 18 cents a gallon increase that the Clark government was going to bring out.

What did the Prime Minister (Mr. Trudeau), then leader of the opposition, say in January of 1980? He said that he would make sure that the people of Canada would not feel the tax of 18 cents, that he would take it upon himself to see that the price of gas would not rise by way of taxes more than 14 cents, to use his words.

What in reality has happened to gas prices since then? Well, I will tell you, Mr. Speaker, that this government fooled the people of Canada again, as it did on wage and price controls. It literally conned them into believing that it was the saviour sent to govern this country, to bring the price of gasoline down, to hold energy prices at a level that the people could afford, to create jobs, to control the growth in government, to have government live within the means at its disposal, namely its revenues.

● (2010)

What went wrong? The Parliamentary Secretary to the Minister of Energy, Mines and Resources failed to admit in the House today that they cannot produce a tax system of revenue to feed their insatiable quest for dollars. What government in the world can continue to promise the people that it will control expenses, bring down the cost of government, and then continue to mislead, misrepresent and spend on a daily basis 25 per cent more than it takes in each year?

How has the government controlled the growth of energy cost to the consumers of Canada? It has not done it, it cannot do it, and it will not admit it. For example, the government is implementing an energy policy for one ulterior motive, that is, to seize wealth for public ownership and thus socialize the country under a strong unitary central government. It will turn the country into a republic run by the Liberal democratic party which has only one ulterior motive in mind. No matter how it is accomplished, it wishes to seize control of the free enterprise system and drive independent businessmen out of business.

When the Minister of Industry, Trade and Commerce (Mr. Gray) was in opposition a few months ago, he said that if he were in power when interest rates rose to the level they were when the Conservatives were in power, he would resign. Where is the Minister of Industry, Trade and Commerce now? He did not resign; he did not hold interest rates to our 10 per cent, 10.5 per cent or 11 per cent. What are the interest rates today? How are they affecting people in the energy business across the country?

I should like to refer to a letter dated May 14, 1981, which I received from Canadian Energy Systems. It was addressed to me and reads as follows:

> As our MP, would you kindly put the following question to the finance minister of the opposition? Do you have a mortgage on your home that is due in the near future?

The author of the letter was referring to the government of the day. He was asking me to ask the present Minister of Finance (Mr. MacEachen) whether he had a mortgage on his home which is now due.

This man from Canadian Energy Systems went on to indicate:

> Unfortunately, I am in the position of having to renew my mortgage in October of this year. Presently I am paying interest at the rate of 12 per cent. It appears that I will be faced with an increase of 6 per cent or more!

He continued:

> I'm sure that the average "blue-collar" worker will be seeking larger than ever wage settlements in order to cope with interest rates also.

As a small businessman owning Canadian Energy Systems in Peterborough, he said:

> —the only way I can afford these exorbitant interest rates is to raise the price of the goods I sell. Is this not considered by the minister to be inflationary?

Where are the priorities of the government at a time when people on low and fixed incomes are losing their businesses, homes and farms? The Minister of Agriculture (Mr. Whelan) is on record as having some degree of sympathy for farmers. What is he doing about it? What is the Minister of Finance doing to hold down interest? What is the minister responsible for housing doing to fight and lobby to keep down the interest rates on homes on behalf of people who are losing their homes? What is the Minister of Finance doing for farmers in his province who are losing their farms at a rate higher than ever in the history of the country? What do they say in the government? They say that if a small business is incorporated, the government will give some relief through the government bond issue which can be lent out at a lower rate. But what is the government doing for unincorporated small businessmen? Is that privilege being extended to them? The government does not care. Is it being extended to independent farmers, the salt of the earth? They are the people who first settled in the country; they are the people who feed us and a great deal of the world today. What is the government doing for small farmers? Is it extending the bond program so that the farmers faced with high energy costs can obtain money at a low interest rate? The government does not care about the farm community. If the farm is big, or if it is a German investor or an investor from some other foreign country who comes here to buy a block of land and incorporates, the government will help. But, what does the government do for independent farmers who are losing their farms at a rate unsurpassed at any other time in history? The government does not care.

What did members of the government say during the last election campaign about the rising cost of energy under the Clark government? What would they do if they were elected? They said that they could not afford to cause prices to rise to world levels and that it was too much for Canadian industry to pay for oil and gas. What do they say today with the present facts which we have to consider? Are they prepared to lower the price of gasoline as the price drops on the world market?

They do not care about taxi drivers, truck drivers, farmers or independent businessmen. I have not seen the price of gas coming down, but this weekend in Britain a major producer of North Sea oil said:

The government reduced their oil prices by $2 per barrel and there are indications that further reductions of up to $5 per barrel are anticipated.

Has the government dropped the price of oil because Britain has been able to drop its price? They did not wish to raise the price when world prices went up. What are they doing to lower the price when world prices go down?

In Mexico, the director of Pemex, the national oil company, reduced the price of Mexican crude by $4 to $30.60 per barrel this past weekend. What has the government done, wherever it is, to lower the price of oil because it is being lowered in Mexico?

Also this past weekend in Malaysia, the state oil company, Petronas, cut its crude prices for the second month in a row. The government raises prices when world prices are going down. When they campaign for an election, they think they fool the people of Canada who gave them a mandate to hold prices down or to hold the gas tax to no more than 14 cents, according to the Prime Minister.

In his speech today, the Parliamentary Secretary to the Minister of Energy, Mines and Resources said that they were implementing a new system, that that was their election promise. Sure, they are implementing a new system, they can tack on 9 cents overnight. The people of Canada are not being fooled; the government will not get away with it.

Also in his speech today the same parliamentary secretary said that the government would acquire oil companies for the benefit of Canadians. What is the benefit of acquiring Petrofina at $1.6 billion of taxpayers' money? It is not putting one drop of oil into the country. It is not creating any new jobs and, to add insult to injury, the government is paying for the company almost twice what it is worth. That is what happens when the country allows the liberal democratic party, the socialist party, to be in power. The only thing Liberals can envisage is everything in public ownership. What will this mean for Ontario?

If the government has no reservations or guilty feelings about public ownership and continuing to lose money, what will Canadians think when they drive up to service stations, produce their Government of Canada credit cards to buy gasoline, and pay exactly the same for that gasoline, whether it is Gulf, Shell, Imperial Oil or the Government of Canada? What did this government do with its big rip-off on that wellhead tax?

● (2020)

I rose in this House not four weeks ago and told the government that it was criticizing the oil companies for ripping off the public and making excessive profits on products on which they were not even entitled to make profits. At that time I asked the government how much it was going to refund the people of Canada for the illegal wellhead tax rip-off which Petrofina, and now Petro-Canada through its subsidiaries right across this country, are making. I also phoned members of the executive of Petro-Canada and asked how much they would be refunding the people of Canada out of the rip-off tax they were collecting? They said said that their prices were determined by the marketplace. That is the policy of Petro-Canada. They will get the top dollar for every gallon of gas they sell to eastern Canada. They will get the top price for oil, which has gone up 50 per cent in price since this government came into office.

I say to the people of Canada that they can look forward to a glorious day when the Government of Canada, the bureaucracy and the civil servants shove the nozzle of the gas hose into the tanks of their cars. And they will do this, not to give Canadians cheaper energy and not to hold the price of oil down, but to gouge Canadians for every cent they can get to feed the government's insatiable appetite—a government which spends 25 per cent more than it takes in every year. This is a government which has no thought about where the money will come from.

Do you know who will own Canada, Mr. Speaker? Kuwait, Venezuela, Mexico, Argentina and countries such as those will own us. If we sold every nickel's worth of stock on the Toronto Stock Exchange tomorrow, we could not pay off our national debt of $100 billion. The government cannot even afford to pay the annual interest on the debt. It budgeted for a $14 billion loss this year—and this is the government which was going to hold the deficit down. This is the government which was going to keep expenses down to within its revenue. This government betrayed and befuddled the people of Canada. It conned them into believing that it has some answers when, in reality, all it has is more problems and a $100 billion deficit.

I would like to give two examples of how little this government cares about the people of Canada today through the policies it has in place. First, there is UFFI, urea formaldehyde foam insultation. The government knew back in 1977 that this product was no good. The report concerning this product is with the Ministry of Consumer and Corporate Affairs, and the Minister of National Health and Welfare (Miss Bégin) is also aware of it. What did the government do? It approved grants under CHIP for the installation of a dangerous substance into the homes of Canadians. What is the government doing now to solve the problem to which it contributed in large part? Absolutely nothing. It is studying the study which was just completed, which study studied the study which was done in 1978, which verified that in 1977 this was considered to be a dangerous commodity.

The members of this House have a moral obligation to the people of Canada to pay for the testing of their homes. This government does not care. It does not care about oil prices, gas prices, energy prices, insultation costs or government expenditures. All it cares about it getting elected to office. The members of the government party will do it with the aid of the socialist party to my left every time there is a division in this House. Every time there is a vote in this House they all bow down to Allah. They all hold up their hands and go marching down the aisle to a republican Canada, a socialist country.

If this government can take over the oil companies—members opposite look astounded when I say that this government is placing into public ownership private corporations. They have no reason to be surprised. I have no doubt in my mind that this government is capable of nationalizing—I call it putting into public ownership—all the nickel, gold, iron ore and uranium which we have in Ontario. If this government gets its mitts on the wealth of Alberta, Newfoundland, British Columbia and Saskatchewan with the help of the fellows to my left, by placing the wealth into public ownership and by removing the possibility for provincial royalties, it will take control of everything on which it can get its hands.

Do you realize, Mr. Speaker, that once the government has an interest in these companies they no longer pay royalties, it is illegal? This government has no intention of cutting the costs of government. Until this country elects a party which cares about living within its means, a party which has the guts to reduce the size of the bureaucracy around here, we will have a republican country. Everything will be in public ownership. There are people in this building who make $80,000 and $90,000 a year. The top paid civil servant who works for the Prime Minister makes more than he does. There is staff on this Hill working in the bureaucracy who make more than members of Parliament. There is no excuse at all for the way this government allows the bureaucracy to run our country. I will give members opposite credit for one thing, they know how to get votes. They get votes by misleading and misrepresenting the people of Canada.

In conclusion, Mr. Speaker, the second point I wish to make is this: on January 1 this government can find $564 million with which to purchase foreign-made metric weigh scales. That is inexcusable. The urea formaldehyde problem could be solved with that sum of money. We would be allowed to stay with our Canadian form of measurement, known as the imperial standard. This government does not care about the people, nor does it care about energy prices. This government will drive free enterprise right out of this country.

Some hon. Members: Hear, hear!

Mr. Doug Anguish (The Battlefords-Meadow Lake): Mr. Speaker, it gives me a great deal of pleasure to be able to rise on behalf of the New Democratic Party, to speak on the Conservative opposition motion. In its motion it asks that this House condemn the government for again unnecessarily raising petroleum taxes and thereby burdening all consumers, but particularly consumers of heating oil, with prices far in excess of those promised without providing relief to those hardest hit and least able to adjust. I find it strange for the Conservatives to introduce such a motion when they were not very sympathetic at the time they were in a position to do something about this problem.

Our lead-off speaker, the hon. member for Vancouver-Kingsway (Mr. Waddell), did an excellent job of showing how the increase in prices actually hurt consumers. He also did an excellent job showing that the policies of Liberals and Conservatives alike are very much the same when it comes to dealing with the energy problem, or the energy crisis, as it is referred to by some people here in Canada.

I would like to take a few minutes to address a few groups which I think are being hurt, particularly those whom I have the honour to represent. They are the people who live in remote northern communities and those involved in the agricultural sector.

Before I address these groups I would like to say a few words about Petro-Canada. During the last election campaign I was very active in supporting Petro-Canada. I thought it was a great agency. I saw it as a way for Canadians to gain some control of the petroleum industry. First, I thought we could gain some substantial control, Canadian control, of the petroleum industry through Petro-Canada. Then I thought Petro-Canada would be a different type of oil company which would sell oil through exploration development at a cost determined by the people who owned it. We could then find out what margin of profit would have to be taxed. In this way we could establish a realistic price to the consumer for a resource which he owned, not some inflated price imposed on us by the oil companies. We, as a party, and myself as an individual, thought that Petro-Canada would be able to provide us with some kind of information about the oil industry. We thought Petro-Canada could tell us how much hydrocarbons there were left in the ground, what it cost to actually develop them and what a realistic price for them would be. There would be a lot of research information that should come back into the federal government and to the people of Canada so we could be more informed and more articulate about the problems which we encounter in the oil industry, because up until now we have had a real problem, as a government and as Canadian people, in acquiring information about the oil industry.

However, I think that at this time, I am not as enthusiastic about Petro-Canada as I was during the last election campaign. The reason I am not as enthusiastic about Petro-Canada is that I am afraid this government will not do anything different with Petro-Canada. All it will try to do is to develop a larger oil company which is a little more efficient. It will still do some of the things which are distasteful to Canadian people. There is a lot of secrecy involved around Petro-Canada. Its policies go astray from time to time, for example when it spends a substantial amount of dollars, not for the benefit of Canadian people but to the benefit of people in other countries when it has its logo developed in other areas of the world instead of in Canada. It has also overlooked the rights of northern territories where some of the oil companies and Petro-Canada have been given lease rights, rights to go into exploration, before the land claims in the north are settled. Therefore, Petro-Canada is turning into something which is no different from any other large oil company, and that distresses me.

• (2030)

I think that if we are looking at something which will just grow larger and try to operate more efficiently, we will be

caught in the same trap in which we have been for years in Canada. Petro-Canada is a corporation which should be run for the people of the country, a company they would own in terms of their own resources. Instead of changing the direction, looking at alternatives, finding better ways of delivery, we are just trying to run it more efficiently, as do some of the large multinational oil companies in the free enterprise system. That really distresses me about Petro-Canada.

I would like to go back now to addressing some of the problems I have mentioned earlier, especially as they affect those people who have had the seven or so consecutive price increases in petroleum products. I think that in the northern areas we have some very unique problems. The cost of hauling fuel to some of these areas is prohibitive. According to the figures from the 1976 census, which are the most recent, until we have the figures from the latest census, in 1976, over 40 per cent of the homes in remote areas were heated by oil, and another 20 per cent were heated by oil with possibly wood to substitute for some of the oil and heating fuel consumption.

It should be pointed out that to put in natural gas in many of these remote and northern communities is simply uneconomical and unviable. Therefore, when people have to pay the high cost of transportation to cover the cost of the fuel as well as the increases which are coming, it becomes exceedingly difficult for them to fit this into their family budgets on top of the cost of heating their homes. Also it becomes increasingly difficult for small business people to operate their businesses because of the high energy costs which are being laid upon them.

I would like to acknowledge some of the advantages of the oil compensation program of the federal government. I am very pleased to see that this has been settled between the provinces and the federal government so that people in the provinces can take advantage of the oil compensation program which has been instituted by the federal government. In many of the northern communities, about 85 per cent of the homes are heated by oil. Oil prices there, even last winter, were prohibitive. I know that in some areas in my constituency heating fuel itself was up to about $1.29 a gallon, and the cost of automobile gas or boat gas for the fishermen was even higher than that. What will all these increases come to by the end of this year? Will fuel be $2 a gallon more? Will it be $2.50 more? I do share one concern that the Conservatives have with the Liberal government, that is, when will the government come clean with us and tell us at what point those increases will stop? Are we going to meet the world price? Are we going to meet 85 per cent of the world price? Are we going to go beyond world price before this is over?

I think we are caught in a ridiculous situation of fighting over oil pricing between central Canada in the east and central Canada in the west and, at the same time, the government is not willing to meet the reduced prices of the western provinces, or, to be more accurate, the producing provinces. At the same time, we are spending large sums of money for compensating for the price of oil from other countries, for bringing in offshore oil, from Saudi Arabia and other parts of the world. I think it is a ridiculous situation in which we are caught.

I know that in Manitoba, at Red Sucker Lake last year, the cost of oil was $1.85, which is even higher than the $1.29 a gallon for heating fuel in many places in my constituency. In some places in northern Ontario, it is as high as $3 a gallon. I think that this is very, very hard on the people in the outlying, remote northern areas. This would cover the Yukon and the Northwest Territories. It would also cover most of the northern area of the provinces in Canada.

I would now like to turn to another area, one relating to the farmers whom I have mentioned. I think the farmers are hit exceedingly hard with the high energy costs. The facts show us that farmers use about 8.9 million barrels of diesel fuel every year, and another 15.1 million barrels of gasoline. Years ago a farmer used to be able to feed about 10 people on an average farm. Today in Canada, the average farm feeds about 50 people. Therefore, over the years, although the agricultural industry has started to use a lot more hydrocarbons and a lot more petroleum products, it has become much more efficient; in fact, vastly more efficient than any other sector of the economy. However, at the same time, farmers are hard hit by the high fuel costs because it is necessary for them to have that energy to be as efficient as they are; and they are very efficient.

I would like to see the government put more effort into finding energy alternatives to be used on farms. I know that right now, on a farm just outside of Unity, Saskatchewan, there are a few people who are doing some exploratory work into the use of hydrous ammonia to run vehicles. In fact, I have seen these vehicles which run on hydrous ammonia. They are presently converting diesel tractors in that area to run on hydrous ammonia, and an acetylene catalyst is used to make it sufficiently combustible and to prevent energy loss in the use of this fuel. This is just one idea that I would like to see the government pursuing more vigorously so that the farming sector can have some choices and so the agricultural sector can have a secure energy supply in the future. Farmers need fuel which is reasonably priced, because of all the sectors of our economy, they are hit the hardest because they cannot pass the cost on to the consumer.

Although, most small business people are being hit right now by high interest rates and inflation, in most cases they can at least pass on their increased costs to the consumer. I suppose they may be cutting back a bit on their inventories, and their sales might be somewhat reduced, but most of their costs are passed on. In the agricultural sector, very few of the increased costs of production can actually be passed on to the consumer. This really puts the farming population at a disadvantage. I think that if we do not do something about the increased costs of production on the farms, either by reducing their costs of production, or else by increasing the revenue for the products farmers sell, we will find ourselves in a disastrous situation in terms of producing food in Canada.

It distresses me to find that at certain times of the year we import about 90 per cent of our vegetables into this country,

when we could be even more productive than we are in the food and agricultural industry in this country. As I have mentioned, the farmers and the people involved in agriculture have improved their productivity much more than has any other sector of the economy; but it could be even better if the government would help by giving direction. I thank our lucky stars that the farmers have been so devoted to the work which they do in producing food for this country. I fear that very soon we will see beef producers and grain producers going on strike and withholding their products from the market. They might do so in an effort to get some kind of reasonable return for the produce which they are turning out to feed Canadian people and to sell abroad to help reduce our trade deficit. This is one of the few sectors of the economy that is more than pulling its weight. I think the government is a bit hard on that sector of the economy with the increased prices for petroleum products and taxes it has imposed. The situation has become very sad indeed.

● (2040)

Since the Liberals came back to power there have been seven increases in the price of oil. During the election campaign they claimed their increases would be less than those proposed by the Conservatives, and I am sure that promise helped them get elected. The people of Canada relied on that promise. I think I accepted it at one time, but I have learned a great deal about the Liberals in the few months I have been a member of this House of Commons. I know that you cannot rely on the word of political parties at election time.

It is time that the federal government indicated to the people where all this is going to end or when we can expect an agreement on an energy policy in Canada. I do not know of any such agreement at the present time.

Although the National Energy Program is a good idea, it has been bogged down for quite some time. I think we should be gaining more control over the petroleum industry in Canada and, indeed, that was the intent of the National Energy Program. But the federal government's approach has turned it into a disaster. We will not reach energy self-sufficiency in the next decade; indeed, at the rate we are going, we will not reach energy self-sufficiency within the next century, unless something is done to turn things around and give an opportunity to oil companies, provincial governments and members of this House to have consultations with the government. Indeed, in the debates in this House, members have offered good advice on how we could design a more effective policy for Canada.

These problems will plague us for years to come unless this arrogant Liberal government begins to listen to the people. Unless something is done now, we will not have a realistic energy policy for self-sufficiency in the next decade or, indeed, the next century.

The government committed itself to keeping prices under control but it has not succeeded. Increase has followed increase. High interest rates are fuelling inflation and the costs being tacked on to petroleum products are aggravating the situation. I have great sympathy for people living in remote northern communities and for people engaged in agriculture who have to absorb these costs. They cannot pass them on to anyone. A member of the Conservative party who spoke previously said that the rate of bankruptcies amongst farmers is the highest it has been in the history of the country. That certainly indicates the problems that exist at the grassroots. The government should be paying attention to this and not just take whatever advice sounds palatable to it.

I realize it is confusing for the government when even the economists cannot agree. If we had ten economists in a room and asked for their professional advice, we would quite likely get seven, eight or even ten different opinions on how to solve the problems that face us. Fuel prices are not the only problem; there are many others, such as high interest rates. I do not hold the government totally at fault but I should like to see it take some new directions instead of just trying to run the old systems more efficiently. Perhaps some of the systems that are already in place could be changed, or some of the alternatives that have been recommended could be adopted.

Our committee worked long and hard through last summer and into this year on the new alternative energy report. I hope the government will seriously consider this attractive report and its recommendations for research and development so that alternatives to the hydrocarbons and nuclear power systems on which we are so dependent can be developed. I am sure we could have a wide range of alternatives. At this point we should be trying to establish the infrastructure so that we can make use of such things as hydrous ammonia in some farm machinery and in agriculture and so that we could build more solar efficient homes.

Until this comes about, we remain at the mercy of the large oil companies such as Imperial Oil, Shell, Gulf and Texaco. We have to pay homage to these companies and pamper them because we are at their mercy. We do not have anything else to fall back on. As I said, earlier, I had hoped that Petro-Canada would provide us with an alternative, but that is not happening.

I know that my time is running out, Mr. Speaker, and I will wrap up my remarks now. I had other things to say about the increasing price of petroleum products. Whether this is necessary is not the question—I think all Canadians accept that some increase in the price of oil is necessary, but we would like to know how high they will go.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but the time allotted to him has expired.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, it is with interest that I rise to participate in the debate tonight on the opposition motion that deals with a condemnation of the government for "unnecessarily raising petroleum taxes and thereby burdening all consumers, but particularly consumers of heating oil, with prices far in excess of those promised without providing relief to those hardest hit and least able to cope."

This motion, put forward by the Conservative opposition, effectively says two things, Mr. Speaker. It is a condemnation not only of the government's policy with regard to energy, but a condemnation of the government for not protecting those who are supposedly, and in fact are, being hit by the rising price of oil and, by implication, high interest rates, and other things as well.

I should like to try to deal with those issues—the condemnation, the reasonableness of the condemnation of oil prices, the condemnation implied now, as it has been many times in the past in this House, of the other parts of the government's economic policy and the condemnation of the government for not assisting those who are being hard hit by rising prices across the board, and by high interest rates.

In the budget of October 28, the government promised essentially three things, Mr. Speaker. First, it promised to restrain spending and bring it within the trend line of the growth of the gross national product over a period of four years. Second, it promised to reorder government spending priorities toward a greater emphasis on economic development, industrial adjustment and manpower retraining. These programs have been introduced in order to try to help the people make the adjustments that all hon. members agree will be necessary in our daily working lives over the next several years. Finally, the government promised to follow a monetary policy consistent with the fight against inflation.

Let me deal first with the argument pertaining to oil prices. Today we heard members of the opposition claim that they would not have increased the price of oil nearly as fast as this government has done. This is a surprising statement because, basically, it just is not true.

In the past, as I probably will in the future, I have relied on the words of the hon. member for St. John's West (Mr. Crosbie) when he was minister of finance. I think he understood the realities of economic policy that face any minister of finance, this country and the government. In his sombre moods, he is not swept away with the kind of rhetoric that some of the members of the opposition—and I hasten to point to the hon. member for Kingston and the Islands (Miss MacDonald)—are swept away. The hon. member for St. John's West can be very rational. I have listened to what the hon. member has to say. I believe he follows me in this debate, at which time he will have something to say in response.

● (2050)

The hon. member for St. John's West appeared on the program "Question Period" yesterday. He was asked some penetrating questions and gave some honest and straightforward answers. I would like to relate some of the hon. member's responses that are very pertinent to today's debate. It says something about what the Conservative policy is, or what a responsible segment of that party believes the Conservative policy should be, and what their assessment of this government's policy is. In many cases, it is a very realistic and fair assessment.

The hon. member for St. John's West was asked what would happen to oil price increases and what the situation would have been under a Conservative government. He replied as follows:

Had we been there, we wouldn't be spending $5 billion on the oil imports subsidy. The price to the primary producer of a barrel of oil would have been higher and the oil imports subsidy considerably lower and the deficit considerably lower and then even with a mortgage interest and an energy tax credit we wouldn't have the deficit that we have today.

The implication, if I read that properly, is that if the oil import compensation payments are less, then oil prices have to be higher because the oil imports compensation payment is based on the differential between the domestic price and the foreign price. If the compensation payments are less, that means that either the world price is lower, which is not conceivable because it is outside of our control, or the domestic price would have to be higher, which is very conceivable. Not only that, but the price to the primary producer of a barrel of oil would have been much higher than under this government.

These are quotes from statements by the hon. member in "Question Period". He was asked how fast energy prices should rise in this country and whether it is necessary for energy prices to rise in this country. I think all members agree that it is necessary. The question was asked:

—how quickly do you think that we should move the price of domestic oil close to the world level? How fast should we move?

The hon. member replied:

Well, I think that we should—at least as fast as we were proposing a couple of years ago, certainly to 75 per cent over the next several years . . . I don't think we should delay too long. We're babying ourselves too long now—

The hon. member was then asked:

Do you think we should move as fast as, say, three years to get our own oil prices on to a realistic, lasting level or should we spread it out over five, six, seven years.

The hon. member replied:

I think that three or four years should be plenty.

Mr. Crosbie: Right on.

Mr. Evans: The hon. member agrees with the statement. Well, they are his statements. The point is that the hon. member is putting forward here what he considers to be a reasonable responsible policy, that is, to go to 75 per cent of the world price on oil over the next three or four years. That is a position in which he firmly believes. However, it runs right in the face of the kind of statements his colleagues have been making all day, saying that this government is following an irresponsible oil pricing policy by doing less than that.

The hon. member for St. John's West is not the most aggressive in the oil pricing debate. Yesterday the hon. member for Calgary Centre (Mr. Andre), I believe speaking in the west, indicated that he feels the price of Canadian domestic oil should be taken to $35 a barrel very quickly.

Mr. Taylor: You are paying Mexico more.

Mr. Evans: The hon. member says that we are paying more to Mexico. We heard today that Canadian consumers are

being badly hurt by this government's energy pricing policy. If we were to raise our prices by 50 per cent to 75 per cent over what they are today, it would hurt them even more. You cannot have it both ways.

If hon. members opposite think consumers are being damaged by the way oil prices are rising under this government's policy, how can they believe the consumers would be better off if prices rose faster? That is inconsistent. We need some consistency of policy, consistency of opposition criticism of this government if the debate is going to mean anything. Members opposite ask us to listen to their criticism and respond to it. When the criticism is so contradictory, how in the world can the government respond in a way that will satisfy any reasonable faction of members opposite? It cannot.

We heard additional criticisms about the government's interest rate policy. This is an area where the hon. member for St. John's West can supply some great insights into the validity of this government's current economic policy in the area of monetary policy. I wish to quote another response given by the hon. member yesterday. With regard to questions about the Minister of Finance (Mr. MacEachen), the governor of the Bank of Canada and the interest rate policy, he said:

—I think the only way—to bring down these interest rates is you've got to convince the public that you intend to really battle inflation and that you're really going to, the government is going to restrain its own spending, that (it) is putting in a program that over the next number of years will mean government restrains itself.

That clearly means the government should not introduce additional major spending programs. That would not be restraint. When the Minister of Finance indicates that he does not intend to introduce major new spending programs for the next two to three years, members opposite condemn him for being unfeeling, for not responding to the needs of Canadians. Yet the hon. member for St. John's West indicates that is one of the prime policies this government should undertake to convince Canadians it is serious about getting inflation under control and that only by getting inflation under control will interest rates come down, which is what all members want. I agree with the hon. member for St. John's West absolutely and totally. The questioner went on:

Are you convinced that the policy of the Bank of Canada is correct? If you were in power, would you back Mr. Bouey and his policy?

The hon. member replied:

Yes, I would continue to back Mr. Bouey—

Later he was asked:

—what actions would you take to reinforce Mr. Bouey's monetary policy through an appropriate approach on the fiscal side?

The hon. member had some comments to make on that. I agree with a great many of the statements he makes. He said:

Well, I think that you'd have to be very convincing that you're tightening expenditure—

Not introducing major new programs.

—you know, that you're really getting it under control. Now on that side I don't think that you can control spending more—if you could have spending so there's no real increase, you know, because of inflation there's going to be an increase, you'd be doing mighty battle there and it would be tough to do—

The hon. member is saying they are not going to solve the problem of government expenditures by cutting spending because cutting spending is very difficult to do, regardless of the comments of the hon. member for York-Peel (Mr. Stevens) who would like to see spending cut dramatically and the size of government cut dramatically. The hon. member for St. John's West has taken a realistic point of view. He said that, given the nature of government spending—the nature of transfers to the provinces, transfers to people and the provision of services by the government—cutting spending is not the way to get the deficit down. Then he came out with the other statement that the way to do that would be to look for additional revenue. I agree with the hon. member for St. John's West completely, but you cannot keep spending under control or hold it in line and at the same time increase spending for other programs unless you increase taxes, and the hon. member for St. John's West has indicated we would have to increase revenues just to get the present deficit down without increasing spending and with no new programs whatsoever.

● (2100)

Finally, I think we have to come to grips with another issue on which we have been attacked, and that is that our policy is a made-in-United States interest rate policy, for example. I think on this point the hon. member for St. John's West is totally and completely in line with the government's policy. Let me quote him. He says:

But accepting things as they are, I agree that our interest rates have to keep track of those in the United States, unfortunately, until we can strengthen our own economy and strengthen the Canadian dollar.

I think that is where the hon. member will have some points to raise because he feels there are positive economic policies to strengthen our economy which should be undertaken. He thinks those policies will strengthen these things and give us some flexibility. But, given the situation we are in now, and that is what he was referring to, he says:

I think it would be too risky to allow American interest rates to go up and ours not to follow pretty closely behind because of what might happen to the Canadian dollar. Every time it goes down a cent our cost of living goes up three—point four-tenths of one per cent is a generally accepted figure—and if the slide started, who knows how far down that might go, and I think that that would be very risky for us. In that sense I defend the policy.

That policy is this government's policy, and the defence is coming from the finance critic of the opposition party. I think the hon. member was being honest in giving a fair assessment of government policy. I respect the hon. member's intelligence, I respect his analytical ability, and I respect the fact that he respects the government's policy.

With regard to policies to help those who are being hurt by current economic conditions, not only here but all over the world, we have heard condemnation that the government has no policy in place and does not care about the people, but that is not true.

An hon. Member: Who says so?

Mr. Evans: I know hon. members opposite laugh and hoot when we talk about the guaranteed income supplement, and

they bring forward the energy tax credit as an alternative, but, at its best, the energy tax credit means $80 a year. The guaranteed income supplement increase for the people who are being hurt the most and are least able to help themselves, as was admitted by the hon. member for Kingston and the Islands, means something in the range of $480, and it is indexed so it will go up every year with the cost of living. It keeps its real protecting power.

In addition, hon. members seem to forget that this government and previous governments have brought in policies over time to ensure that Canadians who are least able to protect themselves from the ravages of inflation, are protected, and are protected in a very real way. There are indexed programs which have been brought in by governments, including our government, particularly previous Liberal governments. There is the guaranteed income supplement, old age security, veterans' allowances and pensions, family allowances, a child tax credit, Canada Pension Plan benefits, unemployment insurance benefits, federal contributions to the Canada Assistance Plan, as well as the personal income tax itself and the tax brackets within that system, all of which are indexed. It means that Canadians who receive these benefits, who happen to be the Canadians who are least able to help and protect themselves from the ravages of inflation, are protected, and they are protected as a matter of government policy. The Minister of Finance in his statement on Friday indicated there will be no pulling back from that protection which is provided to Canadians in those policies. He also said there will be no increase in government expenditure programs and no new expenditure programs. Like the hon. member for St. John's West, he believes the deficit should be brought down. He believes the only real way of protecting Canadians over the long run is to get inflation under control. This will bring interest rates down, it will put productivity back on track, it will increase savings and investment, and that is the way to get a country on track.

It seems to me that if hon. members opposite would concentrate on positive approaches to achieve those kinds of goals, helping the government by putting forward positive alternatives, rather than by putting forward a motion such as this, which really says nothing and is in fact contradictory within the policy of the party opposite, this House would be far better off and these debates would be more meaningful, not only to ourselves but to those Canadians who watch to see how their government is working. Thank you, Mr. Speaker.

Hon. John C. Crosbie (St. John's West): Mr. Speaker, the difficulty with the Minister of Finance (Mr. MacEachen) is that he believes in nothing but whatever kind of subterfuge will get him and his party in power and keep them there. That is what this resolution today is about. It is about a betrayal of the Canadian people, the Canadian public. We condemn the government for unnecessarily burdening the consumer with high energy costs. Why does it do that? It does so because the high energy costs are not to help Canada's situation or help us to develop our oil and gas reserves or anything else. The high energy costs are government taxation. Of the 12 increases in the price of oil and gas since March, 1980, nine have been increases in federal taxation only. We are condemning the government, not because it is increasing the price of oil in Canada so the producers, the provinces and those who own the resources can get the cash flow to go to the frontiers, the offshore, the heavy oils and the tar sands and develop them, since it is not doing that, but because of the 12 increases, despite what it promised in the election campaign, nine have been to fill federal tax coffers. That is what we condemn the government for.

What else do we condemn it for? We condemn the government because it has forgotten the consumer, particularly with respect to home heating oil prices without any relief for those least able to pay. Every one of those 12 increases is an increase in the price of heating oil which is particularly hard on the people of eastern Canada who buy heating oil to heat their homes using an oil furnace or an oil stove. Twelve times they have been crucified by the Minister of Finance who is from Cape Breton and promised them in the election campaign "vote Liberal and the price will stay down". That is what we condemn, the brazen cynicism that makes a solemn pledge to the people of the country and the minister's own region, "vote Liberal and the price will stay down" and then raise the price 12 times, every time raising the price of heating oil which hurts the lower income people of this country most.

We compare this with our own budget on which we were defeated. It proposed an 18-cent excise tax which did not apply at all to heating oil. It applied to transportation fuels and to transportation fuels only. We look at our own budget on which the government and the NDP together defeated us, and we see there an energy tax credit to help the Canadian consumer meet these increasing energy costs. Our increases in energy costs were not just all in the form of taxation to the federal government. They also included increases to the producers. We proposed these increases in stages over the next three or four years.

We also proposed an energy tax credit that this year would give the lower income people of Canada $500 million, and $1 billion next year. This would go to every family which earned up to $21,380 a year. They would get the full energy tax credit. A family of four this year would get $110 to help meet these costs, and $220 next year, and so on ad infinitum.

In addition, we had a mortgage interest and property tax program that would have paid Canadian home owners this year $1,245 billion and next year $2,015 billion. This is what we mean by being concerned about the Canadian consumer, and that is what we would have done for them, but the hypocrites opposite and the hypocrites to our left in this House voted against that. They said that we were crucifying the Canadian people. They could not vote to support such a harsh regime as we had proposed in the budget, and then they get into office here based on those false promises, and they crucify Canadians with 12 increases, and they do not give one cent in mortgage interest or property tax support to the home owners of Canada despite the fantastic interest rates, 5 per cent higher than they were when we were in office, and they do not give one cent in assistance through an energy tax credit to lower

income Canadians. That is what we condemn them for, the great betrayal.

● (2110)

The man who on January 23, 1980, said, "Vote Liberal, and the price will stay down" is back in office now. He is back in his safe cocoon. He is now the Big Minister of Finance. He is a big man, he is going to fight inflation, he will be tough, he is going to be strong and he is going to be holding out against giving anybody any assistance. He is not going to help the poor, the lower income, anyone. No, he is big, tough Allan MacEachen now for the next three years until the election gets close. he is the big, tough Cape Bretoner battling inflation. Well, what did he say now that he is safe—he has another four years in office—on page 4 of his speech of May 6, 1981?

I have earlier identified energy as a source of two thirds of the rise in consumer inflation that we have experienced in the last five months, and I have argued that higher energy prices cannot be avoided.

Did that advertisement say higher energy prices cannot be avoided? No, this lying advertisement said, "Vote Liberal, and the price will stay down". But now we hear the truth from the gentleman when he is back in office. He says in the earlier part of his speech that the cost of living has gone up 13.9 per cent in the last five months. He then says that two thirds of that is due to higher energy prices. He neglects to say that those higher energy prices are all caused by increased federal taxation—by him, in other words. He caused that increase. And what do we see when we look at what the Prime Minister (Mr. Trudeau) said before the last election? The Prime Minister said this:

Our made-in-Canada oil price will result in a lower price to consumers than the one proposed for the next four years in the Clark budget.

That is falsehood number two. Then he said at Memorial University on January 31, 1980:

Our price will not be $6 a barrel; it will be under $4 per barrel.

A $4 per barrel price of oil at the wellhead is a 12 cents to 16 cents increase at the gasoline pump each year. Well, we know what has happened, but before I get to that, the present Minister of Energy, Mines and Resources (Mr. Lalonde) also said, and I quote now from *The Globe and Mail* of March 22:

—he expects to hold down gasoline-price increases at the pumps to about 16 cents a gallon annually for the next four years.

That was March 22, 1980. "We would not have increases in excess of 16 cents a gallon annually for the next four years": That is what the Minister of Energy, Mines and Resources said. That is what this gentleman here said. The advertisement said: "Do you believe this man?" There is not a person in the country, except perhaps for the Liberal caucus, who believes this man. No, we do not believe that man. We do not believe a word that man says.

Mr. McKenzie: I will hold it up so everyone across the country can see it. Lalonde the liar.

Mr. Crosbie: What increases have we actually had? I will give my own city of St. John's, Newfoundland. I am comparing now March, 1980, to June 4, 1981. If we take heating oil, we have heating oil, February, 1980, in St. John's, Newfoundland at 79 cents a gallon. We have heating oil today, June 4, at $1.22 a gallon, 44 cents more, an increase of 55.7 per cent to the poor people of St. John's, Newfoundland, who use oil to fuel their heating requirements, a 55 per cent increase. This is the gentleman who said: "Vote Liberal, and we will hold the price down; they will not go up". Then we have the gasoline prices in St. John's Newfoundland: regular, $1.28 a gallon but on June 4, $1.89 a gallon, up 61 cents a gallon in the last year and a half, an increase of 47 per cent.

Then we have premium unleaded, January, 1980, $1.39 a gallon. Today, $2.03 a gallon, up 63 cents a gallon, a 45 per cent increase. And on and on it goes. These are the facts. This is betrayal. These facts cannot be gainsaid.

Mr. Taylor: He should be kicked out of the country.

Mr. Crosbie: By the way, we have the minister admitting this. He did not admit it today when he was giving his speech, but to *The Globe and Mail* on June 4 he admitted this. He said:

However, outside the Commons, he conceded—

This was the Minister of Energy, Mines and Resources.

—that the current oil prices Canadians are paying are "about even" with those projected in that Conservative budget.

I do not care if they are even or more for the purposes of my argument. The minister admits they are even. In fact, they are more. The tragedy is that these prices are all in federal tax increases. We have no energy agreement with Alberta that we would have had a year and a half ago had we been left in office. We have no agreement with them because they are being screwed to the wall and all the producers are because the increases are going to the federal treasury, nothing to the oil producers, nothing to the people who explore and who develop and who refine. All to the federal government.

I have impartial evidence here, the *Winnipeg Free Press* from an editorial of April 25, which reads:

Unlike the Conservative tax, they fall equally on users of gasoline and of home-heating fuel and they do nothing, as the Conservative proposals would have, to help people on lower incomes cope with higher fuel costs.

The same with an article in *The Vancouver Sun.*

So even, if Trudeau's promise was merely to keep gasoline price hikes below the Tories' 18-cent mark each year, he has already broken his word in 1981.

And so on.

Mr. Baker (Nepean-Carleton): So what is new?

Mr. Crosbie: "So what is new", as my hon. friend here says. The tragedy of this is that we have a complete betrayal of the Canadian people, and we are further away from an energy price agreement than we ever were. Who would negotiate with the Minister of Energy, Mines and Resources, whom we saw a few days ago raise gasoline prices nine cents a gallon unnecessarily and blame it on Alberta's cutback in production, when actually consumption has dropped in Canada and he does not need to do that whatsoever? I would just as soon negotiate with a greased cobra as negotiate with the Minister of Energy,

Mines and Resources, and if the Government of Canada wants an agreement with the producing provinces, it has to do away with the greased cobra who gets up in this House and gets on with that kind of nonsense and exacerbates the airways and arouses anger wherever he looks or turns.

With respect to our excise tax, by the way, there was a discount of ten cents a gallon for farmers, a discount of ten cents a gallon for fishermen and for urban transit workers. There is nothing like that for farmers or fishermen or urban transit workers in these 12 increases of the last year. There certainly is not. There is no help for the consumers whatsoever except for the senior citizens, who should have had the help anyway and should not have all those federal tax increases on them. Eighty per cent of the total amount of these increases of the last year and three months goes to federal taxation and does not go to solve our oil situation here in Canada at all.

Mr. Baker (Nepean-Carleton): They do not produce another drop of oil.

Mr. Crosbie: Heavy oil development has stopped. Tar sands development has stopped. We have high interest rates and poor economic prospects, all because of this fantastic energy betrayal of the Canadian people and of the Canadian industry by gentlemen opposite. In my hand I have the supplementary estimates, and they show that this government is going to tax Canadian consumers this year $4,808,000,000 in the petroleum compensation charge alone; hon. gentlemen opposite are removing $4,808,000,000 from the pockets of the Canadian consumer to pay out to the Saudi Arabians, to pay out to the Venezuelans, to pay out to the Mexicans, to pay out to foreigners all around the world; to enrich foreigners.

They will do nothing to help develop our own oil and gas resources here in Canada except fight to the death to give them $17.75 a barrel while they pay the rest of these people $43 a barrel. The oil import subsidy will cost over $5 billion this year. The hon. gentleman talks about deficit spending; that is where the money is that could help the lower income Canadians. That could finance the mortgage interest and property tax credit. That would finance the energy tax credit, and that would still reduce the deficit very considerably if they had a sensible oil pricing policy, a price for the oil, not a price for federal taxation coffers, not a price for the Lalonde-MacEachen series of fantastic tax increases. That is where there would be more than sufficient room to pay for those and reduce the deficit as well.

The Minister of Energy, Mines and Resources and the Minister of Finance are crucifying Canadians on the cross of Saudi oil. They are soaking Canadians to enrich foreign oil producers. That is all they are doing. They are sinking this country because of the stupid series of callous promises they made during the election, and they are now trying to fool the Canadian people into thinking they are keeping them.

The Canadian people know they have betrayed them utterly, and what they want them to do is to adopt a sensible oil policy, reach an agreement with Alberta and the producing provinces, get this behind, get Canada on the right track to energy self-sufficiency, stop going on with this criminal subterfuge they entered into in the fall of 1979 and in the election campaign of 1980. The Canadian people know hon. gentlemen opposite betrayed them. The Canadian people want them to stop that betrayal and come on with a sensible policy. That is what we ask them to do.

The Minister of Energy, Mines and Resources and the Minister of Finance are the George III of Canada. They are the greatest taxation raisers in our country's history. They are doing nothing to help resolve this energy crisis. According to Mr. Slater of the Economic Council of Canada:

> The first step to a stronger Canadian economy has to be a speedy resolution of the energy pricing and revenue-sharing dispute between Ottawa and the oil-producing provinces—

He gave his evidence before the Senate and said the same. That is from February 17, 1981.

• (2120)

Mr. Bouey goes before the Senate and what does he say? Mr. Bouey's high interest rates are the government's high interest rates. You have left him dangling there without any assistance to fight the battle of inflation. He says:

> —a settlement of energy disputes probably ought to be given the highest priority in economic policy these days . . . the settlement might very well help us on the exchange rate and might improve the investment climate.

There is a plea from governor Bouey on May 26 before the Senate. The deputy minister of finance says much the same kind of thing.

An hon. Member: Years ago.

Mr. Crosbie: They have been saying it, yes, year after year. But this government goes on and has its Minister of Energy, Mines and Resources carry on last week with a scurvy attempt to score a point on Alberta, which is really only a revenue grab of 9 cents a gallon that the Canadian consumers are paying to put more revenue into the Minister of Finance's coffers. It is not going to help resolve this dispute because anybody who saw that devious, scheming minister speaking in and outside of this House, it would raise their hackles. They will say, "by God, that fellow is never going to put it over on us". That is what they will say in Alberta and the other producing provinces. We will never have an agreement while that coiled cobra is in charge of negotiations.

Some hon. Members: Hear, hear!

Mr. Crosbie: I heard a member of the New Democratic Party say here tonight that he did not realize what the Liberals were like. The innocents abroad are now back in Canada. The NDP do not know what the Liberals are like. Then why are they jumping into bed with the Liberals on the Constitution? Now that they have learned what the Liberals are really like, why are they cosying up to them and assisting them in their policy to nationalize the oil and gas industry in Canada? Why are they helping the Liberals centralize power in Ottawa through their constitutional proposals? If the NDP have finally learned how devious, deficient, denatured and denaturalized

the Liberal party is, then I suggest that they stop their constant support for them, support which has been constant for the last ten years at least in this House, and get on to supporting some more reasonable approaches to these matters.

That is what this resolution is about, Mr. Speaker. It is about betrayal, because all of these 12 increases are hitting the Canadian consumer who has been left to sink or float without any help from this government, all of those increases are not helping to resolve the energy situation at all; they are only helping the government's own finances. Here is the member for Burin-St. George's (Mr. Simmons) in this House on December 13, 1979—talk about hypocrisy! He said:

> How do you conserve fuel in a fishing boat? Do you go half way to the fishing grounds? It is very good to have a car pool in Montreal, Toronto or Vancouver, but can you imagine a boat pool?

He was protesting the 18-cent excise tax and his heart was bleeding, he pretended, for fishermen when they were getting a 10-cent discount over everyone else, together with the farmers. But since then that same member has put a 64-cent a gallon burden on the fishermen of Newfoundland and he is not worrying any longer about conserving fuel in a fishing boat or whether they can go only half way and cannot go any farther. If they could only go half way on 18 cents a gallon excise tax, how far are they going to go on a 64 cents increase that the hon. member for Burin-St. George's and his government have imposed on them in the last year and a half?

Mr. Baker (Nepean-Carleton): They gaffed them.

Mr. Crosbie: Not very far. That is the kind of sanctimonious hyprocrisy we heard in this House on December 13, 1979, when a real attempt to deal with the problems of this country was sabotaged, stuck in the back by the very gentleman opposite who was quoting me with approval tonight from my interview on "Question Period" yesterday. Well, whether in the opposition or the government, I am going to say what I think is right and best for the government and people of Canada. Anyone who reads that interview will see a lot of good sense in it, not the selected malarkey brought up here tonight. And he is never going to find me carrying on with that kind of sanctimonious hyprocrisy, to put the best face on it, and then come right back into this House as the government and wheel around 180 degrees and impose increases on gasoline and heating oil prices not even dreamed of in December, 1979, without one cent of assistance to the ordinary people of this country, the farmers, fishermen, the small storekeeper or the ordinary man and woman in Newfoundland who believed him, who sent back five Liberal members here. They will not be sending five Liberal members next time. Not a one will be coming back from Newfoundland—

Mr. Baker (Nepean-Carleton): They will not forget this one.

Mr. Crosbie: —after the betrayal they have suffered.

So, Mr. Speaker, what is to be done? This government has far worse in store for the Canadian people because at some time the government will have to start raising the price of oil at the wellhead to get an energy pricing agreement, to satisfy the industry, to give them a cash flow in order to feed the frontier exploration and the offshore. And is the government going to do that on top of all the tax increases that we have had? Nine of the 12 increases in the last year? What are they going to do then? The Minister of Energy, Mines and Resources says he will reduce these taxes by 7.5 cents a gallon if Alberta resumes its production. Will he reduce his own tax? It is costing motorists in my district of St. John's West today eighty per cent of this 64 cents a gallon more than a year ago. Will he reduce that 80 per cent tax and give them a break? Will he drop the tax of about 50 cents if Alberta resumes production? He did not answer that the other day.

When is this government going to start being honest? When is this government going to get an energy agreement? When is it going to get interest rates down by doing something that will support and strengthen the Canadian dollar which is weak because of the policies of this government for the last ten years, because of the National Energy Program? It is weak because you are anti-foreign investment, it is weak because of your anti-private sector tactics. That is why the Canadian dollar is weak and interest rates are now 20 per cent. Twenty per cent, and you were so shocked and dumbfounded and amazed and horrified when they were 14 per cent in the fall of 1979.

When are you going to get the show on the road so that we can help Canada? If you do the right things, we will say you are doing the right things, although we are going to blame you still for the way that you lied to the Canadian public. We are never going to forgive you for that. But if you start doing the right things now, we will support you. We are not going to praise you for the way you got back into power. You snuck back into power on your bellies, you slithered back into power with deception; now stand on your feet and govern like men and women. If you adopt policies that help this country and solve that problem, then we will support you on that.

However, there is no sign of you doing it so far, not one sign that you are repenting or that you are prepared to do the proper thing even though you have another four safe years in power. What is the matter with you? For Heaven's sake, start acting like a government and start doing something that will help Canada.

Some hon. Members: Hear, hear!

Mr. Maurice Foster (Algoma): Mr. Speaker, it is a great pleasure to speak after the hon. member for St. John's West (Mr. Crosbie) because he always puts on a great show with a lot of bombast and bluster and what we back on the farm call just plain bull. I hope to spend a little bit of time talking about that because he spent a lot of time talking about the great deal they had with Alberta when they were in government, and it is interesting that he talks a lot about that but nobody ever actually comes up with the piece of paper showing the deal that they actually made.

Supposedly the Conservative government from Ottawa and the Conservative government in Alberta can get together and sign a deal very easily. And of course, if we look at the

circumstances at that time, the price of oil in Canada was something like $15 or $16 a barrel, and world prices were around $26 or $27 a barrel. We did not have the great disparity there is today, and naturally Alberta and the other producing provinces look at the world price and the Canadian price, and the difference between them. However, in spite of that, in spite of the political advantage they had of both governments being Conservative, they were not able to make that kind of deal. I think that if we look at where that money was going, that special excise tax which we talk about as 18 cents a gallon, which really turns out to be about $6.35 a barrel, we find that after the first year, the vast majority of that was going to pay for the mortgage interest and property tax deductibility, an important issue in the Conservative platform in 1979. Then we have to think: well, if those revenues were essentially to cover that mortgage interest and property tax deductibility, where was the money to come from for the compensation account, and so on? If we look through the figures, we see that there would have to be dramatic increases in the compensation program, the excise tax, or whatever mechanism the government employed to raise additional revenues. The 18-cent excise tax was pretty well fully committed after the first year to the mortgage interest deductibility plank which they promised. If we look at the projections in the Conservative budget, they used a figure of $32 per barrel for the world oil price by January, 1981. In actual fact, the world price was $43 per barrel. The amount of excise tax they would have to impose would have been something like $2.15 per barrel. This would have been an additional cost imposed upon consumers.

• (2130)

The hon. member for St. John's West (Mr. Crosbie) talked about a 10-cent per gallon reduction for farmers, fishermen and municipalities for their equipment or urban transit. He did not point out that a 15-cent per gallon excise tax would have been imposed on farmers and fishermen. For the first time in our history, a 15-cent excise tax would have been imposed on the production of food.

I think all these matters should be pointed out. An important factor which developed this year, in the absence of a signed agreement between the federal government and the government of Alberta, is that the federal government had to impose a $1.85 per barrel special levy to cover the cutback of 120,000 barrels per day.

Everyone talks glibly about a pricing agreement with Alberta. I have already pointed out that in the fall of 1979, the Premier of Alberta talked about cutbacks. He was not talking to a Liberal government in Ottawa; he was talking to a newly-elected Conservative government. So far it has taken six or eight months, and unfortunately we have not reached an agreement yet. I wish we had reached an agreement.

One of the objectives of the National Energy Program is to increase the revenues of the federal government from 10 per cent of the revenues of oil production to 24 per cent. If the federal government achieves this—and I hope it will—the revenues to producing provinces will drop from 45 per cent to 43 per cent. At the same time, the percentage of the oil companies will drop from 45 per cent to 33 per cent.

Can one imagine a more difficult scenario to achieve? Surely the oil companies, such as Exxon and the Seven Sisters, will fight day in and day out with their massive public relations departments, press releases and everything possible. Likewise, the producing provinces will fight; they want every nickel they can get.

I do not think there are many people in the House, certainly not on this side, who would deny the federal government a reasonable share of the revenues from oil production. Surely 24 per cent is reasonable. If the government achieves this, certainly the producing provinces will fight by cutting off oil. The Seven Sisters and the other multinational companies will pull out every stop with the Canadian Chamber of Commerce, the Canadian Manufacturers' Association and every other group in the country with which they have influence in an attempt to beat the federal government's share back down to 10 per cent. It is not surprising if there is a strike of capital or Alberta cuts off its oil. When one is fighting over revenue with the strongest and fastest growing industry in the country, one will be faced with such confrontation. Oil rigs will pull out and go to the United States; producing provinces will cut off supplies. Historically, producing provinces never give up anything to the federal government. It has been a case of the federal government always giving larger and larger transfer payments and tax points in any negotiation. It is a difficult time, but it is important for the federal government to move to see its reasonable share of revenues from this vital industry coming to the federal government.

Another point the hon. member for St. John's West did not mention in talking about the rapid price increases over the past few months, aside from the cutbacks by Alberta, the increases in the world price of oil and the exchange on the value of money, was that in the December 11, 1979, budget he put in place a price regime of $4 per barrel increase in 1980 and then $4.50 in 1981, 1982 and 1983. He did not point out that on January 1, 1983, the price in Canada would move to 75 per cent of the world price. This would have given a tremendous jolt to the price of energy in 1983. Likewise, on January 1, 1984, the domestic price in Canada would have jumped to 85 per cent of the world price.

We rejected that philosophy and said that we should put in place a blended price regime, combining a fair domestic price from the traditional conventional western basin production, a reference price for the tar sands and heavy oil of $38 per barrel indexed to the CPI or the world price, whichever is less, with another price for enhanced recovery and higher prices for oil coming from the frontier, the east coast and offshore. We did not propose that it be tied to world price, because few countries in the world have 85 per cent of their production tied directly to world price.

In the Conservative pricing regime, essentially there was a pricing of oil and an excise tax. In the National Energy Program there is clearly a blended pricing regime for oil but, just as important in my view, after the dust settles from the

present issue which captures all the headlines, there will be the other aspects of the National Energy Program. The Oil and Gas Act is before the Standing Committee on Natural Resources and Public Works. It will put in place a regime for the high Arctic, the Beaufort, the Mackenzie River Delta and the east coast offshore. Ultimately the regime will give Canadians a better share of their own country. Likewise, there is a regime which would see pipelines in this country extended to Quebec, the maritimes, the west coast and to the underserved areas of eastern Canada and the central part of our country. I place a very high priority on that program, especially in my own constituency. The Canadian oil substitution program, which was announced by the minister a couple of weeks ago, will be providing incentives of up to $800 per home to convert from oil to natural gas. This is an essential program. We must put in place the natural gas pipelines to the underserviced areas of our country. When we look at the program of the substitution of oil with natural gas, electricity, renewable energies and solar power, coupled with the improved insulation program, we see a program which can probably save us something in the order of 300,000 barrels of oil a day, when the program is fully implemented over the next few years. We are ensuring that natural gas distribution companies are able to improve their supply. People are being encouraged to insulate their homes and to convert from oil, thus reducing demand for that fuel. Upgrading facilities will be put in place in Sarnia, Montreal, Quebec City and other refining areas in our country to ensure that the residual oils—much of which is exported to the United States at present and used less efficiently than it could be—are upgraded to gasoline and other heating fuels, thereby saving on imports. Clearly, the potential of the western base is dropping, which is why we are putting in place a regime for the high Arctic and the Canada lands in order that we may increase production in those areas.

● (2140)

We see that there will be special incentives under the petroleum incentives program. For 28 cents of expenditure, any oil company will be able to make a dollar investment in those areas. For a 7-cent net expenditure, Canadian companies will be able to spend a dollar on exploration. Over the next four years it is foreseen that some $2.5 billion of incentives will be provided in this area, along with a higher pricing regime. We envision a program designed to not only reduce demand, which the Clark budget did not do, but as well one which will increase production from the Canada lands at the same time. We have a program which is a comprehensive one, one which has saved Canadians a considerable amount of money. From December, 1979, to the present time I am told the savings amount to some $2.2 billion. This works out to some $93 per capita, or $370 per family.

The National Energy Program does foresee that although there will be increases at a more moderate rate during the first half of the decade, in the last half of the decade the increase would be more rapid. At the same time, our price of oil would be a blended price, made in Canada, and not automatically tied to the world price. We see a program which would provide increased revenues to the federal government, to the producing provinces and to the oil and gas exploration companies, while at the same time reducing our demand because of the reduction in production in the traditional areas of western Canada.

These are just a few of the points I wanted to mention, Mr. Speaker. One point that has not been made is that this program of the federal government is designed to allow a greater percentage of our Canadian petroleum industry to be owned by Canadians. All we have to do is look at the period from 1975 to 1979. We see that the capital outflow from this country, from the oil and gas industry, was some $2.1 billion. That figure does not take into account dividends and interest. But the National Energy Program is designed to see a greater percentage—up to 50 per cent—of Canadian-owned industry by the end of this decade and, thus, the loss of these revenues and dividends from Canada from this vital industry would be reduced thereby giving us an industry with greater Canadian ownership.

Mr. Tom McMillan (Hillsborough): Mr. Speaker, I am pleased to participate tonight in the debate on the motion which asks this House to condemn the government for again unnecessarily burdening the consumer with high energy costs, particularly consumers of heating oil, without relief for those least able to adjust their incomes. The import of the motion is the high energy costs for the consumer, largely because of federally-imposed taxes. But the truth is that the motion deals more with deceit and deception—indeed, immorality—than with consumer prices per se. I say "immorality" with some caution, Mr. Speaker, but, nevertheless, with certainty. I apply the word to the party on the other side which defeated a government, the Clark government, in December of 1979 mostly because of its efforts to introduce an 18-cent per gallon increase in the price of gasoline. The party which defeated the Clark government then campaigned on a promise to keep energy prices down. Now, a little more than a year later, having won the election, it has increased both gasoline and home heating fuel prices—not just gasoline prices but also home heating fuel prices—well beyond the prices which that party attacked while in opposition. The same people have imposed energy price increases several times higher than those they promised in the election.

I look across the floor, Mr. Speaker, and I ask myself how many members over there owe their seats to this deceit. I venture to say quite a few, many of whom are the very ones who, like trained seals, applaud every inane justification for yet more energy taxes announced by the Minister of Finance (Mr. MacEachen) and by the Minister of Energy, Mines and Resources (Mr. Lalonde).

● (2150)

Let us make no mistake about what was promised by the Liberal party in the election of February, 1980. The present Minister of Finance, who was then one of the principal financial critics of the Clark government, said: "If you vote Liberal, the price will stay down." The Prime Minister (Mr. Trudeau), then the leader of the opposition, speaking before Italian

community leaders in Toronto, said this: "Clark has been asking of us Liberals that we make a clear statement on gasoline pricing. I believe many Canadians have been asking that. Well, let me make it. Ours will be less than 14 cents a gallon."

In my own province, in Summerside, the present Prime Minister stated, on February 9, 1980, fewer than ten days before the date of the election: "I can tell you that Liberals will do things differently from the PCs. That 18-cent tax on gasoline which is needed to pay for that Tory election promise, we won't have that tax, It's out. It's gone."

Later a full page Liberal ad appeared. It appeared in the Charlottetown *Guardian* on Saturday, February 16, 1980, two days before the election, but it also appeared in every other newspaper right across the country. The Liberal ad said: "This is the time for Liberal programs, not more Clark Conservative promises." In particular, it said: "Liberals flatly reject the 18-cent a gallon increase in the excise tax on gasoline and diesel fuels. Under the Tory budget, consumers would have faced a 32-cent a gallon increase in the cost of a gallon of gasoline in 1980. Under a Liberal administration, the increase will be less than 14 cents. The Liberal price will be less than half of what the Conservatives plan to impose on Canadians."

The interesting thing here is not just that the Liberals proposed never to introduce an 18-cent a gallon gasoline excise tax, nor, that if they did do so, it would be less than 18 cents; but they also said that, whereas the total of all the energy price increases that the Crosbie budget proposed would be 32 cents, if the Liberals won the election, the total of all energy price increases would be less than 14 cents. We know what the truth is.

We know what has happened since the Liberals took office, and certainly since they defeated the Crosbie budget and the Clark government on December 13, 1979. In my riding in Charlottetown, in December 1979, the price of a gallon of regular unleaded gasoline was $1.26. This is just an example, but the same situation applies right across this great land. In June of 1981, the price for a gallon of regular unleaded gasoline is now $1.95—an increase of 69 cents.

In December of 1979, when the Liberals defeated the Crosbie budget and the Clark government, the price of a gallon of home heating oil was 74.2 cents in the city of Charlottetown. Today, in June, 1981, the price for the same product in Charlottetown is $1.25, an increase of 50.8 cents.

Mr. Baker (Nepean-Carleton): Some promise!

Mr. McMillan: That is some promise! Indeed, it is some promise! There has been an increase of 69 cents in the price of gasoline, and 50.8 cents in the price of home heating oil. Where will it all stop? There is another increase scheduled for this coming July, next month, and there will probably be yet another increase in September. In each case the increase will be at least $1 per barrel for oil at the wellhead, which together translates into approximately six cents a gallon more at the pump for gasoline. The important thing is that such increases have not just been on gasoline, though that is odious enough, but also on home heating oil. Those increases therefore affect the senior citizen trying to cope with the ever-escalating cost of heating a home, the fisherman trying to make a living in an industry already suffering difficulties—

Mr. Baker (Nepean-Carleton): The farm.

Mr. McMillan: Yes, it affects the farmer. It affects every single Canadian. The Crosbie increases, to the extent that they would have affected anyone, would have touched the person who has discretion in the use of his motor vehicle; and many Canadians would have qualified for an energy tax credit and other benefits to cushion the effects of those increases.

My speech has to be truncated tonight because of the hour; but I want to stress, as a maritimer, how appalled I am that this government, which depends on seats from central Canada, Quebec and Ontario, to keep itself in office, is trying to force upon the western provinces—at a time when they finally have a chance to pick their economies up by the bootstraps—an energy price scheme which will drive their economies into the ground. It will deny them the one opportunity they have to become to some extent economically self-sufficient, on an equal footing with other provinces.

I cannot understand for the life of me, why it is that the government insists on stubbornly sticking to those measures in the National Energy Program which will drive the oil and gas industries into the ground, which will discriminate wildly against the oil-producing provinces, which will do nothing to bring Canada closer to the goal of energy self-sufficiency. Yet it abandons the very few elements in the same National Energy Program which have anything positive to offer to the Canadian people. I am referring in particular to those provisions in the National Energy Program which were to benefit my own province of Prince Edward Island. On page 85 in the NEP, there is a most welcome proposal that reads: "In addition to expanded national renewables programs, extensions of the P.E.I. Conservation a Renewable Energy Agreement will be undertaken at a four-year cost of over $9 million." But that one proposal, among very few others which would have benefited some parts of this country, is now going to be abandoned.

The Minister of Energy, Mines and Resources has announced to his counterpart in Prince Edward Island, the hon. Barry Clark, the minister of energy in P.E.I. that this renewable energy agreement promised on page 85 in the National Energy Program is to be abandoned. That agreement has been serving Prince Edward Island very well indeed; the province of Prince Edward Island has been relying heavily on it and was looking forward to its renewal. But the agreement is going to be scrapped, despite a firm commitment to the contrary. In its place will be put absolutely nothing to help Prince Edward Island, nor any other province in the Atlantic region, to develop a degree of self-reliance in energy.

In my concluding remarks, I want to stress that there is a firm difference between the Liberal party and the Progressive Conservative party in their respective approaches to energy. When the Clark government was in power, it came clean with the Canadian people about the energy goals that it had and the

price tag required to achieve those goals. In contrast, the Liberal party promised the public low energy prices and delivered exactly the opposite. It has made deceit and deception the pathway to political power in Canada. However successful such a strategy may be, Canadians will pay the price for that deceit and for that deception for a very long time.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): Order, please, it being ten o'clock, it is my duty to inform the House that pursuant to Section 11 of Standing Order 58(11) proceedings on the motion have expired.

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

NATIONAL DEFENCE—SUPPORT FOR PARTICIPATION IN MILITIA TRAINING

Mr. Stanley Hudecki (Hamilton West): Mr. Speaker, on May 20 this year I directed a question to the Minister of National Defence asking if he was considering any new legislation or amendments to existing legislation that would guarantee members of the reserve force time off from their full-time employment in order that they may participate in training and educational activities provided by the Canadian Armed Forces.

The reserves are an integral and an imperative part of the Canadian Armed Forces. According to a recent publication by the Department of National Defence, the role of the reserve force is said to be twofold: first, to enhance the war deterrence capability of the Canadian Armed Forces; and second, to support the regular force in ongoing peacetime tasks and activities. Simply put, in the words of the retired Chief of the Reserve Forces, Major General Richard H. Rohmer, the role of the reserve force is to augment the regular force in times of peace, emergency or war.

Hence, the reserve force has great importance to Canada. This fact is brought to light quickly when one considers that out of the total number of personnel in the Armed Forces, which now numbers just over 100,000, the reservists comprise just over 22,000.

But the importance of the reserve force is more than just a national issue if one views this matter in a wider context. For instance, in assessing the true military strength of the NATO nations, heavy emphasis is placed upon the number of trained, properly equipped reserve personnel immediately available.

Furthermore, the importance of the reserves within the Armed Forces itself is also clear. Brigadier General Cowan, when testifying before the Standing Senate Committee on Foreign Affairs, revealed the extent of their role within the Armed Forces. He stated that it is the policy of the Department of National Defence that the regular forces and the reserve forces be partners in the Canadian Armed Forces total force concept, although one component is full time and the other is part time.

With these considerations in mind, it is submitted that this government should put forth a coherent policy to ensure and encourage the continuance of a stable and strong reserve force. There are a number of ways this could be achieved. For example, by providing and committing sufficient resources and funds so that the reserves may train with the same quality of equipment as the regular force; by aiding in programs to improve their public image; and by providing salaries that are fair and equitable. All these ways would contribute to ensure the continuance and longevity of the reserves.

Another means by which this government may aid the reservists which is worthy of discussion is by negotiating a better deal with private employers to allow the reservists to take time off work in order that they may participate in training and educational activities provided by the Armed Forces.

The ability for a reservist to be relieved from his full-time employment in order to be properly trained must be assured. To guarantee a strong reserve force, there must not only be facilities available to train upon, but members of the force must be given an opportunity to train without prejudice to their full-time employment. Reservists must be given this opportunity without fear of reprisal from their employers, without sacrificing their regular vacation time and without sacrificing seniority.

It is my understanding that many employers already voluntarily reply to requests for leave for reservist training, and of course, this practice should be encouraged and the employers congratulated. However, there still seem to be some employers who do not wish to follow this practice. In my constituency of Hamilton West, where there exists a notable reserves force, a common complaint which has been voiced in the past by a number of reservists, is their inability to be relieved from work in order to participate in Armed Forces training.

It is my understanding that the time required to be off work is not long, about 14 days. At present, there is no statutory or regulatory provision commanding employers to grant leaves of absence to reservists.

It is submitted that it is about time that this was investigated formally and in some depth, considering the great importance of the reserves force and the insignificant financial cost this proposal would have on society.

Therefore, in conclusion, I would like to ask the minister if he would consider taking this problem under serious advisement with a view to establishing mechanisms to guarantee that

reservists have the opportunity to train properly and without prejudice to their full-time occupations.

● (2205)

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, for some years the Department of National Defence has recognized the need to assist some of our reservists in securing time off from their regular employment to participate in reserve training activities.

In attempting to assist reservists in this way, the department has encouraged employers and employees through a voluntary approach short of the legislative process. In many cases this approach has proven itself quite productive.

In 1978, the then minister of national defence, Mr. Danson, set up a committee known as the national employers support committee, NESC, for the express purpose of assisting reservist employees in obtaining time off to meet their military training commitment without loss of job progression or vacation time. This would take the form of up to a maximum of 14 calendar days off during the summer.

This national employers support committee consists of a national chairperson and an executive officer plus a chairperson and as many members in provincial committees as deemed necessary to provide effective liaison between reserve units and employers. The chairpersons are all very prominent members of the community who have volunteered to serve on the national employers support committee. These people give willingly of their time to intercede with employers, if necessary, to allow reservists to meet their training commitments. Their dedication and effort is well appreciated by our forces. Indeed, the program is working well and many companies have included references to reserve training as part of their manuals on conditions of employment.

Naturally some employers—particularly those with small staffs—have difficulty in allowing time off for reserve training. This can be particularly difficult when seniority comes into play or when certain production requirements, such as assembly line production, creates undue hardship for the employer. There are not a large number of firms in this position and the department endeavours to provide alternate schedules of training for their reservist employees.

In conclusion, the national employers support committee has done commendable work in assisting reservists with their problems regarding time off the job and the members of this committee deserve a great deal of thanks for giving time from their busy schedules and for their devotion in support of the reserves.

It is more than passing interest, of course, that this House has approved an order of reference for one of its standing committees to study the reserves. This report is due December 15 and will, no doubt, include significant recommendations on conditions of service for the reserves.

I would like to thank the hon. member for his interest in the reserves and I would like to prevail upon him and other members of this House to provide support and encouragement to reserve units in their ridings and to employers of reservists.

I would also like to add that I would be glad to provide the hon. member with a list of the members of the national employers support committee, any one of whom, I am sure, would be happy to discuss the current situation in any area of the country.

METRIC CONVERSION—OPPOSITION BY GROCERS AND SMALL BUSINESSMEN

Mr. Bill Domm (Peterborough): Mr. Speaker, for two months I have been asking questions in the House of Commons in an endeavour to find out why this government is persisting in forcing metric in the retail food stores across Canada on January 1, 1982, making Canadian measurement illegal. I have reinforced the argument in the House of Commons on several occasions.

As late as April 23, 1981, the Canadian Federation of Retail Stores, some 4,000 strong, were 85 per cent opposed to metric at this time with the United States backing off. The Canadian Organization of Small Business sent letters to the ministers responsible for the implementation of metric in Canada, saying they do not wish to proceed with metric. The Retail Council of Canada sent a strong letter of opposition to force metric in the retail food sector to all the ministers involved. The retail food sector itself has sent a communiqué to the minister responsible indicating it does not wish to proceed with metric. I have not found anybody who supports the implementation of metric in the food sector except the Minister of State for Small Businesses (Mr. Lapointe), the Minister of Industry, Trade and Commerce (Mr. Gray) and the Minister of Consumer and Corporate Affairs (Mr. Ouellet).

● (2210)

I have here the communiqué which was released or sent to these ministers by the food sector of scale conversion advising them that:

> The retail food industry members of the Working Group wish to recommend strongly to the government that the scheduling of food scale conversion to metric units in Canada, which appeared in *The Canada Gazette*, Part I of 28 February, 1981, be delayed so that the conversion will take place at a time closer to when retail food scales will be converted in the United States.

After two and a half years, since Peterborough and Kamloops were pilot centres in 1978—and, by the way, Peterborough is totally back to imperial at this time—I have found no support, none whatsoever, for forced metric in the retail food sector. By the way, metric was supposed to be voluntary when it was first conceived by this ill-fated government.

I finally discovered the reason for this. I requested this debate tonight with the ministers or the ministers' parliamentary secretaries in order that I could document in *Hansard* why Canada is going metric. There are 45 voting members in the scale conversion group of the Metric Commission. Who are those 45 voters? I have them here, and I would like to advise this House and have it well documented in *Hansard*. This is in response to the minister's statement in the House of Commons

on April 23 when he said everybody wants to go metric. Of those 45 people 13 voters are from foreign countries representing foreign manufacturers of metric weigh scales which they cannot sell in their own countries. The United States of America is represented, Japanese products are represented and other foreign manufacturers are represented.

Let me give you an example of some of these who say, "Aye, we want metric in Canada on January 1." Let me break down the 45 voters. Thirteen voters are representatives of foreign manufacturers of metric weigh scales. Why would they not want metric in Canada? They cannot sell these darn scales in the United States, Japan or in Holland. They might as well dump them here in Canada. We are the guinea pigs for the metric conversion programs of all these foreign internationals. There are 11 government votes by paid civil servants. They vote "aye, we want metric on January 1". Of those 11 government voters, six are from the Metric Commission, all drawing salaries because of their mandate to force metric on the people of Canada. Four of these 11 government voters are from the Department of Consumer and Corporate Affairs. I could read their names into *Hansard*. I will turn them over to *Hansard*. Can you imagine, there is even a man from the Post Office who is voting us metric in the retail food sector. If you add them up, you have 13 foreign companies manufacturing weigh scales in other countries wanting to dump them here in Canada, and 11 votes by government civil servants, making a total of 24.

How many retail grocers are there who vote for metric on that special group called the working group on scales in the retail food industry? There are 21 retail grocers in that group who are not happy. How did those 21 retail grocers vote, Mr. Speaker? They sent a directive to all three of those ministers opposite telling them they do not wish to proceed with metric on January 1 in the retail food sector. I have copies of the communiqués. They have been relayed to the ministers by Mr. Boire, the executive director of the Metric Commission. He has advised the minister that the retail food sector does not want to go metric on January 1.

● (2215)

This government and all three ministries responsible, the Ministry of Industry, Trade and Commerce, the Ministry of Consumer and Corporate Affairs and the Ministry of State for Small Businesses and Tourism, are forcing metric on the people of Canada. They are forcing the French Systems International metric. Bolts from Japan will not fit nuts from Germany, and here we have Systems International. There are ten forms of metric, and we picked the dog of the works. We do not want metric; the government does. Even the Metric Commission has recommended to the government that it not proceed.

I will read the following one-sentence communiqué from the "Metric Minutes" of the Metric Commission dated May 7, 1981:

> The retail food industry members of the Working Group wish to recommend strongly to the government that the scheduling of retail food scale conversion to metric units in Canada, which appeared in *The Canada Gazette* Part I of February 28, 1981, be delayed so that conversion will take place at a time closer to when retail food scales will be converted in the United States.

What does the government say in answer to that? What does the parliamentary secretary say? I do not want to hear the hogwash we heard on April 23 that everyone wants metric. Who wants metric? Is it the French who want metric, or is it the Canadian grocers who want metric? I defy the government to name one organization, one corporation, one independent businessman, one consumer group, one retail council or one anything which wants metric in Canada forced on it and Canadian imperial measurement made illegal on January 1.

What Canadians want fines, lockups, imprisonment or confiscation of equipment on January 1, all done by order in council or regulation? No legislation has been fully debated in this House. There has been no legislation forcing metric on the Canadian people. This is being done dictatorially by this Liberal government, which is bound and determined to force on the Canadian people a French system of metric which is only one of ten systems being used. Foreign multinationals including McDonnell Douglas, the manufacturer of the CF-18A, have given up. That firm has gone totally imperial. The CF-16 was a disaster in metric. They could not even order parts. No one supports Systems International except France. Why are we going to SI metric in the weigh scale business in Canada? Why are we buying foreign multinational weigh scales to the tune of $564 million worth of industry created in another country?

Who does this satisfy? Does it satisfy the Prime Minister (Mr. Trudeau)? Does it satisfy the Department of Consumer and Corporate Affairs, the Minister of State for Small Businesses and Tourism, or whom? The question has never been answered. I am sick and tired of asking it. Will someone stand up in this House and say who wants metric in the retail food sector?

Mrs. Ursula Appolloni (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, on the one hand, the hon. member has just accused the Canadian government of following the French government, the Japanese government or some other foreign power which wants us to go metric, but we are doing it on our own, we are Canadians. On the other hand, the hon. member wants us to wait until the Americans have caught up with us. We do not have to catch up with or follow any other country. We are on our own. We shall remain so with respect to metric as with other things.

In the House on April 23, 1981, the Minister of State for Small Businesses and Tourism (Mr. Lapointe) noted that the president of the Canadian Federation of Retail Grocers and the president of the Canadian Organization of Small Business simply asked that, together with them, the minister look into the possibility of setting another time schedule for scales conversion.

The government has examined the implications of further delay not only upon the scales conversion program itself but also the adverse impact it would have upon the implementation of other sector conversion programs, which are well advanced.

To delay is to prolong the period of indecision and uncertainty, for which the hon. member's government was well noted, facing these companies. It would result in the creation of unwarranted costs in terms of loss of interest on capital investment and in the postponement of the benefits to be derived from production and marketing. The longer the uncertainty—of which the Tories are past masters—lasts, the more difficult it is to implement sound business decisions.

It is for these major reasons that the government intends to proceed as planned with the retail food scale conversion which is to commence in January, 1982, and be completed by December, 1983. Here again I differ with the hon. member, as we often do, with respect to figures.

Also on April 23, 1981, the hon. member for Peterborough (Mr. Domm) commented on the structure of the food sector of scales conversion. Actually, the correct name is the working group on scales in the retail food industry. Having correctly identified the subject under discussion, I would like to point out that food industry organizations represented in the working group account for more than twice the number of any other group and more than those from all other groups combined.

● (2220)

An hon. Member: No, they do not.

Mrs. Appolloni: There are 33 food industry organizations compared to only 14 scale industry organizations represented on this metric conversion committee, Mr. Speaker.

WESTERN SEPARATISM—CALL FOR REVIEW OF CONSTITUTION AND ENERGY POLICIES

Mr. Douglas Roche (Edmonton South): Mr. Speaker, on November 21, 1980, I urged the government to modify its Constitution and energy policies so that the flame of separatism in the west can be stamped out quickly before it becomes a roaring prairie fire. Since that time the rigidity of the government in maintaining policies detrimental to the west has been blatant. Without a doubt they are damaging national unity.

The Canada West Foundation poll, released a few days ago, shows a significant rise in western alienation. The poll, taken in March, shows that 36 per cent of westerners agree with the statement:

Western Canadians get so few benefits from being part of Canada that they might as well go it on their own.

When the same question was asked last October, 28 per cent agreed. The increased alienation is most pronounced in Alberta, particularly because of the detrimental effects of the National Energy Program. In Alberta, 49 per cent of those surveyed now agree with the statement compared with 30 per cent last October.

The fact that virtually half of Alberta is inclining toward separatism ought to galvanize the government to action—first of all to stop the policies that are producing this spirit, and secondly to institute policies clearly aimed at protecting provincial rights in both the Constitution and energy areas. It is true that hard-core separatists in Alberta amount to only 11 per cent, but this figure too is growing. And it would be irresponsible for any federal representative from Alberta to soft-pedal the seriousness of the present situation. Yet the Prime Minister (Mr. Trudeau) in his speech in Winnipeg, June 3, did not seem anxious or concerned. He preferred to talk about medicare and pension benefits to prove the large heartedness of the Liberal government—without going on to admit that that same government's energy policies have driven 139 oil rigs out of Canada, and have cut drilling activity in half. The service sector in Alberta faces a 30 per cent drop in business, and bankruptcies are up 300 per cent over last year. When these figures are set against the backdrop of federal government spending of $5.5 billion to $6 billion this year for offshore oil at world prices, the government's policies emerge as some sort of ridiculous joke.

This is a very serious matter, Mr. Speaker. Albertans have forgone some $30 billion in revenue that could have been obtained had we sold oil at even 75 per cent of world prices to our fellow Canadians. We have done that willingly in the interests of consuming provinces and the need to keep our industries competitive. But when federal intransigence—I call it the "Lalonde follies"—are continued, we must expect a rising sense of anger in the west.

Yet what does the Prime Minister do? After mentioning that the figure of 36 per cent disenchanted respondents is a matter of no concern to him, he states that it could be because he has not been able to get his side of the story across. He blames the Tories and the New Democrats for nursing the western grievances along. He persuades himself that the only reason why the westerners are concerned these days is that they have hardly any Liberals to represent them. That is not the westerners' fault. The reason why the Liberals have so little support in the west is that they have done so little to deserve it.

Westerners feel ignored in national policy matters. The new energy program, for example, has had no policy input from the west. It is seen in the west as a policy that is heavily oriented to the east. On February 25, the Alberta minister of energy and natural resources accused the federal Minister of Energy, Mines and Resources (Mr. Lalonde) of presenting the National Energy Program in the full knowledge that not one of the producing provinces would accept it. But economic policy is one thing. It is the attitude it breeds among the people it affects which I regard as infinitely more dangerous in the long run. When the Alberta Court of Appeal ruled that the federal government cannot tax natural gas from provincially-owned wells, and when the federal government now persists in doing what has been declared illegal and asks me to stand and vote for it, there is a loss of respect for law. There is a feeling of being discriminated against, and there is growing anger in the hearts of the people.

● (2225)

Interpreting the latest poll, Doctor David Elton, the President of the Canada West Foundation said:

Such a shift in so short a period of time reflects serious dissatisfaction with national policy.

I urge the government to review its policies before it is too late. I do not want separatism to become a viable political force. But a great collision of forces is coming unless a new spirit of accommodation is injected into policies and ongoing negotiations. It is time for the government to wake up to its responsibility to all people of Canada. That is the only way the country will be held together.

Mr. Ron Irwin (Parliamentary Secretary to Minister of Justice and Minister of State for Social Development): Mr. Speaker, I should like to remind the hon. member that from 1960 to 1973 when we in northern Ontario were paying 25 per cent more than the world price because we had to take Alberta crude, we did not cry about it; we did not say that we would separate. If we thought about it at all, we said, "Well, that is the price of being Canadian; one region helping the other."

Also I remind the hon. member that prior to 1930, those resources were all federal. Within the last ten years multinational oil companies, most of which are foreign, made a 400 per cent increase in profits; a 50 per cent increase last year and a 50 per cent increase the year before.

When the hon. member brought this matter up on November 21, 1980, it was in support of an extension to the Joint Committee on the Constitution, and that was given. At that time he talked about the Constitution and the energy policies alienating Alberta. Now he talks about flames of separatism and roaring prairie fires.

Let us see what was in the Constitution which inflamed separatism. It was basically three things: a formula which indicated that in Canada we will amend in the future and no longer have to go to England cap in hand; a charter of rights which indicates basically that there will be human dignity which no government can change; sections 57 and 58 which give more provincial control of provincial resources.

If we have alienated the west, how have we done it? Was it by questioning the powers of the premiers, by daring to say to the oil companies, "Hey, you are making too much", by suggesting that we are one country and not ten balkanized states? If we have, that is the way a national party should act.

The truth is that at worst no Liberal during the Quebec referendum, went into Quebec and inflamed separatism. At best, what the Tories are thriving on, nourishing on and living on is western separatism.

Mr. Baker (Nepean-Carleton): What a shameful accusation!

Mr. Irwin: It is true, it is true. At the worst, no Liberal went into Quebec and inflamed separatism and, at best, the Tories are living on it.

I have one consolation. History will record this in the same way as it recorded the flag debate because history has a way of sorting out truth. History will also indicate that there is a reason the Tories are in opposition and the Liberals are in power; it is that they have no national scope.

Mr. Roche: Shocking!

Mr. Baker (Nepean-Carleton): Just dreadful!

The Acting Speaker (Mr. Blaker): The motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until two o'clock tomorrow afternoon.

At 10.28 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, June 9, 1981

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

ENERGY

OIL PRICING AGREEMENT—NEGOTIATIONS BETWEEN FEDERAL GOVERNMENT AND PROVINCE OF ALBERTA—MOTION UNDER S.O. 43

Mr. Girve Fretz (Erie): Madam Speaker, I rise on a matter of urgent and pressing necessity. Given the fact that the Minister of Energy, Mines and Resources (Mr. Lalonde) will meet tomorrow with his Alberta counterpart to try to end the oil pricing impasse, and given that this impasse has crippled the Canadian oil exploration industry and shipped millions of dollars to foreign producers, leaving us ever more dependent on fragile sources of supply, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the Minister of Energy, Mines and Resources bargain in good faith and avoid the temptation to make political points, and thereby bring sanity to the Canadian oil picture.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ROYAL CANADIAN MOUNTED POLICE

RETROACTIVITY OF PAY INCREASES—MOTION UNDER S.O. 43

Mr. Peter Elzinga (Pembina): Madam Speaker, whereas the Treasury Board has made the pay increases for members of the RCMP retroactive to April 1, 1981, rather than to the promised January 1, recognizing this breach of faith by the federal government and recognizing the outstanding service members of the RCMP offer to the Canadian community, I move, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

That this House direct the Treasury Board to live up to its commitment to the members of the Royal Canadian Mounted Police by extending the retroactivity of their pay increases to January 1, 1981.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

THREATENED DESECRATION OF BAHA'I SHRINE IN IRAN—MOTION UNDER S.O. 43

Mr. Bill Kempling (Burlington): Madam Speaker, under the provisions of Standing Order 43 I wish to move a motion. In light of the brutal disregard for human rights displayed by the Iranian government against the Baha'i faith in Iran, and in view of the announced intention of the government of Iran to destroy all traces of the holiest Baha'i shrine and to desecrate its site, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That this House deplores the decision to desecrate the sacred shrine which three million Baha'i around the world consider the birthplace and the symbol of their faith, and that should the government of Iran continue its persecution, we urge that the United Nations Commission on Human Rights take up once again its investigation of Iranian policy toward the Baha'i community in Iran.

Madam Speaker: Is there unanimous consent for the presentation of this motion?

Some hon. Members: Agreed.

Madam Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to.

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ROYAL CANADIAN MOUNTED POLICE

RETROACTIVITY OF PAY INCREASES—MOTION UNDER S.O. 43

Mr. Les Benjamin (Regina West): Madam Speaker, now that the Solicitor General (Mr. Kaplan) is here, maybe we can obtain the agreement of hon. members opposite under the provisions of Standing Order 43.

In July, 1980, members of the RCMP were promised that pay increases would begin on January 1, 1981, as they do in other Canadian police forces. Because the RCMP has no union to fight for decent wages and working conditions, last week the Treasury Board was able to double-cross and chisel the force, and announced a pay increase retroactive to April 1, rather than January 1, 1981. Therefore I move, seconded by the hon. member for Mission-Port Moody (Mr. Rose):

S.O. 43

That since this Treasury Board decision has robbed each member of the force of $750 to $1,600 each, the Solicitor General and the President of the Treasury Board immediately make the recent pay award retroactive to January 1, 1981.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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POLITICAL PARTIES

CONSERVATIVE PARTY POSITIONS—MOTION UNDER S.O. 43

Mr. Robert Daudlin (Essex-Kent): Madam Speaker, I rise on a matter of urgent and pressing necessity. Whereas the hon. member for Edmonton South (Mr. Roche) stated yesterday in an article in *The Globe and Mail*, and again in this House, that he advocates a foreign affairs debate, whereas his House leader in a CP wire report today stated that the official opposition wishes to spend its allotted time on economic issues, and whereas the Conservative party has decided to debate capital punishment this Thursday instead of economic issues, I move, seconded by the hon. member for Madawaska-Victoria (Mr. Corbin):

That the Leader of the Opposition and his House leader get their act together and indicate to this House and the country whether they are sincere in their desire to discuss economic questions or whether this is further evidence of the duplicity, disintegrating Tory leadership, and party disloyalty expressed on the other side.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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TRADE

INCREASE IN DEFICIT—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, under the provisions of Standing Order 43 I wish to introduce a motion. Whereas new statistics show that Canada has registered an outrageous current account deficit in excess of $1 billion during the first quarter of 1981, I move, seconded by the hon. member for Calgary South (Mr. Thomson):

That this House condemns the Liberal government and in particular the Minister of Energy, Mines and Resources, who insists on importing high-priced foreign oil, and the Minister of Industry, Trade and Commerce for his lack of any concern respecting exports, who, even more than the others, must bear the responsibility for this abysmal trading record.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1410)

ENERGY

OIL PRICING AGREEMENT—NEGOTIATIONS BETWEEN FEDERAL GOVERNMENT AND PROVINCE OF ALBERTA—MOTION UNDER S.O. 43

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, I rise under the provisions of Standing Order 43. Since the February, 1980, general election the Minister of Energy, Mines and Resources (Mr. Lalonde) has used, among other things, public confusion over metric conversion to mask an increase of some 52 cents a gallon in gasoline prices, most of it federal tax. This is a clear violation of Liberal election promises. The minister and his colleagues continue to live in a fantasy land where Canadians are paid only $17.75 a barrel for oil—

Madam Speaker: Order, please. Could the hon. member do away with the props?

Mr. Greenaway: —but foreigners are gladly handed $40 plus a barrel, a ridiculous situation that is incomprehensible to anyone of reasonable intelligence. Therefore I move, seconded by the hon. member for Bow River (Mr. Taylor):

That the Minister of Energy, Mines and Resources tomorrow in Banff act in a realistic, reasonable and responsible manner in negotiating a pricing agreement with his Alberta counterpart, and end this ongoing lunacy.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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ROYAL CANADIAN MOUNTED POLICE

RETROACTIVITY OF PAY INCREASES—MOTION UNDER S.O. 43

Mr. Gordon Taylor (Bow River): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas the contract with the RCMP expired December 31, 1980; whereas the RCMP's wages are lagging behind those of city police, such as Vancouver's, who are not subject to transfers necessitating, for example, such items as new mortgages at high interest rates and whereas it is doubtful if any police force in Canada gives so much overtime and free work on days off as does the RCMP, I move, seconded by the hon. member for Cariboo-Chilcotin (Mr. Greenaway):

That this House urges the Treasury Board and the cabinet to alter the proposed contract by honouring the January 1, 1981, date and by increasing the pay scale.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

FISHERIES

EFFECTS OF RUSHED CATCH PLAN—MOTION UNDER S.O. 43

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, whereas the major fish processors and offshore vessel owners on Canada's east coast have issued a direct challenge to the Department of Fisheries and Oceans 1981 fishing plan by catching their total allowable haddock catch in a compressed time-frame, and whereas this practice caused severely depressed prices to inshore fishermen leading to a three week tie up, and is bound to recur in other fisheries, I move, seconded by the hon. member for Vancouver East (Mrs. Mitchell):

That the Department of Fisheries and Oceans investigate the implications of this rushed catch plan by the major companies on fish prices to offshore and inshore fishermen, on incomes to plant workers, and on prices to consumers, with a view to developing a more rational and orderly catch scheme for 1982.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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ENERGY

OIL PRICING AGREEMENT—FEDERAL-PROVINCIAL NEGOTIATIONS—MOTION UNDER S.O. 43

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, the Alsands Energy Ltd. consortium which includes 17 per cent ownership by PetroCan has put together a management team which is ready, willing and able to proceed with their project if an oil pricing agreement is reached. Their team will be lost if such an agreement is not reached or significant progress is not made. Since 50 per cent of the major equipment and bulks will come from Ontario and Quebec, and 50 per cent of the supply-erect subcontracts will come from Ontario and Quebec, with a value of some $1.6 billion and the creation of thousands of jobs, it is imperative that both sides come to an agreement quickly. Therefore, under Standing Order 43 I move, seconded by the hon. member for Simcoe North (Mr. Lewis):

That the Government of Canada quit creating jobs in Saudi Arabia, Venezuela and Mexico and start creating jobs in Canada by coming quickly to a fair and realistic agreement on energy pricing.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

BUSINESS OF THE HOUSE

ALLOCATION OF TIME TO DEBATE BILL C-57—MOTION UNDER S.O. 43

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, by invoking closure last night on Bill C-57, the Liberal government has effectively choked adequate debate in the House by members particularly from western Canada who wanted to convince the government to accept amendments, and may also inhibit the June 10 negotiations in Alberta. I therefore move, seconded by the hon. member for Pembina (Mr. Elzinga)

That the government reconsider and allow for debate on amendments of these regressive oil and gas taxes.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1415)

ORAL QUESTION PERIOD

[*English*]

ENERGY

OIL PRICING AGREEMENT—INSTRUCTIONS TO FEDERAL NEGOTIATORS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is for the Prime Minister. Oil prices have increased 12 times since the beginning of 1980, for a total of $12.79 per barrel; 72 per cent of this $12.79 has ended up in the federal government coffers in the form of increased taxes. The Alberta proposal of July, 1980, would have resulted in a price increase of only about half this amount, or about $6.50 per barrel. So all Canadians have today are high energy taxes and low energy development.

What instructions has the government given to the Minister of Energy, Mines and Resources to break the deadlock with Alberta, a deadlock which has been caused directly by Liberal government greed and the broken election promises of the 1980 election?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, in so far as the latter part of the question is concerned, I repeat the figures given to the House by the Minister of Finance, to the effect that because the Clark-Crosbie budget was not applied, consumers in Canada have now saved $1.9 billion over what they would have saved.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): Not even Pinard will believe that.

Mr. Andre: And the Americans have $4 billion of our money.

Mr. Trudeau: Madam Speaker, the facts and the figures are easy to establish. One just has to take the Crosbie budget, look at the increase—

Mr. Hnatyshyn: Order!

Mr. Trudeau: —look at the specified price set in that budget, being 85 per cent of world prices, and then the hon. member would find out how we have saved that money of the consumers thus far.

In so far as the instructions given to the minister are concerned, they are quite simple. It is to seek a compromise solution with the government of Alberta. The need for increased prices has been recognized in our own national energy policy; it is still being recognized. It was indicated by the Minister of Energy, Mines and Resources in his meeting last month with his Alberta counterpart that we would be recognizing the need for higher energy prices. The big discussion, no doubt, will be on the share of those prices which remains in Alberta and that share which is redistributed through the federal government to Canadian consumers, the taxpayers.

Mr. Hnatyshyn: Which one, Pierre?

Mr. Wilson: Madam Speaker, the Crosbie budget is not the point. I am talking about what happened after the Crosbie budget, with the Alberta proposal of July, 1980, compared with what has happened since then. The government is a party of high gasoline prices, and it is a party of broken promises.

Some hon. Members: Order, order!

Mr. Wilson: It is a party of high prices, which have been gobbled up by the federal government through increased taxes, and high prices which have done nothing to keep drilling rigs in the country and to encourage energy development.

Some hon. Members: Question!

SHARING OF TAX REVENUES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my supplementary question is specifically related to this compromise. Is the government prepared to share some of these exorbitant taxes with the producing provinces and the industry, or is it proposing to layer the inevitable price increases which will come from these negotiations on top of the high taxes we have already seen?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, once again the hon. member seems to misunderstand the essential difference between the policy of his party and our policy. The essential difference is not on the need for higher prices. We recognize that; we recognized that during the election.

Mr. Clark: Except in Allan's ads.

Mr. Trudeau: We are just ensuring that these higher prices will still be lower over the four-year period than those proposed by the party opposite.

But the essential difference, once again, is not on prices. It is on how the money flowing from that resource will be shared among Canadians. That is the essential difference. Essentially that is the reason why Premier Lougheed's proposal of last summer was not acceptable to the government, and is not acceptable today. It still resulted in Alberta receiving about 45 per cent of the returns from the petroleum industry—

Mr. Andre: Nonsense!

• (1420)

Mr. Trudeau: —the private sector getting about 45 per cent—

Some hon. Members: Oh, oh!

Mr. Trudeau: —and the federal government getting about 10 per cent. This is not acceptable to a government whose duty it is to ensure equality of opportunity across the country.

Mr. Wilson: Madam Speaker, the point is that we must share. Some 72 per cent has been shared by the federal government since the beginning of 1980. The balance has gone to the others. I am asking whether there will be some better distribution of those funds than has been the case so far to date.

EXCISE TAX ON NATURAL GAS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my supplementary question relates to what happened last night. Alberta and British Columbia have consistently opposed the excise tax on natural gas. The legality of this particular tax is yet to be decided by the Supreme Court of Canada. Last month the Appeal Court of Alberta ruled that this tax was invalid, illegal. Since Alberta has specifically requested that this legislation relating to that tax be deferred until after the negotiations, and until after the Supreme Court decision, how can the Prime Minister justify invoking closure on this particular piece of legislation on the very day that the negotiations with Alberta were to start?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member began his question by pointing out figures which are quite fanciful. But, assuming that they were true and that 75 per cent went to the federal government—

Mr. Wilson: Seventy-two per cent.

Mr. Trudeau: —72 per cent went to the federal government, he asked if there could be a better share. I can assure the hon.

member that—and I do not accept his figures—the share we are requesting indeed will be considerably better than that.

Mr. Wilson: You want more than 72 per cent?

Mr. Trudeau: We would like the over-all result to be the federal government sharing 23 per cent or 25 per cent of the take, and the provinces and the private sector sharing the rest. Whether it be 25 per cent, 30 per cent or 22 per cent, it certainly is not 72 per cent that we are requesting. We are asking for a fair share for the government which speaks for the people of Canada, which must redistribute equality of opportunity across this country.

Some hon. Members: Hear, hear!

Mr. Clark: That is your Mexico first policy.

Mr. Trudeau: It is the consumers of Canada who are paying this money to the producing provinces and—

Mr. Beatty: And to Mexico.

Mr. Trudeau: —it is the consumers of Canada who should in some way be benefiting from this resource which belongs to Canada.

The hon. member opposite has a question about Mexico. I will sit down and hear that question.

REQUEST FOR LOWERING OF TAXES

Hon. John C. Crosbie (St. John's West): Madam Speaker, my supplementary question is for the Prime Minister who should get together with the minister of energy who, on June 3, said that he conceded that the current oil prices Canadians are paying are about even with those projected in the Conservative budget. During the election campaign the Prime Minister, on January 30, 1980, said this in St. John's Newfoundland:

> Our price will not be $6 a barrel; it would be under $4 per barrel.

That is 16 cents a gallon translated into gasoline prices at the pump.

To date the Prime Minister's government has raised prices in St. John's 64 cents a gallon for gasoline and some 44 cents a gallon for heating fuels—a 55 per cent increase. Of the 12 increases, nine have been federal tax increases. In order to reach an oil pricing agreement with the producing provinces, in order to treat the Canadian consumers fairly, and to begin to meet his promises and not continue to betray Canadians, is the Prime Minister prepared to lower the federal taxes imposed in the last 15 months by something in the order of 30-odd cents a gallon to give room to increase the price to the primary producers at the wellhead, so that this matter can be settled, and settled quickly?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if the hon. member wants to talk about promises, the least he could do would be to quote them in their entirety. When I talked about $4 a barrel, even the hon. member should realize that it was $4 a barrel for 1980.

Some hon. Members: Oh, oh!

• (1425)

Mr. Trudeau: I said—

Mr. Baker (Nepean-Carleton): There's no tomorrow.

Mr. Trudeau: I said, specifically, Madam Speaker, that we were talking of 1980, and it could not have been $4 for the whole four-year period that the hon. member's budget had contained. It was $4 for 1980. For 1981, the minister—

Some hon. Members: Oh, oh!

Mr. Trudeau: Yes, it was $4, and it did not have that extra 18-cent excise tax that the hon. member for St. John's West would have brought on. So, we did keep our promise in 1980.

Some hon. Members: Hear, hear!

Mr. Trudeau: So far as the four-year period that was covered by the budget of the hon. member opposite is concerned, we undertook—and the Minister of Energy, Mines and Resources repeated that undertaking the other day—that we would still be underneath the figure which would have been produced as a result of the hon. member's budget, and that is still our commitment today.

Some hon. Members: Hear, hear!

INSTRUCTIONS TO MINISTER

Hon. John C. Crosbie (St. John's West): Madam Speaker, the Prime Minister has betrayed the Canadian people.

Some hon. Members: Oh, oh!

Mr. Crosbie: This is what the Prime Minister said in Halifax:

> Our made-in-Canada (oil) price will result in a lower price to consumers than the one proposed for the next four years—

Mr. Baker (Nepean-Carleton): That's what he said.

Mr. Crosbie: He did not make any promise about one year, and he has raised the price 60 cents a gallon to date. His answer to the people of Canada is that people appear "prepared to pay these higher prices". That is how sanguine he is now. He has managed to get himself into power for another four years without going to the electorate. "Drivers are willing", he said.

Now, my supplementary question to the Prime Minister—

Madam Speaker: Order, please. I have to call the hon. member to order. It seems that every time he asks a question he makes it too long, and I have to get up and call him to order. I am sure that he has noticed by now that his questions are always too long.

Mr. Crosbie: They are warring like little rabbits over there, Madam Speaker. My supplementary question is to the Prime

Minister. The Prime Minister's biographer, Mr. Gwyn, says that he wants to settle this energy pricing agreement even more than the constitutional question. Will the Prime Minister therefore instruct his Minister of Energy, Mines and Resources to stop twisting the truth, to stop imposing additional taxes on Canadians such as the 9-cent tax last week, or will he replace that minister with some other negotiator who can be trusted by the people of Canada and trusted by the people he has to negotiate with?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): I am glad that the hon. member read that quote from my Halifax statement during the campaign. He read it quite correctly, for once. It stated that we were giving an undertaking covering the next four years.

Mr. Crosbie: You have violated it already.

Mr. Trudeau: Those are the words that he used. Madam Speaker, in the first of those four years, 1980, we were lower than the Tory prices.

Some hon. Members: Hear, hear!

Mr. Crosbie: Ask the Canadian consumer.

Mr. Trudeau: In the second of those four years, 1981, as the minister of energy said the other day, and the hon. member quoted him correctly again, we were about even with the Tories. Therefore, as an average over the two years we have kept our promise, and I can repeat that over the four years—

Mr. Andre: Try the truth.

Mr. Trudeau: —we will have kept it, in spades.

* * *

THE ECONOMY

INCREASE IN NUMBER OF BANKRUPTCIES

Madam Speaker: The hon. member for Oshawa.

Some hon. Members: Hear, hear!

An hon. Member: Is it going to be in Spanish?

Mr. Hees: He's going to use his best Spanish.

Madam Speaker: Order.

Mr. Edward Broadbent (Oshawa): The question will not be in Spanish, Madam Speaker, but I do not think the government will like it any better because it is not.

Today 100 Canadians will declare personal bankruptcy, yesterday 100 Canadians declared bankruptcy, and tomorrow an additional 100 Canadians will declare personal bankruptcy. This record is added to the record number who lost their homes because they could not renew their mortgages, to the record number of farmers who lost their farms, and to the record number of small businessmen who lost their businesses because of the high interest rate policy pursued by the government. How long does the Government of Canada plan to inflict this high interest rate punishment on the people of Canada?

• (1430)

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I know that the hon. member has been away for some time. I am delighted to see him back. I had hoped that he would improve the quality of the questioning from that corner, but there has not been any improvement. He is rehashing old questions that were asked in his absence. I suggest that he look at *Hansard* to get the answers.

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BANKS AND BANKING

BANK OF COMMERCE—DOUBLING OF PROFITS AND REDUCTION IN TAXES

Mr. Edward Broadbent (Oshawa): Madam Speaker, the minister is right. I have been away for two weeks, but during those two weeks the economy has become worse, as have the minister's answers. Canadians are going into personal bankruptcies and, as the minister well knows, the banks continue to increase their profits. He also knows that during the past decade bank profits have tripled but their taxes have remained the same. I should like to ask a question with reference to one of these banks in particular. How is it possible that last year the Canadian Imperial Bank of Commerce managed to double its profits from $100 million to $200 million and at the same time have a drop in its taxes from $70 million to $18 million? How is that possible.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I would have to examine the situation of that particular bank in detail. One way that its taxes may have dropped occurs to me, and that is as a result of a policy that has been supported by all members of the House, namely, the use of the small business development bond. It is a fact that if banks have tax liability, those liabilities can be reduced by the use of the small business development bond. That is one of the things the hon. member might put in his briefing book for his next trip to El Salvador.

PAYMENT OF TAXES BY BANKS

Mr. Edward Broadbent (Oshawa): Madam Speaker, the minister may smirk when he answers, but I can assure him that all the Canadians who are going into bankruptcy do not regard this government and its policies as a laughing matter at all. The subject of bank profits is obviously of no great concern to the minister, although their taxes have remained at a constant level in spite of increasing profits. Would the minister confirm that most of the taxes paid by Canadian banks are, in

fact, paid outside Canada and not to Canada? Specifically, would he confirm that most of the $228 million paid in taxes by the five major chartered banks last year went outside Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, to refer back to the earlier question, the hon. member asked if I could explain why it was possible that taxes for a particular bank decreased. I said I would have to study the matter in order to know the condition of the bank but that one possible way it could decrease its tax liability would be its use of the small business development bond which extends benefits to small businessmen at about half the commercial rate. That is one possible way, and I would ask the hon. member to consider it seriously.

The hon. member asked several other academic questions about how it is that banks pay their taxes abroad. He knows the answer to that as well as I do. He has probably also had in his briefing book the old saw that you do not ask a question unless you know the answer.

* * *

WESTERN DEVELOPMENT FUND

GUIDELINES FOR SPENDING OF MONEYS

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I propose to ask the President of the Treasury Board a question to which, unfortunately, I do know the answer. It deals with a matter in the litany of broken promises made to western Canada by this government, specifically, the Western Development Fund. The minister tabled his estimates for the current fiscal year in the House on February 26. At that time he indicated that $350 million would be spent this year under the Western Development Fund and that the details of the fund were to be tabled in the supplementary estimates later this year.

In view of a report in yesterday's *Winnipeg Free Press* that the bureaucrats in the federal government are trying to scuttle the Western Development Fund, could the minister tell the House whether any progress has been made toward establishing guidelines for the expenditure of this money? In view of the fact that it seems the money will not be available this year because of the lack of guidelines, can he give a commitment that the moneys that were to be spent this year will accumulate and be carried over until next year?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I thank the hon. member for that question. As he knows, under the system of expenditure management the expenditure of those funds is addressed by the Economic Development Committee. I tabled the estimates and I stand behind them, but as President of the Treasury Board I am not responsible for every item in the blue book.

CONSULTATION WITH PROVINCES

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, unfortunately I cannot find any minister who is prepared to take responsibility for this fund. It is one reason why the Liberal party is becoming the laughing stock of western Canada.

Since the Minister of Employment and Immigration does not know anything about this topic, I should like to put a question to the Minister of Finance. There has been a series of broken promises to western Canada, including double tracking, the payment for the Soviet grain embargo, energy policies which are an attack on western resources, and the economic development policy for Indians. I could go on and on. The minister said that there would be consultation with the provinces of western Canada with respect to the expenditure of this fund. When will this consultation take place? When may we expect a conclusion of that consultation, and when may we expect action with respect to the Western Development Fund?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member will recall that there was an indication of consultation with western Canada. That consultation would probably be with the program ministers when any particular project is to be approved or financed.

Mr. Hnatyshyn: Scandalous.

PROJECTS TO BE FUNDED

Mr. Jack Murta (Lisgar): Madam Speaker, I should like to direct a question to the Minister of Finance. Could he outline to the House what projects the government intends to fund with the money that is supposed to be going into the Western Development Fund? From time to time the Minister of Indian Affairs and Northern Development has stated in western Canada that the money from this fund will be available for a particular project in which he is interested. Rail lines, ports, airports and a number of things have been mentioned as possible projects. In fact the amount of money talked about politically is probably higher than the highest estimate of the size of the fund. Could the minister indicate what projects will be funded through the Western Development Fund?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I already indicated to the hon. member who asked a question earlier that particular projects would have to be put forward in any area by the program ministers. That is something that I am not able to indicate on their behalf this afternoon.

COMPOSITION OF FUND

Mr. Jack Murta (Lisgar): Somebody must be in charge of the fund, Madam Speaker. What has happened to it? It appears that it is another attempt by the Liberal government

to raise the expectations of the people in western Canada, and that that is as far as it goes.

May I put another question to the minister. There has been the suggestion of a great miscalculation in the total amount of money to go into the Western Development Fund based on figures projected by officials in the Department of Energy, Mines and Resources. If the minister cannot tell us what projects are being considered, could he at least indicate the size of the fund? How much money will go into this Western Development Fund, and over how many years will it function? Can the minister inform the House on these points?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, both the questions asked by the hon. member were dealt with in the budget and in the National Energy Program.

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ROYAL CANADIAN MOUNTED POLICE

RIGHT TO COLLECTIVE BARGAINING

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is directed to the Solicitor General and it concerns another promise broken by the government. As the minister knows, members of the RCMP across Canada feel betrayed and double-crossed by the failure of the Liberal government to make their pay increase retroactive to January 1 this year as was promised to them last July. This breach of trust, which costs each member at least $750, has shown the minister's div-rep system to be totally inadequate.

● (1440)

In view of the fact that many members of the force are now actively supporting the right to no-strike collective bargaining, will the minister explain his recent threat to end contract policing? Will he also explain his union busting threat to cut the size of the force if there is any movement by mounties to form a union, a threat which his colleague, the Minister of Labour, will recognize as being an unfair labour if such a threat were made by anyone else?

Hon. Bob Kaplan (Solicitor General): Madam Speaker, if a 22,000-man police force, working from one coast of Canada to the other, were ever to have the right to strike, or to move in the direction of having the right to strike, the possibility of such a strike and the damage it might do to the security and order of Canada would have to be taken into account by the government. The mandate of the RCMP can remain as broad as it is, it can serve the Canadian people at three levels of government, in every province and territory, precisely because the force does not have the right to strike, and the Canadian people know they can fall back on it.

In so far as the preamble to the hon. member's question is concerned, I think the force has been served very well by the div-rep system. When the recent pay raise went before Treasury Board, account was taken of the fact that the RCMP does not have the right to collective bargaining or the right to strike. It was taken into consideration that a group within the public service which does not have that right should be compensated for its forbearance, and that was taken account of when the pay raise was settled.

I have reviewed the record very carefully, and there have been deep misunderstandings. I think these misunderstandings, well intentioned, have been on both sides, on the side of the RCMP and on the side of the Treasury Board. Since then I have had several meetings with the President of the Treasury Board, and I expect to have good news for the force very soon.

Mr. Robinson (Burnaby): Madam Speaker, no one has ever suggested the right to strike. We are talking about the right to collective bargaining. It is the government's betrayal of its promises that will lead to the action which the minister is suggesting should not take place. His blackmail is resulting in the growth of the association of 17 divisions.

COMMITMENT TO MAKE PAY INCREASES RETROACTIVE TO JANUARY 1, 1981

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my supplementary question is directed to the President of the Treasury Board. He knows that the Treasury Board minute dated July 23 confirms that the 1981 contracts were supposed to start on January 1 this year. That was the promise that was made. Will the President of the Treasury Board confirm this commitment and explain to the House why he betrayed this commitment to the RCMP, and explain it also to members of the force? Will he explain why this incredible decision, a decision which really represents a shameful double-cross of members of the force, will not be reversed, and reversed very quickly?

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I thank the hon. member for his question. I believe the situation requires a certain amount of clarification for members of the House. First, in the year commencing April 1, 1980, the RCMP received an increase of 12.9 per cent on payroll. That translated to between 13 per cent and 14 per cent altogether in cost. That was set forth in the estimates for 1980-1981 for the year terminating March, 1981.

Last year there was an agreement in principle with respect to a change in the year to a calendar year. Treasury Board ministers felt that with the entire package of items put before them, the RCMP was very generously treated, and that particular change was one which was not in the best interests of the government or the taxpayers of Canada.

I would point out that, for the year ended March 31, the force had received a 12.9 per cent increase in that period. In addition, Treasury board ministers had agreed to a 12.2 per cent increase for the year April 1, 1981, to March 31, 1982, which translates into more than 13 per cent. In addition to that, other measures were taken, for example, reducing by one

year the period of time it takes a first class constable to reach maximum pay.

Some hon. Members: Order.

Mr. Johnston: There were overtime provisions. In all, and if hon. members will hear me out, since the question has been asked, it was considered to be a very generous package.

As it turns out, a number of members of the force felt they were personally prejudiced by the failure of Treasury Board to make this provision commence on January 1, 1981. This was for a number of reasons—

Some hon. Members: Order.

Madam Speaker: Order, please.

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EXTERNAL AFFAIRS

AID TO CARIBBEAN COUNTRIES

Miss Aideen Nicholson (Trinity): Madam Speaker, my question is addressed to the Secretary of State for External Affairs. At a subcommittee meeting of the Standing Committee on External Affairs and National Defence last night, the minister indicated that Canada would be willing to take part in a joint U.S.-Mexican economic assistance program to help Caribbean nations. Can the minister say whether details of such assistance have been drawn up by his officials, toward that end?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, Canada has a full and, I believe, effective development program for the Caribbean area. We would certainly be prepared to share objectives with other countries that have the same ends in mind.

We have had no advance notice of the proposal which was made yesterday by the United States and apparently agreed to by Mexico, but we have an open mind on it. The Prime Minister has agreed in principle to meet at some time with the President of Mexico and the President of the United States. This is a matter which could be on the agenda and on which policy could be developed, both before and after.

At the moment, there are no further details nor have we given our assent to the proposal. As far as we know, there is really no exact proposal.

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ROYAL CANADIAN MOUNTED POLICE

RETROACTIVITY OF PAY INCREASES

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, I have a supplementary question for the President of the Treasury Board. It is a brief question which will permit him a brief answer. Can the President of the Treasury Board tell us whether the government will make the RCMP pay increase effective January 1, 1981?

Mr. Lawrence: A simple yes or no will do.

Hon. Donald J. Johnston (President of the Treasury Board): Madam Speaker, I have met and I am meeting with my colleague, the Solicitor General, to discuss this problem. There are some misunderstandings, as I indicated in an earlier answer. I want to ensure that members of the force are not prejudiced, but I will obviously have to take the matter before my colleagues in Treasury Board, who arrived at the decision collectively, to grant the RCMP an increase as of April 1, 1981.

REQUEST FOR EARLY DECISION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, is the minister in a position to give a firm undertaking since a promise was made last week by his colleague that the matter would be studied? He is promising to study it again. Will the President of the Treasury Board tell us whether the government will make a final decision, by which it will abide, this week?

Hon. Donald J. Johnston (President of the Treasury Board): Yes, Madam Speaker, the government will make a firm decision on this issue this week.

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EXTERNAL AFFAIRS

AID TO CARIBBEAN COUNTRIES—QUERY CONCERNING CUBA

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is a supplementary one and it is addressed to the Secretary of State for External Affairs. It concerns the proposals that have been discussed in the last two days by the President of the United States and the President of Mexico.

I ask the Secretary of State for External Affairs, although he has not been involved in the discussions, whether or not there have been any discussions with any other members of the government or any officials within his department, with Mr. Tom Enders, former U.S. ambassador to Canada, about this matter? Could he also advise whether such discussions also included any kind of an aid program to Cuba?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, to the best of my knowledge there have been no discussions of any kind at any level with the U.S. government or its officials concerning this subject. I might say that, as of some years ago, we cut off our aid program to Cuba entirely and more recently even in indirect forms through NGOs, and we have no intention of reinstating them to Cuba.

Oral Questions

NATIONAL DEFENCE

CANADA'S PEACEKEEPING ROLE IN MIDDLE EAST

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is for the Minister of National Defence. He will remember that last week he said that he thought the question of Canada participating in a peacekeeping force in the Sinai was under very serious consideration by Department of External Affairs. Referring to it, he said:

> We will look with sympathy because I do not think Canada wants to refuse to keep the peace in any way we can in any part of the world.

Can the minister tell us whether he has now discussed this with the Secretary of State for External Affairs, and whether his remark of last week represented government policy?

● (1450)

Hon. J. Gilles Lamontagne (Minister of National Defence): Mr. Speaker, I think it is very clear that we have continuous dialogue between External Affairs and Defence on matters like this. I said at the time that we looked very closely at the whole situation in the Middle East, and that it was also the responsibility of the Secretary of State for External Affairs to continue the dialogue and see what decision we will take eventually.

SINAI PEACEKEEPING OPERATION

Hon. Allan B. McKinnon (Victoria): Madam Speaker, the minister seems now to be disavowing some of his remarks of last week. I would like to direct my supplementary question to the Secretary of State for External Affairs. He told the press that there were several facets of the Sinai peacekeeping operation that were giving him concern, one that it was not under United Nations auspices, and the other that he did not want to become involved in a process over which we have no control and which may not be going anywhere. Obviously there is quite a difference between those remarks and the remarks of the Minister of National Defence last week. I wonder whether the Secretary of State could tell us who is speaking for the government when they diverge like this.

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I think the minister and I are both clearly saying the same thing, that no decision has as yet been made by the government on the matter. In fact no request has been made, but what we might call informal soundings have been taken and suggestions have been made that this is a force in which we might participate. The dialogue is going on within the government, and when we make a decision we will be pleased to let the hon. member and other colleagues in the House know.

NORTHWEST TERRITORIES

CREATION OF TWO SEPARATE JURISDICTIONAL ENTITIES

Mr. Keith Penner (Cochrane-Superior): Madam Speaker, as the Minister of Indian Affairs and Northern Development knows, the Legislative Assembly of the Northwest Territories has decided to hold a plebiscite on the question of whether or not to divide the territories. It is to take place on December 14 of this year. Will the minister tell the House, and assure the citizens of the Northwest Territories and their elected representatives, that if the decision is a favourable one, that is, if they vote yes, he will do all he can as quickly as possible to have enabling legislation before this House? Will he also work expeditiously on the important question of where the boundary between the new territories would come, again if that is the decision of the citizens of the NWT?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker—

Some hon. Members: Hear, hear!

Mr. Munro (Hamilton East): —I would advise the hon. member that we are studying the boundary question. As far as the plebiscite is concerned, of course the territorial government has the right to hold a plebiscite if it wishes. If it does so I am sure the decision will be taken into account by the government when it studies this fundamental question.

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AIR SAFETY

APPOINTEE TO DUBIN REPORT ADVISORY COMMITTEE

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, I have a question I would normally have directed to the Minister of Transport, but the Prime Minister may want to respond or refer it to the acting minister.

Yesterday the Air Transport Association of Canada joined a long list of significant and serious objectors to the naming of Walter McLeish, the air administrator, to the special committee set up to review the work of Mr. Justice Dubin. I wonder if the Prime Minister, in responding to the essence of the principle raised by Mr. Justice Dubin in his first report, that of the independence of the investigative aspect of air incidents and the separation of the regulatory agency from the investigative body, will indicate whether his government would in effect accept the principle in essence of Mr. Justice Dubin's first report so that the report and the study of it will not be lost in a maze of doubts and confusion arising out of Mr. McLeish's continued presence on that committee?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Madam Speaker, I should like to remind the House that last week, within hours of receiving the Dubin report in both languages, the minister very quickly tabled it so that the opposition could not say he was holding it back. He also acted very quickly in establishing an advisory committee

to act immediately on the recommendations of the Dubin report, and the practicality of having Mr. McLeish and Mr. Wilkins of the Ministry of Transport is to put the recommendations of that advisory board into immediate, practical adaptation and implementation. The minister is also in favour of an independent aviation safety council. It will take time to set that up. It will require terms of reference and the determination of its authority. This will take time, but it will be done. In the interim, this advisory committee will do it.

POSSIBLE CONFLICT OF INTEREST

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, I directed my question to the Prime Minister in part because the Minister of Transport has had this report in his hands since March 17, 1981, almost three months ago. To this day he has not responded to the principle enunciated by Mr. Justice Dubin, that is to say, that conflict of interest and the appearance of conflict of interest in the investigative process within transport in this country should come to an end. I would repeat my question to the Prime Minister, and I wish he were even remotely interested.

The principle of separation of these two processes, investigative and regulatory, is important to the safety of air travellers. Will the Prime Minister indicate whether it is government policy to accept the essence of the principle enunciated by Mr. Justice Dubin in that report, a principle that should be clear to him because the report has been in the hands of at least the minister since March 17?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I regret to say I have not read the report, but the Minister of Transport has not only read it and tabled it, but is acting on it in the way his able parliamentary secretary just indicated.

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COMMUNICATIONS

SATELLITE TELEVISION RECEIVING STATIONS IN NORTHERN COMMUNITIES

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, my question to the Secretary of State and Minister of Communications concerns remote northern communities throughout the Yukon and the Northwest Territories and many of the northern parts of the provinces. It concerns the media service they had been getting up until the early 1970s. There was no media service at all available to these communities. Then it improved somewhat with the Anik satellite and CBC North. Then, when the earth satellites, or the receiving stations came along, many of these communities, such as Uranium City, for example, in the northern part of Saskatchewan, built receiving stations and transmitted a ray of programming out to these communities.

Some hon. Members: Order, order.

Mr. Anguish: I would like to hear from the minister what the policy is now, and have his assurance that these satellite receiving stations will not be closed down in remote northern communities until there is full consultation with these communities and there is some alternative available to them. Can the minister give us that assurance?

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, as the hon. member knows, the CRTC has held some very extensive hearings over the past few months and has licensed a new Canadian cable operation known as CanCom, which basically will bring a number of television broadcast signals into the remote and underserviced parts of Canada, including CHAN-TV from Vancouver, CITV from Edmonton, and CHCH from Hamilton. It is my hope that, with these services, plus the six radio channels which have also been authorized for delivery by satellite, many of the problems in providing service to these communities will have been resolved.

NECESSITY FOR CONSULTATIONS

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, I am wondering what consultation has taken place with these northern communities. Will they be kept posted and informed? Will there be meetings held with these northern communities so they understand what is going on, because many of them fear now that their receiving stations will be closed down and there will not be anything to replace them?

• (1500)

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, my department has embarked on a rather extensive campaign to make these communities aware of the new services which have been licensed by the CRTC, and we are encouraging all the communities to apply for licences through the CRTC. I have also indicated to my officials that I want them to make themselves widely available and to be helpful in assisting these communities process applications so that they can obtain licences and receive the types of signals the CRTC has authorized, which will give them a good package of signals originating from Canadian stations.

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ENERGY

SUPPLY AND SERVICE INDUSTRY IN SOUTHERN SASKATCHEWAN

Mr. Len Gustafson (Assiniboia): Madam Speaker, I have a question for the Prime Minister relating to the very serious economic situation which exists in the oil industry in southern Saskatchewan in particular. Again and again the Minister of Energy, Mines and Resources has disregarded requests from service and supply people. I understand that there are petitions

from some 10,000 people in that area with respect to the very serious economic situation. Will the Prime Minister look into this situation and give it his personal attention?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the minister is obviously concerned about the various sectors of the oil industry. I can only repeat that over the past many years in Canada the oil industry has been getting 45 per cent of the benefits of the oil and gas produced in Canada.

Mr. Hnatyshyn: These are Canadian companies.

Mr. Trudeau: We feel that share is too high, and we are trying to reduce it. I hope some of the elements of that industry particularly—as the former minister of energy, mines and resources points out—the Canadian companies—

Mr. Clark: The ones which are leaving.

Mr. Trudeau: —will benefit from the energy policy, which is quite clearly slanted toward benefiting Canadians, as the former minister would know.

Mr. Clark: If they want to work in the United States.

SITUATION IN ESTEVAN, SASK.

Mr. Len Gustafson (Assiniboia): Madam Speaker, is the Prime Minister aware that in the Estevan-Weyburn-southern Saskatchewan region we are receiving $17.75 a barrel and that the increase in the price of gasoline at the pump has been 68 cents? There is no energy policy. Economic activity in that area is flat on its back. Our people are desperate.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I understand the hon. member is making a representation.

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THE ECONOMY

SMALL BUSINESS AND FARMING BANKRUPTCIES

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my question is addressed to the Minister of Finance. The minister was asked questions today by the Leader of the New Democratic Party. I was here in the House during the time the NDP leader was absent, and it seems to me that in answering questions about bankruptcies and about the financial situation, the minister does not address or will not recognize the crisis nature of the economic situation. I say this particularly in reference to small businesses and farmers. According to the Canadian Federation of Independent Business—John Bulloch—and the Ontario Federation of Agriculture—Ralph Barrie—if there is not a change by the fall the present numbers will be quadrupled. Does the minister recognize the crisis nature of the problem?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have indicated to the House already that I have had and will continue to conduct discussions with the relevant ministers with respect to whatever difficulties are being faced by certain groups in the economy. I am aware of the situation. I am attempting to see whether there is any way this situation can be relieved without adding to the inflationary difficulty we have at the present time. I assure the hon. member that I am fully aware of the situation he is raising.

EXTENSION OF SMALL BUSINESS DEVELOPMENT BOND PROGRAM

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my supplementary question is also directed to the Minister of Finance. It is on just one small point in relation to the small business development bond. Just to refresh the minister's memory, the fact is that if bank profits are up there is no way that bond can be used as an excuse for the banks not to pay taxes. I think the minister will admit that that is the mechanism of the bond.

In any event, the minister has received an offer from this side of the House of one day of extended debate. I understand that the minister and the Minister of State for Small Businesses and Tourism are meeting with bankers tomorrow. I know it will take time for deliberations and an understanding of the implications of extending the bond, respecting operating and inventory purposes, to unincorporated businesses and farmers, but when can we expect a decision from the government? Will it be in the next week or in the next month? What time frame does the minister have in terms of giving us a decision on that measure?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the question has been asked several times as to whether the very effective instrument called the small business development bond can be extended to other groups. I have stated that when and if a decision is taken in that respect, it will be announced of course, but there are real difficulties in extending this bond to unincorporated businesses. There are major administrative difficulties, and there are very important cost implications. Undoubtedly, these were some of the considerations which originally influenced the former minister of finance in confining the application of the bond to the present area of the economy.

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PRIVILEGE

MR. WADDELL—ALLEGED MISLEADING STATEMENT BY MR. MacEACHEN

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I rise on a question of privilege respecting the Minister of Finance (Mr. MacEachen). On March 2, 1981 I asked a question in this House of the Minister of Finance. I suggested

to him that he might obtain an agreement with Alberta if he were prepared to be flexible in relation to the 8 per cent wellhead tax on oil and on the natural gas tax. I said the following to him at the time:

> Is the minister prepared to be flexible in dealing with Alberta so that Alberta can be flexible, in order to get away from and resolve this incredible confrontation which we have in Canada at the moment?

The minister replied that obviously he would be flexible. He promised to be flexible, and he used the world "flexible" on four occasions. He gave me his word that he would be flexible. We find now that the minister and his colleagues are bringing in time allocation on Bill C-57.

My question of privilege is that I was misled in the House. The minister never intended to be flexible at all.

Madam Speaker: Order. I am sure the hon. member is quite conscious of the fact that he is debating and that this is not a question of privilege.

MR. MacLAREN—USE OF UNPARLIAMENTARY LANGUAGE BY MR. McKENZIE

Mr. Roy MacLaren (Parliamentary Secretary to Minister of Energy, Mines and Resources): Madam Speaker, during the latter part of our proceedings yesterday evening some of us on this side of the House understood the hon. member for Winnipeg-Assiniboine (Mr. McKenzie) to call the Minister of Energy, Mines and Resources (Mr. Lalonde) a liar.

Mr. Cousineau: Shame.

Mr. Clark: Maybe he promised cheap gas.

Mr. MacLaren: We had hoped we had misunderstood what was said, but today we find in *Hansard* at page 10382 that indeed the hon. member for Winnipeg-Assiniboine is quoted as calling the Minister of Energy, Mines and Resources a liar. I would be glad if, in the circumstances, Your Honour were to invite the hon. member to withdraw his remark.

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I will tell you what prompted my remark. It was this—

Some hon. Members: Order.

Madam Speaker: Order, please. I thought the hon. member was rising to withdraw the expression. I am sure he is aware that this expression is considered unparliamentary and cannot be tolerated in this House. I am sure he would want to withdraw the word even though he was quoting. Hon. Members cannot say indirectly what they are not allowed to say directly, and I invite the hon. member to respond to the rules of our House and to withdraw that word.

Mr. McKenzie: Madam Speaker, that is exactly what I was going to do when you cut me off. I will just remove the word "liar" and say that it is impossible to believe this man.

Tabling of Documents

MR. FORRESTALL—REFERENCE OF DUBIN REPORT ON AIR SAFETY TO COMMITTEE

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, I regret that the Parliamentary Secretary to the Minister of Transport (Mr. Bockstael) has left the chamber. I will be very brief. In response to questions asked just a few moments ago, the parliamentary secretary left the very clear impression in this chamber that the minister had received the report involved and immediately referred it to a committee of his designation. Incidentally, that committee is meeting with some significant opposition from the air industry of Canada.

I am sure the parliamentary secretary would not want an erroneous fact left on the record; nor would the Prime Minister (Mr. Trudeau), who continued the impression. The impression was that the Minister of Transport (Mr. Pepin) had within the last week or ten days received this report when in fact his Lordship, Mr. Justice Charles L. Dubin, submitted his report to the Minister of Transport on March 17 of this year, just nine days short of three months ago. It leaves the impression, Madam Speaker, that the minister had in fact acted swiftly to refer the report to committee for further study when in fact he had three months to consider carefully the principle of the separation of the investigative body from the regulatory body within the Department of Transport, which in fact lies at the root of the difficulty with respect to this question.

Madam Speaker: This is not a question of privilege. There might be an interpretation as to what "swiftly" really means and what delays that implies; but it is argument and differences of opinion, not a question of privilege.

• (1510)

ROUTINE PROCEEDINGS

[*English*]

THE MINISTRY

REQUEST TO TABLE STATEMENT OF ABJECT APOLOGY AND WITHDRAWAL OF FALSE AND MALICIOUS ALLEGATIONS

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, in view of some references made in this House by the Leader of the Opposition (Mr. Clark) and others, I thought they might have taken this occasion today to make some reference to the matter. Inasmuch as they have not, pursuant to Standing Order 41(2) I am tabling a copy of the statement of abject apology and withdrawal of false and malicious allegations intended to impair my ability to perform my duties as a member of this House and as a minister.

This statement was published in this morning's *Toronto Sun*, and if hon. members wish for the record that this piece be published as an appendix to today's *Hansard*, I would have no objection.

Some hon. Members: Hear, hear!

Some hon. Members: No.

Madam Speaker: The hon. minister has taken me a bit by surprise. I am looking at rule 41(2) now, which says that a minister may propose to lay upon the Table:

—any report or other paper dealing with a matter coming within the administrative responsibilities of the government, and, thereupon, the same shall be deemed for all purposes to have been laid before the House.

It seems to me that the document, which I have not seen, does not relate to the administrative responsibilities of a minister of the government. If the House gives its consent, I suppose that this can be done. Does the House agree to have these documents tabled?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Baker (Nepean-Carleton): The Prime Minister (Mr. Trudeau) called it garbage.

* * *

[*Translation*]

BUSINESS OF THE HOUSE

MOTION RESPECTING ALLOCATION OF TIME FOR REPORT STAGE AND THIRD READING OF BILL C-57

Hon. Pierre Bussières (Minister of State (Finance)) moved:

That, in relation to Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, two sitting days shall be allotted to the consideration of the report stage and one sitting day shall be allotted to the third reading stage of the bill; and that 15 minutes before the expiry of the time provided for government business on the second day allotted for consideration of the report stage and on the day allotted for consideration of the third reading stage, any proceedings before the House shall be interrupted, if required, for the purpose of this order and, in turn, every question then necessary in order to dispose of the stage of the bill then under consideration shall be put forthwith and successively, without further debate or amendment.

Madam Speaker: The hon. member for Edmonton West.

[*English*]

Mr. Lambert: Madam Speaker—

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker—

Madam Speaker: The hon. President of the Privy Council.

Mr. Pinard: Madam Speaker, I apologize for interrupting the hon. member, but I had the impression, and perhaps you inadvertently failed to notice, that the mover wanted to exercise his right to speak to the motion.

Madam Speaker: I am sorry, but indeed I was looking at the hon. minister. He did not rise, so the hon. member for Edmonton West sought the floor. If it is the wish of the House, I can revert to the moment when I put the motion. I could recognize the minister only if the House agrees that we revert back to that stage of our proceedings. But the reason why I did not recognize the minister is this: I did look at him because I know it is normal that the minister speak first, but he had not given any such indication at that moment. He was probably distracted; I can understand that, I do have distractions myself.

Is it the pleasure of the House that we revert to that stage of our proceedings?

Some hon. Members: No.

Madam Speaker: The hon. member for Edmonton West.

[*English*]

Hon. Marcel Lambert (Edmonton West): Madam Speaker, I have to laugh at that little knot of people sitting behind the government House leader trying to justify the jackboot philosophy of this government. This motion represents precisely that type of thinking. The minister has yet to speak on this bill; he has yet to speak at the report stage. Why? Because the position of the government has been indefensible. It is not the government that has the right to ride roughshod over this House. This minister has the responsibility, which he has not discharged, with regard to this very complex bill. This bill represents the heart and core of the budget of last October with regard to the national energy policy and the imposition of additional taxes, yet this minister, who has inherited the job from a Minister of Finance (Mr. MacEachen) who does not have the guts to face this House—

Some hon. Members: Hear, hear!

Mr. Crosbie: He does not have the guts of a gnat.

Mr. Lambert: I will say that all the way through. We had a very shortened second reading, and I caught blazes from my colleagues on this, as did the opposition House leader, so that on the basis of the government's proposals we could hear from the public. The public did come in universally condemning the bill, and I recall all sorts of government backbenchers asking questions of a critical nature. Where are they so far? They have been conspicuous by their absence. The hon. member for Lincoln (Mr. Mackasey) was going to raise blazes with regard to indexation of the excise tax on liquor and the alcohol subgroup. There are other members who were going to raise hell because this measure was picking on the rural press in the province of Quebec. Where are they? They have been conspicuous by their absence. Talk about paper tigers! We have not seen such a bunch in years.

• (1520)

I have made arrangements with the minister. I told him what was happening, that we were into clause by clause consideration, and that there were two main points to consider. The first was indexing the excise tax. I do not care what formula is used, it robs the Canadian public without reference to Parliament. It is the cutest highway robbery there is. Then we would consider Part IV of the bill with regard to the

petroleum and natural gas revenue tax. But along the way, I wanted to talk with various hon. members about the tax respecting university equipment, equipment designed for teaching, for flying training, and about a number of other points. After all, my colleagues on the far left have put down some amendments, and the government has put down approximately ten amendments, if not more.

Now the government has the ultimate gall to say that further deliberations at report stage shall be limited to two days and that third reading stage shall be limited to one day. They are perfidious liars, jackbooting their way through Parliament. If the government were serious about its amendments, would it not think that its ten amendments require some intelligent interpretation? Do they take it, as is customary, that because they come from the government they are divinely inspired and that the lackeys shall line up behind and support the government wordlessly, without giving matters any consideration? I know the minister will be the fall guy in this operation. The minister responsible for financial institutions has no responsibility with regard to this bill. It is a concoction of the Minister of Finance and the government House leader.

When the government House leader first came to Parliament, he joined the Standing Committee on Procedure and Organization. I remember he was the one who said, "Oh, it is quite easy; the government should propose that there be a speaker from each party in the opposition, and then we vote on every proposition; that is the way business should be conducted in Parliament". Those were the comments of the present government House leader; he has not changed his philosophy one iota.

The minister, who is strictly a fall guy, does not even understand the bill. When we questioned his desire to put in an amendment, he insisted that the ways and means motion must be changed, simply because the rates were being lowered from quarterly indexing to one year. Also he insisted that there was nothing else. But surely he saw under what shell the bean had gone. The base period was being changed. I showed him ultimately where $18 million of additional revenue was being exacted by the government as a result of its change. The minister does not know his bill. Now he is being made the fall guy. What a predicament this is to me!

Will the minister tell me when he thinks the ten government amendments will be discussed? Will it be during the two remaining days? What about the opposition point of view? There were 135 amendments put forward. Considering the groupings and the duplications, my research shows that there was a potential 49 votes, with a realistic 35 votes if they went a certain way. I can tell the hon. minister, aside from one which I consider to be on division the other night, there will be 35 votes. It will take all blessed night; this is what it will take. If he thinks he can ride with jackboots, he will get jackboot answers.

Mr. Deputy Speaker: Order, please. The hon. member's time has expired.

Time Allocation

Hon. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, this is a performance we have witnessed before; I am very disturbed that Standing Order 75C is being used again, particularly on report stage of a bill with a large number of amendments before the House which have had hardly any discussion at all. I suppose I feel as warm under the collar about this motion as the hon. member for Edmonton West (Mr. Lambert); and even if I speak in a somewhat lower tone of voice, I regard this action today as utterly absurd, thoroughly undemocratic and anti-parliamentary.

Some hon. Members: Hear, hear!

Mr. Knowles: As the hon. member for Edmonton West just pointed out, at report stage there are 135 amendments. Two of them have been debated and the votes thereon deferred. One had a short debate and was defeated on division. Two more are under debate. That leaves 130 amendments which have not been touched at all. Those 130 amendments include a few government amendments. Of course, it will want to get them through, so I suppose that is why we are getting two more days on report stage as well as one at third reading.

Before this two-hour debate is over, I am sure we shall be told, as we always are in these debates, that this is not closure, it is only time allocation. I do not know how one can avoid the use of the word "closure" when the effect of the motion is to close off debate. Also we shall be told, judging by former debates, that the government is only exercising a right found in the rule book. In other words, we will be reminded that Standing Order 75C is in the book.

I remind the House that when it was passed some 12 or 13 years ago, it was passed under closure. It is hardly a rule which represents the will of the Parliament. But granted that it is there now as a rule to which the government can resort, may I also say that there is another rule in the book which gives hon. members the right to put down motions at report stage. I believe this right was established in 1968 when we did away with the old practice of having every bill go into committee of the whole, whether or not it had been sent to a standing committee. It was felt that the committee of the whole process, especially on bills which had had standing committee treatment, was taking too long and that there should be some shortening of the total process. So we established the right to make amendments at the report stage.

• (1530)

In view of the fact that members might put down the same amendments, and in view of the fact that some amendments might overlap others or be out of order, we provided that the Chair was to assess the amendments put down, group them where necessary, rule them out of order if she had to, and so on. But with those conditions it was established as a rule, as a right, that members could put down report stage amendments. Members of this House have done that to the tune of 135 amendments. That is their right. Madam Speaker has assessed the amendments and she has reduced the number of possible debates to something in the order of 50. It is a little difficult to

assess her treatment exactly since in some cases whether there is to be a debate or a vote on another amendment depends on what happens to the first one. At any rate, something in the order of 40 or 50 amendments can be debated, and there can be that number of votes. Madam Speaker did a particularly Herculean job when she reduced the last 76 amendments to one, leaving 59 to be debated.

The Speaker did her duty with respect to the matter and yet this democratic right of the members of this House to debate these report stage amendments is just brushed aside, when we have dealt with only five of them, by the government using another rule which says that, so far as the 130 are concerned, boys and girls, forget it.

In my view, Mr. Speaker, Standing Order 75C is no way to run Parliament at all. Standing Order 75C applied to 130 other amendments which have not even been discussed is certainly about the most absurd thing I have seen in this House for a long time. I remind hon. members that these amendments relate to taxation, which is supposed to be a fairly important function of Parliament. I also remind hon. members that there seems to be a new principle in this bill which is before us which has not been around here before, namely, that of indexing taxation. This means that taxes can be increased without a reference back to Parliament itself. It is a pretty significant piece of legislation and yet here we have this proposal that the right accorded to us of a report stage debate, so that we can get at these various clauses and reject them or amend them as we may, is completely taken away.

The only thing the government sees is that the debate is lasting too long, as far as it is concerned, and so it falls back on 75C. To me, this is grossly unfair. It is wrong. It is an insult to Parliament and, as I have said on other occasions, every time the government uses this form of closure it simply puts off the day when we will have some sensible allocation of the time of the whole session and do our business in an orderly fashion instead of doing it at the whim of the government. This is not Parliament, to be dictated to in this way by the government. When the vote comes on this motion after this two-hour debate, we in this party will be voting unanimously and vigorously against it.

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Mr. Speaker, unfortunately, I cannot agree with the comments of the hon. member for Winnipeg North Centre (Mr. Knowles) even though he is a well-known authority in interpreting our Standing Orders. I maintain that the procedure which we are using, that is, the limitation of debate on this important bill, is justified. The bill which was referred from the committee with a great number of amendments has been discussed at length, and to plan the business of the House, it became necessary to use the provisions of Standing Order 75C to limit the debate. It might be useful to remind the House that there are two paragraphs in our Standing Orders, paragraphs 75A and 75B, which provide a means to avoid the situation in which we find ourselves when using Standing Order 75C.

The hon. member for Edmonton West (Mr. Lambert) referred to some of the discussions which we have had. However, he knows quite well that these discussions provided no indication as to when we could have third reading of this bill. If we want to plan the business of the House, we must refer to paragraph A and try to come to an agreement to allot time. When that is not possible, we can use paragraph B, which provides for situations where one group of parliamentarians disagrees, and which allows such groups two hours after the motion is tabled to discuss it. Finally, when there is complete disagreement, we follow the procedure outlined in paragraph C, which we are now doing, because it is the responsibility of the government to plan the business of the House.

Are we justified in limiting debates on Bill C-57? Yes, we are, because this bill was studied at length in the standing committee following an agreement which was admittedly contrary to custom, since this review would normally have occurred in a committee of the whole, and every party in the House has found it useful, because of the nature and the complexity of the bill and the diversity of the subjects which it covers, to have it studied in a standing committee rather than in a committee of the whole. The standing committee took 23 sittings to review the bill. Many witnesses were heard, others who could not attend the sittings submitted briefs, and the Minister of Finance himself, contrary to the allegations of the hon. member for Edmonton West, appeared before the committee and explained the principles underlying the various provisions of the bill.

These discussions and this examination must be taken into account when we talk of limiting the debate since the work of a parliamentary committee is in a way an extension of the work of the House itself. At the report stage, during the first three days of debate, 37 members were recognized, namely 29 conservatives and eight New Democrats, and the hon. member for Edmonton West himself criticized the Liberals for not rising to speak. We did it precisely so that more views could be heard. Even if we were dealing specifically with amendments Nos. 1 and 3, the debate covered all the provisions in the legislation so that views divergent from those of the government were extensively stated during the debate on the first and third amendments.

On the fourth day spent on the consideration of motions we were only able to dispose of motions Nos. 1, 2 and 3 and as the two previous speakers pointed out, the bill contains 135 amendments. I agree with him that by grouping them the Chair has reduced their number to about 50. However, considering our rate of progress since the beginning of the report stage of the bill, we could easily be nearing the next budget and still be discussing the provisions or amendments to the bill under consideration.

Under the circumstances, the government decided to use the provisions of our Standing Orders, these well-known provisions of last resort I will admit, which could have been avoided had

all the parties in the House agreed on a reasonable time limit for the debate at the report stage and in third reading. Therefore, Mr. Speaker, I do not think it is fair to say that this procedure is unparliamentary since it is provided for in the Standing Orders of this House. Indeed, if compliance and use of these rules are considered unparliamentary, that means that the Standing Orders themselves which govern Parliament are unparliamentary. It would be undemocratic if the official opposition had not had the opportunity to express its views on this bill. As I mentioned also, this bill has been under consideration for quite some time and not only has the official opposition been able to express its views but because of the procedure to which all parties in the House agreed, many citizens' groups were able to voice their opinion on this piece of legislation, precisely because members of this House agreed to refer this bill to a standing committee rather than to the committee of the whole.

Therefore, Mr. Speaker, in the three days of debate that will follow, I will have the opportunity to explain the seven amendments proposed by the government, three of which, as members will recall, being of a purely technical nature. I will also be able to explain why indexing as used with regard to excise tax on tobacco and alcohol is justified. It is a means of taxation which is directly related to the *ad valorem* tax, for example, the 9 per cent tax. This tax does not come under consideration in the House every time the item or goods changes value. The revenues generated by this 9 per cent tax being directly related to the value of the item, the tax increases also. The approach used for tobacco and alcohol therefore resembles the *ad valorem* tax and allows the percentage of revenues derived from the excise tax on tobacco and alcohol to remain constant. As I said, Mr. Speaker, I will again have the opportunity to explain all the principles underlying the various provisions of Bill C-57 during the two-day debate at the report stage and the one day debate on third reading.

● (1540)

[*English*]

Hon. John C. Crosbie (St. John's West): Mr. Speaker, this is a continuation of the philosophy of the government. For example, first, the English Parliament must adopt any dog's breakfast the government sends over to them as a Constitution, and must hold its nose and pass it. Another illustration of that attitude is that we have to hold our noses and pass whatever this government brings to the House, and pass it quickly. This comes from a closure-crazed government, a government which suffers from the crime of parliamentary bestiality. It cannot wait to force these kinds of things through the House.

It is a betrayal of the parliamentary system to add to the betrayal of the people of Canada, who have been betrayed in gasoline prices. They have been betrayed in heating oil prices. They have been betrayed by the Prime Minister (Mr. Trudeau). They have been betrayed by the Minister of Energy, Mines and Resources (Mr. Lalonde). Now they have been betrayed by the House leader of the government. The same little group comes in here on every closure motion. The same little group of parliamentary eunuchs, the same group of parliamentary assassins—the House leader, the assistant House leader, the hon. member for Ottawa Centre (Mr. Evans), the Minister of State for Finance (Mr. Bussières)—are in here all the time, assassinating this House and removing the good from the House. That is why I call them the parliamentary eunuchs. The good has already been removed from them. This is how they have used closure since we came back here about 15 months ago. They have used closure on the Constitution. Then they used closure on Bill C-30, the borrowing authority bill; Standing Order 75C was used on borrowing.

Should the people of Canada require this House to discuss whether the government should borrow $14 billion? Not at all. The government wants to rush that authority through and use closure. Then the government used it again, twice, in the borrowing contained in Bill C-59. It has used closure once already on Bill C-48, which has now gone to the parliamentary committee. Then it euchred this bill through second reading in the House in only two or three hours of debate. We thought it would have a thorough and complete ventilation in the parliamentary committee and that amendments would be discussed here in plenty of time for debate on third reading and at the report stage. We have 130 amendments left and the government is giving us two days to discuss and vote on these 130 amendments. That is five minutes per amendment.

This is an illustration of what has happened to Canada. Today we have a parliamentary system of government without any checks and balances and without the separation of powers. The Prime Minister has a group of docile sheep in his caucus who keep him in power, no matter what he is doing. They just say, "Baaa, sir, baaa, sir, pass it through the House, sir". As long as they do that, he has absolute power. This Prime Minister has absolute power as long as the majority in his caucus give him that unlimited power. They are so busy with their noses in the patronage trough and the power trough that they neither know nor care what happens to this Parliament, and we can expect nothing from them.

All that we on this side of the House can do is speak. The only right we have left is to speak and to raise our voices. We are going to do that because the parliamentary bullies on the other side of the house are deafened from the snorts that come from the trough that they have their noses in. They cannot hear what is happening in this House. The parliamentary assistant from Ottawa Centre is one of the worst of them, and he is here again, doing this little piece of dirty business.

What does this bill contain? This bill contains an 8 per cent tax on petroleum and gas revenues which the Supreme Court of Alberta, on appeal, has found to be ultra vires, outside the powers of the Government of Canada. Does that stop the government from imposing closure? It does not for one minute. The government whips it through this House, even though the highest court in Alberta has ruled it to be unconstitutional and beyond the powers of this House.

Does the government hesitate to whip it through when it will affect all the fishermen in the Atlantic provinces? Where is

the hon. member for Burin-St. George's (Mr. Simmons)? Where is that heroic defender of the fishermen? He will be in here like a tame tabby, voting closure. There will be a 9 per cent federal sales tax on fishing equipment in the province of Newfoundland. Hundreds of fishermen will pay more for commercial fishing equipment this year because hon. members opposite did not protect them.

Where is the Minister of National Revenue (Mr. Rompkey)? He is busy imposing the personal income tax, dragooning and attaching the earnings of fishermen today in his job as Minister of National Revenue. He is not worried about defending fishermen from a 9 per cent federal sales tax that this bill will impose. Where are the hon. members on the other side who represent manufacturing districts? They will be here, ready to put the tax on the marginal manufacturers to crush them. Where are the Québécois who are so worried about the manufacturing industry in Quebec? They will be here today to do their dirty work. Yes, the Prime Minister wants to rush this bill through the House, and they will be there saying, "Oui, oui." It will not be "Non, non" from those Québécois even though it affects all the manufacturing industries in Quebec. They will not be around.

Where are the people with the grapes in their district? Where are the Liberal members from the Niagara Peninsula? They will be there saying, "Yes, yes". They do not care what happens to the grape industry as a result of the indexing of the 9 per cent federal sales tax on the price of wines, beer and liquor. They will not be here defending the grape growers and wine producers. They will be saying, blindly, "Oui, oui—yes, yes."

I have a letter in my hand. I do not have time to deal with it in this speech but I will deal with it later. It states what the government's amendment relating to beer will do. It is a letter from the Brewers Association of Canada. There is a further increase contained in the amendment which the minister moved to this bill. The letter says, in part:

> —on top of the original indexing increase, on top of the 29 per cent increase in the basic federal excise rates . . . on top of the recent change in Ontario—

And so on. It says that the working man will no longer be able to afford to have a beer. Where are the protectors of the working men in the ranks opposite? They will be here burping out, "Yes, yes, aye, aye". They will burp it out, those defenders of the beer drinkers over in the government benches.

What else is here? Where are the defenders of the universities and educational institutions? Where is the Secretary of State (Mr. Fox), who says he will now give more money for research to the universities? He will be here saying "Aye, aye", even though this bill will remove the exemption from the 9 per cent sales tax which universities have enjoyed for the last number of years when they buy equipment for research and teaching purposes. As this bill is worded, they will get very few exemptions in future. It is going to cost the universities and the post-secondary institutions millions and millions of dollars, yet the government says that it is concerned and worried about scientific research and will grant more money.

• (1550)

Where are the great defenders of the press? Do we see defenders of the free press on the other side of the House? All those worthy members who have small town newspapers in their constituency should be concerned because this bill contains a tax on advertising inserts in newspapers. It imposes a tax on the advertising inserts for the small weekly and monthly newspapers in the country. Surely that is an important matter. Surely it should be debated and ventilated in this House and the amendments that we have put forward should be considered.

Where are all the defenders of the people on the other side of the House? They are going to come out of their trough in a few minutes. They will hear the bell and will have to break away from whatever trough they have their noses in at the moment. They will have to come into this House and say "Oink, oink". They will have to say "Aye, aye". They will have to say "Yes" to the stampeding of Parliament, to rushing this bill through the House. They will have to say "Yes" to the gutting of Parliament. They will have to do the dirty work that the parliamentary assistants, assassins and eunuchs have asked them to do.

This is the sixth occasion so far that closure has been crammed down our throats in the House on bills of fantastic importance, such as the borrowing of something in excess of $20 billion. We have already had it once on the national gas tax legislation which is now before committee. We have had closure on the Constitution. We now have closure on this bill which is going to change the system of taxation for the cosmetic industry, which is going to change the system of taxation for the whole manufacturing industry, which is going to index taxation so that from now on taxes will automatically increase every year on beer, on alcohol and on tobacco. All that is contained in this bill, Mr. Speaker. It is an important principle: taxation without representation. That is what the people of Canada are getting from this government; they are getting taxation without representation. How can we represent the people of Canada when the government does not want the amendments that we suggested in committee to come before the House? This is an important principle. Revolutions and riots have been fought on the principle of taxation.

This is the most reprehensible incident since the Boston Tea Party. This government joined King George III, Genghis Khan and Barbarossa in the foul tactics it uses to pass taxation legislation without proper discussion or consideration.

I believe I am coming close to the end of my time as you nod in your inscrutable way, Mr. Speaker. I say to the fishermen of Newfoundland and to the Canadian people that I hope they are watching the performance today to see how the stalwart heroes they elected to form a majority government are treating them again. The government has already taxed the people 12 times. There have been 12 increases in the price of oil and gas and nine of them have been federal tax increases. There will be another tax as a result of this bill. There will also be an automatic indexing of what people pay for their beer, their glass of wine, their little drink of scotch, if they dare to have a

drink of scotch. We can hardly afford scotch any longer so it may be rye or rum or something else. That is the dirty business the government is up to today. There is an 8 per cent tax on—

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but his time has expired.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Thank you, Mr. Speaker, for recognizing me and for cutting off the bombast we have just listened to. If that is the best example of the leadership material of the Tory party, it is in great trouble.

Mr. Crosbie: Baaa, baaa!

Mr. Andre: Baaa, baaa!

Mr. Evans: The government has introduced a motion under Standing Order 75C for time allocation at this stage of the bill because there was no agreement among the parties on the limitation of time in a reasonable and responsible way that would bring this debate to a close.

Mr. Andre: We agreed on second reading and at committee stage so do not distort the truth.

Mr. Evans: Mr. Speaker, Bill C-57 includes amendments to the Excise Act and the Excise Tax Act which date back to 1978. It also includes measures introduced in the budget brought forward in 1979 by the hon. member for St. John's West (Mr. Crosbie) who just sat down after his bombastic attack on the government. It includes measures that were brought forward in the April, 1980, financial statement and it includes measures from the October 1980, budget. Many of these measures have been before the House in one way or another for literally years.

I hope you will correct me if I am wrong, Mr. Speaker, but to my knowledge this is the first measure of supply in the form of a taxation bill that has ever been sent to a standing committee of the House.

Mr. Lambert: No.

Mr. Evans: Normally taxation bills go before the Committee of the Whole, but this bill was sent to a standing committee where representations from different groups were heard on specific issues.

Mr. Rae: What did you change?

Mr. Evans: The minister presented amendments to the committee. He went before the committee to answer questions on those amendments and on others proposed by members of the opposition.

The hon. member for Edmonton West said that the minister has not spoken on the bill in the House. He appeared before the committee and responded to the hon. member for Edmonton West for literally hours.

Mr. Lambert: Here. The amendments are here.

Mr. Evans: We now hear the total and complete misrepresentation of the facts relating to this bill by hon. members opposite with regard to indexation. They say it is a new concept. The tax on liquor and tobacco is a dollar tax, Mr. Speaker. It is in dollar terms. If the price of those products goes up, that dollar amount does not change. This proposal puts that tax on exactly the same basis as the 9 per cent federal excise tax and the sales tax levied by the provinces. It brings it to a percentage rate so that the dollar amount of the tax remains a constant percentage of the tax base.

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

Mr. Deputy Speaker: The hon. member for Edmonton West (Mr. Lambert) on a point of order.

Mr. Lambert: Mr. Speaker, I suggest that the hon. member is misleading the House by saying that. There is a reference in the CPI annually.

Mr. Deputy Speaker: The hon. parliamentary secretary has the floor.

Mr. Evans: Mr. Speaker, that is a total misrepresentation by the hon. member for Edmonton West. If a product costs a dollar and there is 10 cents tax on it, and then the price goes from $1 to $2 but the tax remains at 10 cents, the tax has been reduced from 10 per cent to 5 per cent. The indexation proposal would provide that the tax should go from 10 cents to 20 cents as the price of the product went from $1 to $2. This would mean that the tax would remain at 10 per cent. It is precisely the same as the manufacturers' excise tax of 9 per cent; there is no difference. The hon. member obviously needs a lesson in basic arithmetic.

Mr. Speaker, 135 amendments have been proposed. Some of them have been put forward not because they might be better or more equitable measures of taxation, but because they feather somebody's nest. That is an honest assessment of a good many of them.

There have been four days of debate at report stage of this bill. As the hon. member for Winnipeg North Centre (Mr. Knowles) indicated, we have dealt with three amendments out of the 135 and two others are still under debate. That means that in four days we have essentially completed debate on four amendments. The hon. member for Winnipeg North Centre pointed out that if some of them were combined there would still be 40 or 50 amendments. Imagine, one day per amendment, Mr. Speaker! Are members of the House saying we should spend another 40 or 50 House days of debate on this bill, to the exclusion of all other legislation? That would be intolerable, Mr. Speaker, and the people know it. The government was elected to govern and at some point, if agreement cannot be reached through discussion, negotiation or consensus, then it has to take its responsibility and lead. That is what the government has done and I support the motion before the House.

Some hon. Members: Hear, hear!

● (1600)

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, I want to reiterate that in no way do we support this automatic indexing of taxes. Indexing of taxes is like a licence to steal. It is not a simplistic little matter of a few pennies that we are talking about. If we continue with legislation like this, it will just destroy the parliamentary system.

I want to talk about a section of the bill. I do not think the majority of Liberal members understand the bill, nor do they understand the implications of the National Energy Program. I want to refer to Clause 4 which deals with the petroleum and gas revenue energy tax. Liberals have fooled very few people about this because the message is getting out across the country. I refer to a full page advertisement which appeared in a Saturday edition of *The Globe and Mail*. It refers to the Minister of Energy, Mines and Resources (Mr. Lalonde). The headline reads "Do you believe this man?" In part the article reads:

> Marc Lalonde is very busy these days trying to soft-sell the national energy policy being foisted on Canada. He has an unenviable job because his NEP is one of the greatest disaster scenarios of our time.

That is why we cannot rubber stamp Bill C-57. It is tied in with a disastrous National Energy Program. Hon. members on the other side do not understand what they are doing. Many Ontario Liberals should start doing some research because they are the ones who will be walloped the hardest, much worse than Albertans will be.

I have another article in my hand. Its headline reads "Fed oil policy 'will cost us 60,000 jobs' ". What on earth is the government doing, wanting to proceed with programs such as outlined in Bill C-57 and in its National Energy Program which will cost 60,000 jobs? Yet the Minister of Energy, Mines and Resources is going around the country telling Canadians what a wonderful bill it is. What is wonderful about losing 60,000 jobs? This article reads, in part:

> More than 60,000 jobs may be lost by mid-summer due to the increasing number of oil and gas rigs leaving Canada, the Canadian Association of Oilwell Drilling Contractors warned yesterday.
>
> Stan Jones, executive director of the association, said the 50 per cent decline in the number of rigs drilling for oil and gas during the past year has surpassed their worst predictions.

And yet we have a government with a policy that wants to pay world prices for imported oil. Why does the government want to pay world prices for oil from countries such as Venezuela, Mexico and OPEC nations when it can get oil for about half the price in Canada? Phased in over a three-year period, the Canadian price will rise to about 75 per cent of the world price. Paying Canadians would make sense; all the money would stay in Canada. Why are hon. members opposite so concerned about OPEC, Mexico and Venezuela? What is it the Liberals have against Canada?

Some hon. Members: Hear, hear!

Mr. McKenzie: Do they know that $500,000 an hour is leaving this country to buy imported oil? We have oil in every province in Canada.

I want to tell hon. members what this disastrous policy in Bill C-57 and in the National Energy Program is doing to my province. As a result of this 8 per cent tax in Bill C-57, all oil exploration is being closed down in the province of Manitoba, just at a time when we could have had a great economic boom. A number of new discoveries have been made in Manitoba, in the Virden area and in other parts of the province. There is no way anyone will go into oil exploration or bring in rigs when the oil is sold at $17 a barrel. It is impossible to make a profit selling oil at that price. These people have to have a proper cash flow. On the other hand, there is no concern about spending $40 or $50 a barrel on oil from some Arab country, Mexico or Venezuela. It is to heck with Manitoba; do not give that province anything.

The maritimes are being affected too by Bill C-57 and the ridiculous National Energy Program. A headline in the *Chronicle-Herald* for May 29, 1981, reads: "Europeans cancel out on visit to Nova Scotia." the article commences:

> British and European industrialists have cancelled a week-long, oil-related mission to Nova Scotia next month because of Ottawa's national energy policy.
>
> The industrialists say the policy discriminates against foreign companies and artificially forces wellhead oil prices down to unrealistic and uneconomic levels.
>
> The same mission has also cancelled a proposed visit to Alberta.

Here was another opportunity for more production in Canada and for working toward making the nation self-sufficient. But this government is on a program that for the next ten years will spend an additional $182 billion a year to import oil and will see us only about 55 per cent self-sufficient.

I have a document from the Wetaskiwin riding of Alberta. It is a report prepared for the Nisku Businessmen's Association. It contains statistics and names of firms that will be affected by Bill C-57 and this ridiculous National Energy Program. In Alberta, 77 industries are cutting back on any expansion and are laying people off. And I tell members from Ontario, that 55 eastern Canadian industries are named. I suggest that members on the other side get a copy of this document, and if they cannot get a copy they can contact me and I will see that one is sent to them. Companies in Alberta and in eastern Canada are listed. There are probably some companies from ridings of members opposite. Hon. members should look them over and see how their ridings are being affected.

In this excellent document on page 20 we read:

> It is an economic principle that when one section of Canada's economy is affected by some event, other areas are also directly affected. This can be seen in the cutbacks in orders to suppliers from the oil and oil related firms in the Nisku Industrial Park. The Federal Budget and NEP have caused slowdowns and loss of sales in these firms, which in turn decreases their expenditures on supplies and inventories.
>
> Through our survey we obtained a list of suppliers in Alberta and Eastern Canada who have been affected by the decrease in spending.

This means more layoffs and cutbacks. Why do we need a program like that? We certainly hope that the two energy ministers reach a conclusion tomorrow. I hope the federal

minister will see the light when he meets with the Alberta energy minister tomorrow and that an agreement is reached so as to get production going in Canada. The government should get its mind off OPEC, Venezuela and Mexico. We should be concentrating on the Canadian oil industry and jobs here, never mind worrying about all these other countries and sending billions of dollars to them.

On page 22 of this report prepared for the Nisku Businessmen's Association, we read:

> As a result of cutbacks or cancellations of purchases by the 41 companies responding to our survey, $1,470,000 in revenues was lost by Eastern suppliers in the last quarter of 1980.

The article continues, but I see that my time is up. I hope Ontario members will open their eyes and for starters get hold of this document.

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I am an Ontario member and I have certainly had my eyes opened this afternoon. I have seen the conduct of members opposite and I have listened to their ridiculous comments. As a member who comes from the province of Ontario, I have no hesitation or compunction in supporting Bill C-57; nor do I have any hesitation or compunction in supporting this motion to allocate time for further stages of debate and third reading.

As pointed out by the hon. member for Winnipeg North Centre (Mr. Knowles), we have used this quite legitimate device to end debate, a device called for in the rules of the House of Commons, a number of times this session. I think the public of Canada wants an efficient government and they want an efficient Parliament. They do not want to see an opposition, which has had its full opportunities to make its views known on a particular measure, continue debate and essentially prevent the government from getting on with the affairs of governing the nation.

Some members opposite have talked about closure. We are not talking about closure this afternoon, we are talking about time allocation. The hon. member for Nepean-Carleton (Mr. Baker) when he was House leader in 1979 used this very rule on Bill C-20, the mortgage tax bill. He referred to it as a fair and gentle measure. Any responsible government that wants to get its legislation program through in the face of hostility and filibustering on the part of the opposition must have some means at its disposal to get on with legislation and the governing of the nation. That is what we are engaged in this afternoon.

• (1610)

Time allocation is a legitimate rule. It is used at Westminster. In fact, I was just reading some of the debate which took place previously during this session on this very point. The hon. member for Winnipeg North Centre has made a couple of good speeches on the matter, one of which I think was on January 13 of this year. He made eminent sense when he said—I am paraphrasing him so I hope I am not too inaccurate—he would like to sit down with the government at the beginning of each session and map out a parliamentary timetable. The government wants to change the rules of the House of Commons to make it more efficient, but there is no way we can get our friends on the Conservative benches to ever come to some agreement so we can have organization of the business of this nation.

An hon. Member: You have no friends over here.

Some hon. Members: Oh, oh!

Mr. Collenette: I have a few friends over there.

An hon. Member: No, you haven't.

Mr. Collenette: Obviously the hon. member does not know his colleagues. That is another example of the wild generalizations we get from the other side. They make allegations unsubstantiated by fact.

In any event, on the whole question of parliamentary reform, I am sure the government would welcome means by which we could legitimately organize the legislative time in the House of Commons as is done in Great Britain, where second reading debates very rarely go beyond two days, with some routine bills being sent to a second reading committee. I am sure the government would be amenable to discussions, but certainly with the attitude we have had expressed by the Conservative party in the official opposition, that will be difficult. Members of the official opposition really want to complain at every turn and are not interested in seeing that this country is governed properly or that good legislation comes forward. So what can we do but use the legitimate rules at our disposal?

The House leader of the official opposition, the hon. member for Nepean-Carleton (Mr. Baker), was quoted in a CP wire story yesterday, when talking in terms of the proposed foreign affairs debate—I am sure you will remember this during question period yesterday, Mr. Speaker—as saying that there seems to be a two-day debate on foreign affairs anyway and the Conservatives would rather spend their opposition days debating economic problems. So here we have it with the official opposition wanting an economic debate, yet what are they going to do this coming Thursday when they have an opportunity through an opposition motion to debate economic issues? That party will be bringing forward a mischievous motion dealing with capital punishment, a motion that is going to embarrass their leader and party members more than it will embarrass anybody on this side of the House. This is a party that wants to talk about economic issues, but when it has the opportunity to do so it does not.

I think we are quite justified in using 75C on this bill because the official opposition has shown in the days this bill was under discussion in the House that hon. members opposite are not really interested in talking about the 135 motions on the order paper. What did we have? For two straight days we had a whole litany of grievances and allegations against the government. We did not have a good, specific debate on the amendments before us. Without being too gratuitous, Mr. Speaker, it was you and your colleagues in the Speaker's chair

who rightly called the debate to order and said: "Just a minute, this is the report stage debate on certain amendments and remarks must be directed to those amendments". That is called for in our rules and it is backed up by precedents in Erskine May's and Beauchesne's. We have an official opposition that really is not interested in discussing specifics.

This afternoon the hon. member for St. John's West (Mr. Crosbie) did not really talk about the specific amendments. Did he talk about specific clauses during the debate in the House? Perhaps he has not participated in the debate, but all the interventions he has made on general economic subjects, whether during opposition days or during question period, have been very short on specifics but very long on innuendo, throwing charges across the floor and making political gain. He and his colleagues are not interested in a legitimate economic debate.

We have before us an official opposition that does not really know what it wants from this Parliament. It is an opposition that has not really decided its own position on many economic questions facing our time, whether they be energy or taxation questions. We have heard two, three or four different versions of party policy. Each time a member makes a speech it seems he says things which are at odds with official opposition party policy. We have seen this during the question period and we have seen it during this debate. The official opposition falls back to making generalized, second reading type speeches at report stage, forcing the Speaker to direct hon. members on that side to speak specifically to the clauses of the bill.

I hope at some point in the next year we can discuss parliamentary reform and, as has been suggested by members on both sides of the House, organize our parliamentary timetable so we can have meaningful debate and this place can become efficient. Until that time and until we streamline Parliament—and we must streamline Parliament or become increasingly irrelevant to the Canadian public—the government has every right and obligation, and would really not be discharging its duty otherwise, to use the legitimate rules in the Standing Orders of the House of Commons to move debate forward.

Therefore, Mr. Speaker, in listening to the comments by members on the other side, I think you should perhaps question whether they are really interested in talking about economic matters, whether they are really interested in legislation going through, or whether the official opposition understands its role in Parliament, which is to criticize and propose alternatives, but not to filibuster and prolong debate, and not to force governments into using these rules.

We would like to deal with the business of the House in a more co-operative and conciliatory manner. I think we have shown during the whole debate on the Constitution how parties can come together when there is a real desire. I implore members of the official opposition to stop this continual barracking, this continual blocking of Parliament, and to work with the government in trying to address the affairs of Canada in order to improve economic policy in this country; and, yes, to criticize where justified rather than continually criticizing and blocking every legitimate attempt to try to give good government to this country.

Mr. Pat Nowlan (Annapolis Valley-Hants): As hon. members know, Mr. Speaker, we are under a very strict time limit here with a closure motion involving, in effect, a two-hour debate and members having to contribute what they have to contribute in a period of ten minutes. We will then have the vote. Therefore, it is not really possible for members to reply to all points or really to discuss all the matters for debate in Bill C-57, when debate is being cut off at the pass.

I am not going to get into a personality debate here, but I have sat and listened to the parliamentary secretary to the Minister of Finance (Mr. Evans), and to the Parliamentary Secretary to the President of the Privy Council (Mr. Collenette) particularly, speak so piously about the business of the House, suggesting we should reform procedures and adopt rules that will make this business of Parliament efficient so the Canadian public will get its dollars' worth. Yet the Parliamentary Secretary to the President of the Privy Council did not have the guts to say, as he knows full well, that he as the parliamentary secretary having something to do with the order of the business of this House, has not yet even structured the Committee on Procedure and Organization to review the archaic procedures of this House and decide what rules should be changed. He has an incredulous look on his face. We have not yet structured a basic committee. I have been waiting since this Parliament was convened to see changes in some of the rules in this House. There have not even been meetings, and the hon. member talks about reform of the House!

● (1620)

I have been here along enough to know that, regardless of what rules there are in the rule book, without good faith and respect among members of Parliament on both sides, being human as we are, hon. members can pervert or prostitute any rule. There must be good faith and respect. We cannot build good faith with misleading statements. Perhaps the statements to which I refer were not deliberately intended to mislead the audience which looks into this chamber from time to time and tries to figure out what goes on. There is a duty on officials of this House, and on parliamentary secretaries especially, to make sure that when they speak, they state the truth. They should not keep talking inside out when they talk about the truth. The Parliamentary Secretary to the President of the Privy Council talks about this opposition not being concerned about the business of this country.

Mr. Collenette: That is true.

Mr. Nowlan: Did the hon. member read the motion put forward by the hon. member for Kingston and the Islands (Miss MacDonald) yesterday? That motion was seconded by the hon. member for Nepean-Carleton (Mr. Baker), my House leader, and it reads as follows:

That this House condemns the government for again unnecessarily raising petroleum taxes and thereby burdening all consumers, but particularly consum-

ers of heating oil, with prices far in excess of those promised without providing relief to those hardest hit and least able to adjust.

What did we do with that motion yesterday? We debated it all day, as the parliamentary secretary knows. But then he did a very dishonest thing. He told the truth inside out, and that is what gets my Irish dander up. Hon. members talk about a filibuster. We are not arguing about the rules of the House just now. There is a motion allocating time, but the government in effect is using the bludgeon of closure, and that determines the atmosphere and the level of respect in this institution.

In the few minutes I have left, and without getting into the guts of this bill, I will come to the Parliamentary Secretary to the Minister of Finance, who was not quite so extreme with his misinformation. However, how can the opposition be blamed for the incompetence of the government House leader in arranging government business? Hon. members opposite cannot have it both ways. They have brought forward an omnibus bill to which there are 135 amendments. If we reduce it to a structure on which the House can vote, there are, in effect, 35 amendments. It will take eight hours if we vote on all of them, and we certainly could. Hon. members opposite cannot have it both ways. Either they have a bill or they have several bills.

I agree with the Parliamentary Secretary to the Minister of Finance that Bill C-57 is fantastic in scope. It is one of the two legs of the whole National Energy Program, considering the excise taxes which are involved. The government should be precise with its bills. If it was precise, this House could have definable debates on specific issues. We could have votes without getting into crazy, self-serving, Catch-22 situations in which the government blames us for protesting when it brings in closure.

Let us talk about closure. This bill is fundamentally a tax bill. To the radio audience, the television audience and the public taxpayer, this bill establishes a precedent. I do not want to get into an argument with the hon. member for Ottawa Centre, but this bill establishes a precedent. If we index excise taxes to the cost of living, the amount compounds and keeps increasing as the cost of living increases. The government has an interest in seeing the cost of living go up because taxes will then go up. If we index excise taxes, why not index the personal income tax? We have indexing at the bottom end to help those caught in the inflationary squeeze. They can deduct the index factor from their taxes. Shall we apply this principle at the top? If we have this principle for the excise tax, should it be applied to the income tax or the corporate tax?

Many years ago the Prime Minister (Mr. Trudeau) uttered the sentiment that members of Parliament are nobodies. Perhaps that sentiment will be borne out. Through modern technology tax increases might be directly defined by the cost of living, and members of Parliament and 23 million or 24 million Canadians—whatever number is determined after the census—can all sit in their homes and push little computer buttons so that the House of Commons will not even have to meet.

You know the history, Mr. Speaker. I am afraid some of our parliamentary secretaries do not know the history of Parliament. The purpose of Parliament is to control the public purse. That is the reason the first Parliament met 1,000 years ago, but that matter could involve a whole speech.

Let me deal with the alleged filibuster about which the Parliamentary Secretary to the President of the Privy Council speaks. No one has yet mentioned that this whole matter was referred to a committee because of an agreement among members of this House. On Thursday, February 12, there was an order of the House that on Friday, February 13, 1981, all questions respecting the second reading stage would be put at the end of the day and the matter referred directly to the committee. At second reading of a bill there is usually an opportunity for hon. members to ventilate some of the principles of the bill. That right in this case was removed by agreement. The agreement was made on the expectation that the bill would go to committee and that important people would come before the committee, as they did, to submit their briefs. That was done and most of the briefs expressed protest. Out of that committee came 135 amendments. Now we do not have a chance to have a real debate at this stage. That opportunity is being taken away from us.

It will be a month of Sundays or perhaps four years down the road before I will again agree to such a proposition, because we were hoodwinked. What has been demonstrated today by the government House leader is a type of parliamentary larceny. We spent one day at second reading. Perhaps we were too amenable when we entered into the agreement. This important bill went to committee. The government was urging us to get on with it, but the committee was not called until March 19. It was referred at second reading on February 13. The committee was not called until March 19 and, under the terms of the House order, the committee reported on April 16. The last committee hearing was on April 14. There were committee hearings in that month. However, if this is such an urgent, high priority item and the subject of closure today, why did the government wait since April 14, the date of the last sitting of the committee, until this stage?

We all know that at this report stage we have debated the bill on May 26, May 28, June 2 and June 4. There have been four days of debate at the report stage. We can consider a day to be four hours, or stretch it to five hours. We have had either 16 hours or 20 hours of debate at this stage.

We are talking about a tax bill which contains one of the fundamental cornerstones of the National Energy Program. We are also talking about closure. I find it absolutely incredible that on the day before the government tries to settle the energy tax problem it imposes closure on a tax bill.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member, but his time has expired.

Hon. Bud Cullen (Sarnia-Lambton): Mr. Speaker, I welcome this opportunity to speak in this debate. I say to the hon. member who preceded me that the reason the committee which I have the honour to chair did not meet for that period

of time is that we were embarking on new ground, and the people who wanted to make representations indicated to us that they wanted more time so that they could submit better and proper briefs. That was agreed to by the members of the steering committee, and I think the members who served on that committee will agree. We heard some 25 witnesses. I cannot remember the number of briefs which were presented to members of the committee. The matter was aired fully at that stage.

An hon. Member: Democracy in action.

Mr. Cullen: I heard the hon. member for Edmonton West (Mr. Lambert) indicate—and I wish he had led his party in this particular way—that his party was specifically concerned about two items and part IV of the bill. If hon. members opposite had concentrated on that, I think we could have had a full, honest, serious and constructive debate on that particular subject. The House would have had an excellent debate limited to areas which are very important.

• (1630)

But what do we have? We have the opposition coming down with something in excess of 100 amendments to this bill. And I suggest, with respect, even breaking it down into 30 or 38 votes, whatever it is, that this is going to dilute the power of the debate rather than making it stronger. So if there is an abuse here, Mr. Speaker, it is the abuse of overdoing the amendments to make a point. I am not sure what all the reasons were, but it dilutes the debate. People are confused when they look at all the amendments and wonder why they are there, why they are being grouped together and why two members propose the same amendment. Why was there not agreement among the opposition? If they had things they wanted to concentrate on, why did we not hear from them on those particular subjects and not have all these amendments to the bill?

Now, Mr. Speaker, one area where I do agree with the previous speaker is that the House, in the final analysis, will only operate by agreement on all sides. The House leader and I suspect his parliamentary secretary, the House leaders of the opposition and the NDP, got together in all probability and tried to work out some method whereby we could have a full debate on this subject, where we could use Standing Order 75A and have a time allocation that all parties could agree to. But that did not take place, so 75A could not be used. Obviously Standing Order 75B could not be used because we had to go through that particular procedure in order to get to Standing Order 75C.

Mr. Speaker, 75C is a legitimate rule of Parliament and is meant to be used. And I say, with respect, that there is failure on all sides when we cannot reach agreement. But surely there comes a time when the government has to take its responsibility and move under rule 75C in order to get the business of the House through.

Now, Mr. Speaker, maybe it was not prophetic but some 11 or 12 years ago, in July of 1969, an article in the Sarnia *Observer* entitled "Weaker by the Week" said this:

> The real threat to Parliament isn't the possible danger of cutting off productive and informative debate on a measure, but the steady erosion of prestige by tiresome speeches, lack of decorum, obstructionism and poor attendance in the House. The House of Commons is it own worst enemy and every time it aids its own weaknesses it chips away a little more of its own fabric.

The tragedy of the House of Commons, and why the press and people in the gallery leave this place, is that we bore them with long and tiresome speeches. We do not give them constructive and solid debate so that they can see there are two or three sides to an issue. With 130-odd amendments there is no question; we bore ourselves to death. So if we are doing that to ourselves, what must we be doing to the people out there? It seems to me that that editorial was bang on. When we chip away in this way, we chip away at Parliament itself.

I am concerned, Mr. Speaker, that this kind of procedure will result in the same thing that I see happening to rule 43. When I first came here some 13 years ago, rule 43 was not used the way it is today. When you rose on a matter of pressing and urgent necessity, it in fact was just that.

Mr. Hnatyshyn: I hate to interrupt my friend, but I am sure he will understand that, having a long history in the House of Commons, it is highly improper to question the judgment and decisions of the Speaker, which is precisely what he is doing now in saying that motions under Standing Order 43 are being improperly put. It is clear to me, Mr. Speaker, that that is a clear attack on Madam Speaker, who has the role of adjudicating—

Mr. Deputy Speaker: The hon. member has raised a point which I believe should not be resolved at this time. The hon. member for Sarnia-Lambton has the floor.

Mr. Cullen: I always appreciate the hon. member for Saskatoon West (Mr. Hnatyshyn) interjecting. At least I know he is paying attention to what I have to say. Unfortunately, in many of the debates in this House we actually tune ourselves out, so it is nice to know that my friend was at least listening. I was certainly not being critical of the Chair because the Chair on many occasions rises to say that a certain motion is not a proper motion under Standing Order 43. I am saying that, in my view, members of Parliament are ruining that particular rule by trying to use it to fill up the time that is available.

Another area is questions on the Order Paper. I think here again there is an abuse by members, where we have some members putting 120 questions on the Order Paper.

An hon. Member: Speak to the motion.

Mr. Cullen: I am commenting on the fact that we are using a rule here. But when we abuse the rules, then we chip away at Parliament and what it was meant to do. I think questions on the Order Paper is a good case in point, Mr. Speaker.

I was surprised to hear my friend the hon. member for Winnipeg North Centre (Mr. Knowles) suggest that what we

are doing is undemocratic. Here is the man who is probably the greatest and most renowned expert on the rules of this House recognizing that we are moving quite legitimately under 75C. I say, with respect, that it is probably a more legitimate move than the kind of filibuster we have heard from the other side, yet we recognize that filibusters are a legitimate parliamentary tool, if you will, to halt legislation, slow it down or filibuster one bill so that you are unable to get on to the next one. However, when the government, in the interest of moving legislation forward, uses a rule passed by this Parliament, I say that is democratic. I think we are operating properly and I commend the government for taking this action on this particular bill, given the fact it could not reach an agreement with the opposition parties and we have this filibuster of in excess of 100 amendments moved by opposition members.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Parkdale-High Park (Mr. Flis)—Human rights—Air Canada policy on early retirement of airplane pilots; the hon. member for Winnipeg-Assiniboine (Mr. McKenzie)—Veterans Affairs—(*a*) Delay in processing pension applications, (*b*) Request for change in legislation; the hon. member for Portage-Marquette (Mr. Mayer)—Grain—Compensation to farmers for embargo on shipments to Russia.

ROUTINE PROCEEDINGS

[*English*]

BUSINESS OF THE HOUSE

MOTION RESPECTING ALLOCATION OF TIME FOR REPORT STAGE AND THIRD READING OF BILL C-57

The House resumed consideration of the motion of Mr. Bussières:

That in relation to Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, two additional sitting days shall be allotted to the report stage and one additional day shall be allotted to the third reading stage of the bill; and that at fifteen minutes before the expiry of the time provided for government business on the second day allotted to the report stage and on the day allotted to the third reading stage of the bill, any proceedings before the House shall be interrupted if required, for the purpose of this order, and, in turn, every question then necessary in order to dispose of the stage then under study shall be put forthwith and successively, without further debate or amendment.

Mr. Bob Rae (Broadview-Greenwood): Mr. Speaker, it seems to me that the hon. member for Sarnia-Lambton (Mr. Cullen) put his finger on the problem when he said there was no agreement among the parties to restrict debate. Why was there no agreement? I will tell the hon. member and the minister why. It is because there was no move from the government on any one of a number of areas discussed in committee where we had evidence from people affected by the tax changes proposed, and we have not had one single move of substance from the government with respect to the amendments.

Mr. Peterson: That is nonsense.

Mr. Rae: The hon. member for Willowdale (Mr. Peterson), who speaks more often from his seat than anywhere else, says that is nonsense. I say to him it is not, because if you look at the areas of substance, on indexation they shifted from quarterly to annual. Big deal! And the fact that they changed the base date means the increase is going to be even more substantial.

However, look at the other proposals that have been put forward, such as the suggestion by my colleague the hon. member for Kamloops-Shuswap (Mr. Riis) that we give compensation to small businessmen who perform a valuable service for the government with respect to collection of taxes. The government has refused even to discuss that. When it comes to the simple, fundamental distinction between an original print and a mechanical reproduction, the government persists in the point of view that says there is no distinction. So we are going to start taxing artists who up until now have not been taxed. The government has refused to engage in a discussion about this and it is simply the point of view of civil servants that the minister has passively adopted this proposal without ever questioning whether or not that is the position that should be taken. Then he carries that to its logical extension by saying: "We do not have to change, we do not fear what the artistic community thinks, because when election time comes around we will come up with some goodies for them which will outdo all the things we have done during our government".

Then there is the problem of taxation of small community newspapers where the government has shifted scarcely at all.

An hon. Member: That is not true at all.

Mr. Rae: On the question of advertising supplements the government has not moved. On the question of a definition of a newspaper the government has changed the tax by 5 per cent. That is the sum total of the government's move.

● (1640)

On the question of tax exemptions for the handicapped, again the government refused to move. On an exemption for prosthetic and other devices, the government has failed to move. On marginal manufacturing, the government has failed to move. On the concerns expressed by universities with respect to instruments used for scientific research, the government has failed to move. These are all the areas in which the

government has failed to move to any degree or in any manner of significance.

The hon. member for Sarnia is the chairman of the finance committee. I have a considerable amount of respect for the way in which he has handled that committee. He said that there was no agreement to restrict time. Of course there was no agreement to restrict time. The reason was because the government acted in bad faith. The government restricted debate by an agreement on second reading to send this matter to committee, but on the assumption that it would be discussed in committee and that the reasonable proposals put forward would be considered favourably by the government.

The actions of the government have run completely counter to that. I am not asking the government to abandon its points of principle. We have seen many people who have genuine complaints and problems. The government simply dismisses them by saying, "This is a special interest group". The attitude expressed by the Parliamentary Secretary to the Deputy Prime Minister and Minister of Finance (Mr. Evans) is typical of the hard, bureaucratic attitude of the department. The only amendments which are coming up here are from people who have nests to feather. That is the attitude of the hon. member for Ottawa Centre toward the average Canadian taxpayer—it is just somebody who has a special beef. I think it is a disgraceful attitude for someone in politics. He should be sensitive to the concerns and the realities of business.

Mr. Evans: I said "some".

Mr. Rae: No, you did not. You said "most". We will look at what you said.

Mr. Deputy Speaker: The hon. member should address his remarks to the Chair.

Mr. Rae: I know perfectly well what the hon. member said. That would have been bad enough, were it not for the final straw. Tomorrow the government will enter into discussions with the government of Alberta with respect to the national energy policy, trying to get an agreement on the questions of oil pricing and revenue sharing, and with respect to the position of the federal government vis-à-vis taxation. I find it extraordinary that, on the eve of this discussion and the discussions with Saskatchewan and British Columbia which will follow, the Liberal government would invoke closure on the petroleum and gas revenue tax.

The federal government is enacting a form of taxation which amounts to a royalty. Whether or not one agrees, one could hardly argue that it is not a direct invasion of a field of taxation which up until now has been the exclusive reserve of the provinces.

Mr. Peterson: What law school did you go to—"exclusive reserve"?

Mr. Rae: The government said that it is entering into these discussions in good faith and with some flexibility. The Minister of Finance (Mr. MacEachen) said in committee that everything is negotiable and that they were prepared to negotiate as long as Alberta was prepared to negotiate. If the federal government is prepared to negotiate, why is it insisting that Parliament pass a bill by Friday which it will have to amend, if the government is in fact to reach an agreement with the province of Alberta this month or next month?

The only conclusion we can draw from the government's determination to ram through the bill is that it is not really interested in being flexible and in reaching an agreement. This is the fundamental contradiction in the position of the government. It is not simply that members of the government are not prepared to listen to those people who have come to them in good faith; they dismiss them all as special pleaders or special interest groups. It does not matter from where they come or about what they talk; they just have their nests to feather. Those are the words of the Parliamentary Secretary to the Minister of Finance. When it comes to a question which strikes at the very heart of the economics of confederation and the fiscal relationship between the federal government and the provinces, the government says it is prepared to be flexible. Yet on the very eve of negotiations, it insists upon forcing through this bill. Those are the two fundamental contradictions in what the government is doing.

The reason the government is closing off debate is that it is afraid to listen to the concerns of Canadians with respect to the effect of this piece of legislation. The government is afraid to enter into negotiations when it must be flexible and demonstrate its good faith. That is why the government is forcing through this legislation. It is for that reason and no other.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Mr. Speaker, I think it would be appropriate to refer again very briefly to the provisions of Standing Orders 75A, 75B and 75C to understand what is going on now from a procedural point of view. Many members have pointed out that there were abuses of the Standing Orders in several instances; I would not want to dwell on it, everybody agrees. However, perhaps there is one Standing Order which is not unduly abused, and I refer to Standing Order 75A which provides for consultations among the representatives of each party, and for agreement to set the length of a debate on a specific bill. And if there is something which is regrettable at this time in a debate of this nature it is indeed the bad use or the non-use made of Standing Order 75A. It is available to Parliament and it was put there so that this institution can have full debates but also make a minimum of progress.

Now then, we must admit that what has happened in this instance is that a great number of days have already been allotted to the debate on Bill C-57. It is a bill to amend the Excise Act; it has to do with taxes or a form of levy which results from the budget. Everybody knows that when the budget was read in the House last fall, it was followed by a six-day debate during which we dealt with most of the questions that are the subject matter of the bill under study. To

begin with, therefore, it can be said that many members had an opportunity to comment on this bill during the budget debate which lasted six days. If we add to those six days the second reading stage, when it was agreed to refer the bill to a standing committee rather than to a committee of the whole, with that day required for second reading we have a total of seven days. Then there was the important committee stage where the clause by clause study took up another seven days. Those seven days are added to the seven others I have just mentioned so that we have had 14 days of debate on this one and only piece of legislation, Bill C-57. Let us add to those 14 days—and this is nothing more than a fact—the four days we have used up so far at the report stage and we get 18 days all told. On top of those 18 days, there will be three more which we are prepared to set aside under the terms of the motion which will be voted on later today—because the debate will not end in a few minutes, after the vote on the motion of the Minister of State for Finance (Mr. Bussières)—therefore three more days of debate on this bill plus the other 18 make a total of 21 days of debate on one single bill, not to mention the rest of the day today which will be fully allotted to the study of Bill C-57, that is this evening from 8 p.m. to 10.30 p.m. So we are indeed at 21 and a half days, that is more than 21 days of debate on one single bill. I have therefore no difficulty justifying the use of Standing Order 75C whose provisions enable the government to limit the debate when the parliamentary leaders or the party representatives fail to reach an agreement. So, to get back to the point I raised at the beginning of my remarks—

[*English*]

I insist this is not a misuse or non-use of Standing Order 75A. We should take more opportunities to apply Standing Order 75A in order to allow more bills to be debated in the House. On the one hand I recognized the necessity of having a full and complete debate. I just summarized in French that over 21 days will have been allowed for discussion of this bill in the House of Commons.

• (1650)

On the other hand, I think it would be fair and reasonable that sometimes representatives of each party come to an agreement under 75A to limit the period of time for the conclusion of debate on a specific issue. To my knowledge, this has not happened often in the past. In fact, I do not believe it has ever happened, since I became a member of Parliament in 1974, that representatives of parties in this House have come to an agreement under 75A. With the very heavy agenda which we face, I think it is about time that representatives of the parties consider this tool which is available to us, in the Standing Orders so that we can complete some business in this Parliament and can ask for the respect of the population of Canada.

Mr. Knowles: We did it on "O Canada".

Mr. Pinard: Yes, that is the only time that we did it. That was an important time. The hon. member for Winnipeg North Centre (Mr. Knowles) reminds me that we did this with regard to "O Canada". I remember that occasion. We had no other choice but to do that, and we did it. We should repeat the experience; it was a useful one for this country. Why not repeat it?

May I remind you, Mr. Speaker, that on the Order Paper at this time there are still at least 35 items of legislation which must be dealt with. From now until the end of June, when this House normally breaks for the summer recess, there are only 12 government days left, including today. The rest of the days until that time are allotted to the opposition. Since we have returned from the Easter recess not one bill has been adopted by this House—not a single bill. Only the second reading stage of one bill was adopted in this House, which was the young offenders bill, after two or three days of debate. We have tried to bring forward pieces of legislation on Friday afternoons, when it is normally easier to get legislation through. We have tried to pass non-controversial legislation, yet nothing has been adopted. The opposition has seen fit to delay, to obstruct and to prevent the government from even adopting the second reading stage of bills, except for the young offenders legislation. What I am saying today, Mr. Speaker, is that the opposition should not complain too much about this government sometimes trying to place reasonable time limits on debate on some pieces of legislation.

I think the opposition also has a role to play in this House, a role to collaborate, to allow this Parliament to work. But it is not assuming its role properly. I cannot accept those who are saying that we are trying to force legislation through this institution, taking this bill as an example. On the contrary, this bill will have received more than 21 days of debate either in this House or in committee. This is only one of many bills resulting from the budget. We have tried to come to an agreement as to a reasonable additional length of time, but without success because the opposition is stunned and does not want this House to work.

We have no other choice, if we want to be responsible, but to use a means which is legally at our disposal, a means which is a Standing Order in existence in our Standing Orders under 75C. We cannot use 75C, which is limitation of time for debate, unless we have tried and unless we have given the opposition a chance to make its proposal as to an additional reasonable length of time. They have refused to negotiate properly. They have refused to agree to a reasonable length of time, which is why we have no other choice but to propose the three additional days about which I have been speaking.

[*Translation*]

Under these circumstances, Mr. Speaker, I suggest this responsible government would be remiss if it allowed the opposition to keep on abusing the time of the House. As I said, I regret that since the Easter recess, the House has been unable to adopt a single piece of legislation. All the opposition would permit the House to do, after two days of a painful and

arduous debate, was to give second reading to the bill dealing with—

[*English*]

Mr. Wright: I rise on a point of order, Mr. Speaker. I have been listening to the President of the Privy Council (Mr. Pinard) and I was wondering if he can answer why—

The Acting Speaker (Mr. Ethier): Order, please. If the hon. member wishes to interrupt the hon. minister to ask his permission to put a question, we should ask him if he is prepared to answer a question.

[*Translation*]

Mr. Pinard: Gladly, but only after I am finished with my remarks. Since the time allotted to me is about to expire, I will conclude my remarks. Afterwards, if the hon. member wants to ask me a question, I will answer him gladly. As I was saying, Mr. Speaker, it is unfortunate that the House has been unable to pass a single piece of legislation since the Easter recess, and the government has never intervened up to now to limit any debate. We have had to wait until today, and I feel the opposition is ill-advised to criticize us and deplore this situation. On the contrary, we have every reason to blame them for their irresponsibility, their lack of co-operation and their tendency to filibuster, which is due evidence of their weakness, Mr. Speaker. It seems to me that if they had anything to contribute to a debate, they would come to an agreement and allow debates on several items instead of unduly wasting the time of the House on a single one, thus creating an impression of inefficiency which affects each and every member of this House.

The Acting Speaker (Mr. Ethier): Order, please! I regret to interrupt the hon. minister. The hon. member for Calgary Centre (Mr. Andre) has the floor.

[*English*]

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, the government House leader is again playing fast and loose with the truth and with facts. He talks about a 21-day debate on this bill knowing that is an absolute absurdity. He says that there was a six-day budget debate on this bill. It was not, it was on the budget, the projections with regard to unemployment, to inflation, to future growth and energy pricing.

Mr. Evans: Nonsense!

Mr. Andre: Only partially, and in a very minor way, was it on Bill C-57 in terms of detail. He says that the bill was seven days in committee. He knows full well that committee sessions last an hour and a half each. There were seven separate committee meetings with regard to this legislation, which is a long way from seven days of debate. It is absurd to say that there have been 21 days of debate on this bill.

The minister says there has been no agreement. He asks why we could not negotiate. He neglected to mention that there was agreement for a limited second reading debate on this bill and agreement that the committee would return it in two weeks—another form of closure. He is playing fast and loose with the truth again. He talks about using a legitimate rule, Standing Order 75C. Standing Order 75C was brought in by closure. It will never be legitimate. Anything brought in by closure is not legitimate.

Mr. Evans: It is legal.

Mr. Andre: It may be legal and perhaps the hon. member, like his leader, believes that anything legal is legitimate and that anything legal is moral. But it is not legitimate.

Mr. Evans: Why did your House leader use it?

Mr. Andre: Mr. Speaker, the fact of the matter is we are not a parliamentary democracy here in any real sense of the word. What we have here is a five-year dictatorship.

As the hon. member for Broadview-Greenwood (Mr. Rae) pointed out, a number of very valid and legitimate recommendations by way of amendments to this bill were brought forward at committee stage. There was no movement from the government on those points. It seems to me that the rule is that once something comes out of cabinet then that is it. Once bureaucrats have placed something on the cabinet table and once cabinet has said that is it, Parliament has no right to expect any changes. It is as if we have no right to expect any modifications. We are not here to legislate, we are here to rubber stamp what the geniuses in the Privy Council office have put forward. That is our role.

The one power which we have had is the power to give speeches and try to affect public opinion, to perhaps influence public opinion in such a way that the bureaucrats will hear about it and suggest changes to the ministers in order that we might see some changes. But even that seems to be too much for this government, which suggests that it is intolerable to have members of Parliament giving speeches here trying to influence the public. The government suggests that we must have efficiency, and what efficiency means is to get in line with the rest of the sheep and rubber stamp everything which comes out of the cabinet. Parliamentary reform coming from any member of this government means to eliminate the minuscule power which we now have to give speeches in the House.

It used to be that if a minister acted arrogantly, would not negotiate, or lacked concern about representations from the opposition, you could hold up supply by holding up the estimates. That was the traditional power of Parliaments; but that was done away by closure, by the Trudeau administration.

● (1700)

The basic view of this group is that, once the election is over, the seats are counted and the leader of the party with the most seats selects his cabinet, that is the end of the matter. Members of Parliament have no authority, no power and no ability to legislate in a way which is in keeping with the traditions of a parliamentary system. Indeed, it is perhaps embarrassing to have to admit it, but I wonder what the heck we are doing here. It perhaps says something about our collective intelli-

gence that we are even here, because we are not legislators and we cannot do anything.

The President of the Privy Council (Mr. Pinard) says he wants to negotiate, that he wants to work things out. If that is the case, why not let committees set their own references? Why not, in fact, have ministers negotiate with the House and let us participate in the legislative process? If there is insistence upon the finality of a cabinet decision, and that the ultimate end of any process must be a rubber stamping of what comes from cabinet, then the government has relegated us to a position where our only role is to make speeches and try to influence public opinion. But the government wants to cut that off, too. Incidentally, that is why the premiers and the provinces are as strong as they are. The people know that we cannot do anything to influence government and that we cannot be a check. Therefore, they look to the provincial governments to be a check. If hon. members are interested in making this country work, they should make this Parliament work. Then this country would work.

Some hon. Members: Hear, hear!

Mr. Andre: The hon. member for Broadview-Greenwood accurately pointed out the absurdity of talking about flexibility in energy policy negotiations while imposing the PGRT through closure. The petroleum and gas revenue tax has been responsible for the loss of 50,000 jobs. These are jobs in Weyburn, Saskatchewan, Brooks, Alberta, and St. John's. They are not jobs in Windsor so maybe they do not count. However, people have been put out of work. Have we had any real discussion of the PGRT here? No. It just affects western Canadians and they do not matter. The loss of 50,000 jobs does not matter.

The excise tax on natural gas has been ruled to be ultra vires by the appellate court of the province of Alberta. We are being asked to vote, through closure, on provisions which have been declared illegal by a superior court of this land. The Supreme Court will be hearing the appeal of the federal government on June 16, I understand. It may change the decision and it may not. However, as matters now stand, the provisions of Bill C-57 are illegal, and yet, through closure, we will be forced to divide on that issue and on those questions. How arrogant and how absurd—

Mr. Malone: Despicable.

Mr. Andre: —it is to have that kind of behaviour! One wonders why the national government is held in such contempt by the thousands of people who are attending separatist meetings in western Canada, for example. One wonders why the opposition, in anger, shouts out in this House, delays legislation and so on. This is done in frustration over our inability to perform what we were elected to do, namely, to legislate and to help govern this country. However, that is not the way things are run under this regime. The wisdom comes from the cabinet table and the Privy Council office. Once it arises from that sophisticated process in the Privy Council, and the cabinet decides, that is the end of the matter. We who are nobodies in this institution should know better than to try to hope for change and attempt to negotiate change. If we try to talk too long to influence public opinion, the government will use closure to cut us off.

It has been called the five-year dictatorship, and that is what it is. However, in our society, one can only get away with that kind of behaviour for so long. Unless that is recognized soon and some real parliamentary reform changes are brought in to give Parliament some authority, when this group eventually departs it will leave a legacy of a greatly weakened country, weakened national government and weakened institution. If they are honest, they will be able to tell their children and grandchildren that they contributed to the demise of a strong central government in this country. Because that will be the exact consequence of this kind of irresponsible behaviour on the part of the government.

In conclusion, I would simply like to say that what the government has done by this action is to guarantee that a National Energy Program reached by agreement with the negotiating provinces will be that much further delayed. More Canadian money, equipment and people will leave the country, and our likelihood of achieving self-sufficiency will be that much more remote.

[*Translation*]

Mr. Jim Peterson (Willowdale): Mr. Speaker, today and last week, I listened with a lot of interest to the comments and interventions of members of the opposition from the New Democratic Party, and I would like to recall a few of them because it is very important for the House to understand the problems that they see in our bill. I shall start with the intervention of the hon. member for Hamilton Mountain (Mr. Deans). He said:

> For some time, the government has had a tendency to introduce legislation which would allow it to benefit directly from inflation.

He was talking about the indexing of taxes on alcoholic beverages. However, Mr. Speaker, he completely forgot what we are doing to help individual Canadians. We have indexed personal income tax to make it more equitable and have an income tax system under which all Canadians are treated fairly. The hon. member said nothing about this.

I shall now refer to the hon. member for Halifax West (Mr. Crosby). He told us that we have a problem because we need money, and he said the following:

> —I have sympathy . . . for the philosophy espoused by Premier Lougheed in Halifax, Nova Scotia, the other night . . . The government is not willing to let the economy take its course, and transmit wealth.

And in his speech, he disagreed completely with what we are now doing to share revenue in Canada.

[*English*]

I now turn to what the hon. member for Calgary Centre (Mr. Andre) was just saying. He mentioned that this government will be criticized for having done nothing to help create a strong central government. This is fundamental to what we are attempting to do at this time. We are attempting to reduce the

deficit in a measured and even way. We have undertaken measures by which we will begin to bring about a more reasonable sharing of revenues and a more reasonable sharing of equalization throughout all of Canada.

One of the major problems we face deals directly with revenue. The present equalization formula makes no mention of the revenues derived from natural resources; it mentions them only to the extent of 50 per cent. Resource revenues are included in our equalization formula only to the extent of half.

Mr. Rae: It was John Turner's idea.

Mr. Peterson: Only one third of the revenue from any one province can be taken from resources. That is creating an incredible imbalance in our country. This is one of the major problems we are trying to address in order to attain—

Mr. Rae: Who devised the formula? I thought you guys were in power then.

Mr. Peterson: The hon. member for Broadview-Greenwood (Mr. Rae) has made an intervention. He usually speaks from his chair.

Mr. Rae: Not true.

Mr. Peterson: Is the hon. member denying that he does not usually speak from his chair? I do not know. I listened to the hon. member for Broadview-Greenwood, and the hon. member for Calgary Centre. They told us that we did not give this House the opportunity to fully and freely debate this measure, but have muzzled it. As the President of the Privy Council (Mr. Pinard) pointed out, there have already been 21 days of debate.

• (1710)

Hon. members opposite claim that they did not know about the 8 per cent tax and that it is unfair to impose it at this time when we are engaged in negotiations with Alberta. When would be the right time to act on this matter, Mr. Speaker? Would it be after we have an agreement? If we do not reach an agreement that is fair to all Canadians by June 16, should we wait until September or until next year?

We have followed a fair and reasonable course of action by bringing in the bill after it has had full debate in committee. If we arrive at another agreement with the province of Alberta, then we can accede to the wishes of the opposition.

The hon. member for Broadview-Greenwood made much of the fact that the government has not listened to the wishes of members, has not listened to the wishes of the public and has not made the changes in the measure that he wanted. I should like to turn to the substance of many of the changes that the government introduced, Mr. Speaker. For beauticians the 9 per cent tax was changed so that it will apply to the acquisition cost to the distributor rather than to the selling price in the salon. In this way we have done something to help control inflation and help small business. We need the co-operation of the private sector for this measure in order to ensure that the tax saving will be passed on to the beauty salon and the consumer. This is the only way this type of reduction will come to the assistance of those for whom it is intended.

We have helped small business by clearing up the paper burden and allowing businesses to adjust the time at which they filed their returns. We got rid of the tax on goods supplied under warranty. This is fair. We listened to the representations made on the indexation of the tax on alcoholic beverages, wine and beer and have made concession there.

We have made significant changes for advertising publications designed to help the small daily newspapers which need help most. As the minister said, if that does not work he will make other changes. I call that a fair and responsible attitude on the part of the minister.

When hon. members opposite are aware that their position on a bill is weak, when they have shouted their voices dry, they start to attack the process by which legislation is introduced.

Some hon. Members: Hear, hear!

Mr. Peterson: I need not gainsay what the President of the Privy Council said, but I should like to add some points. We have taken a unique step to ensure that this bill has the most complete hearing that a tax bill has ever had. It is the only tax bill to be presented to standing committee rather than to committee of the whole. Hon. members had an opportunity to present amendments, and they did—131 amendments. That is not the way to respond to the responsibility shown by the government to the House nor to the evidence that the government is willing to listen to what hon. members opposite want to say.

The hon. member for Broadview-Greenwood is getting exercised, Mr. Speaker.

Mr. Rae: Excised, not exercised. You are the one who is getting exercised.

Mr. Peterson: I must say that I believe I have as high esteem for the hon. member for Broadview-Greenwood as does any other member of this House, but I must confess that right now my esteem is quite mediocre.

Mr. Malone: Like your speech.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his time has expired.

Some hon. Members: Hear, hear!

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, nothing could condemn the government more than the necessity for the opposition parties and the government combined to introduce 135 amendments to a faulty bill.

I was brought up in a democratic system where things were caucused and bills were discussed by the backbencher as well as by cabinet. Mr. Speaker, can you tell me whether every member of the backbench on your right knew the condemnatory, punitive nature of this bill and supported it from the

beginning, or were they ordered by the caucus whip to come and vote or they would suffer?

This is an illusory situation, Mr. Speaker. The illusion that the public has after listening to the speeches of members to your right is that the opposition is irresponsible. The illusion is that there is no longer a democratic system in which compromise and discussion, debate—

The Acting Speaker (Mr. Ethier): Order, please. It being 5.17 p.m., the two hours provided for the consideration of the motion now before the House under the provisions of Standing Order 75C have expired. Accordingly, under the terms of the Standing Order, it is my duty to interrupt the proceedings and put every question necessary to dispose of the motion.

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

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed to the motion will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion, the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Call in the members.

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

● (1720)

(Division No. 64)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (Cardigan)
Chénier
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Joyal
Kaplan
Killens (Mrs.)
Lachance
Lamontagne
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Lefebvre
Lonsdale
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Marceau
Massé
Masters
McCauley
McRae
Munro (Hamilton East)
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Penner
Peterson
Pinard
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Schroder
Simmons
Smith
Stollery
Tardif
Tessier
Tobin
Tousignant
Trudeau
Turner
Watson
Yanakis—125.

NAYS

Messrs.

Althouse
Andre
Baker (Nepean-Carleton)
Beatty
Benjamin
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Cooper
Corbett
Crombie
Crosbie (St. John's West)
Crosby (Halifax West)
Crouse
Dantzer
Darling
Deans
de Jong
Domm
Ellis
Elzinga
Fennell
Forrestall
Fraser
Fretz
Friesen
Gamble
Gass
Greenaway
Gurbin
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hawkes
Hees
Hnatyshyn
Howie
Huntington
Jarvis
Jelinek
Kempling
King
Knowles
Kushner
Lambert
Lawrence
Lewis
Lewycky
MacDonald (Miss)
Malone
Manly
Mayer
Mazankowski
McCain
McDermid
McGrath
McKenzie
McKinnon
McKnight
McLean
McMillan
Miller
Mitchell (Mrs.)
Mitges
Neil
Nickerson
Nielsen
Nowlan
Ogle
Orlikow
Paproski
Patterson
Rae
Reid (St. Catharines)
Riis
Robinson (Burnaby)
Roche
Rose
Schellenberger
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Skelly
Speyer
Stevens
Taylor
Thomson
Vankoughnet
Waddell
Wilson
Wise
Wright
Young
Yurko—92.

● (1750)

[*Translation*]

Madam Speaker: I declare the motion carried.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following

questions will be answered today: Nos. 2,198, 2,576, 2,577, 2,578, 2,579 and 2,580 inclusive.

[*Text*]

FINANCIAL ASSISTANCE TO OTHER LANGUAGE GROUPS

Question No. 2,198—**Mr. Herbert:**

1. In the last year and the current year to date, what language groups in Quebec, other than English and French, have received financial assistance from the Minister of State (Multiculturism) and in what amounts?

2. Have any grants been given to special groups of the English and French language to promote their cultural identity, such as Scottish or Haitian groups?

3. In the last year for which information is available, what amount was given in Canada, by language, to the ten most spoken languages after English and French?

Hon. Jim Fleming (Minister of State (Multiculturalism)): 1. Please see list below.

2. The following grants have been given to particular groups of the English and French language in Quebec:

	1979-80	1980-81
Blacks	$ 9,500	$53,193
Haitians	32,600	41,088
Irish	2,000	
Scottish	3,440	

3. The following amounts were given in Canada, in 1979-80, to the following ten most spoken languages after French and English:

Italian	$376,025
German	148,663
Ukrainian	293,171
Chinese	217,907
Portuguese	108,713
Dutch	31,583
Polish	69,053
Greek	146,822
Hungarian	39,424
Hebrew-Yiddish	476,469

NOTE: Statistics for 1980-81 have not yet been finalized.

Group	1979-80 Amount	1980-81 Amount
Arabic	$ 9,063	$ 3,376
Armenian	11,166	2,225
Czech	1,000	
Chinese	10,728	53,680
Croatian	1,163	8,000
East Indian	24,995	23,673
Estonian	295	260
Finnish	650	
German	6,133	6,533
Greek	69,640	82,873
Hispanic	2,505	19,304
Hungarian	9,571	41,088
Italian	98,265	97,063
Japanese	4,188	3,120
Korean	9,246	7,520
Laotian	563	
Latvian	650	3,300
Polish	3,252	9,540
Portuguese	44,554	38,160
Serbian		650
Slovak	4,463	
Turkish	2,484	3,015
Ukrainian	23,992	4,029
Romanian	1,900	
Jewish	52,303	88,292

HOUSE OF COMMONS MEMBERSHIP

Question No. 2,576—**Mr. Baker (Nepean-Carleton):**

1. Is an expansion of the membership of the House of Commons scheduled to take place after the population statistics from the 1981 census are compiled?

2. Did the government prepare an estimate of all the direct and indirect costs involved in adding each new member of Parliament, such as salary and pension benefits for the member and staff, office accommodation and facilities, and ancillary services and (a) if so, what is the estimated cost per member (b) if not, will such a study be undertaken before the expansion?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): 1. Until the census is completed and calculations are made pursuant to Section 51 of the British North America Act, any answer to this question would be speculative.

2. A complete and comprehensive review of all aspects of the representation of the people will be undertaken in the near future.

Question No. 2,577—**Mr. Baker (Nepean-Carleton):**

1. Do census projections show that approximately thirty new members of Parliament will be added to the House after the 1981 census and, if so, will the government need to acquire another building to add to the Parliament Hill complex?

2. Are certain buildings being considered and, if so (a) which buildings (b) is the present Justice Building, adjacent to the Confederation Building, under consideration?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): 1. See question 2,576, answered this day.

2. (a) The government is considering the recommendations of the Committee on Parliamentary Accommodation, chaired by the hon. Douglas Abbott and has taken steps to acquire all of the property in the area bounded by Elgin Street, Sparks Street, Bank Street and Wellington Street. Some of the buildings in that area are now being used, at least partially, for parliamentary purposes.

(b) Not at the present time.

Question No. 2,578—**Mr. Baker (Nepean-Carleton):**

1. Have any government plans been made to accommodate an additional 30 Members of Parliament in the chamber?

2. Is consideration being given to removing the desks and replacing them with benches?

3. Is consideration being given to knocking out walls and expanding the chamber into the lobbies?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): 1. See questions 2,576 and 2,577, answered this day.

2. This suggestion had been made, but extensive consideration has not been given.

3. No.

Question No. 2,579—**Mr. Baker (Nepean-Carleton):**

1. Does the government propose to table a position paper on parliamentary reform and, if so, on what date?

2. Will the paper deal with the problems created for members of Parliament attempting to participate in House business by an increase in the membership of the chamber of more than 10 per cent?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): 1 and 2. This matter is being considered.

Question No. 2,580—**Mr. Baker (Nepean-Carleton):**

Will the government consult members of Parliament before alterations are made to the House of Commons chamber in order to accommodate any new members?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Yes.

[*Translation*]

Mr. Collenette: I ask, Madam Speaker, that the remaining questions be allowed to stand.

Madam Speaker: Order. The hon. member for Wellington-Dufferin-Simcoe (Mr. Beatty) on a point of order.

[*English*]

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, if I heard the parliamentary secretary correctly, yet another day has gone by without an answer to question No. 1,852. It is now six months to the day since I put the question on the Order Paper, and the Minister of Communications (Mr. Fox) should have been able to give me an answer to it by now. The chairman of the Canadian Film Development Corporation indicated that he gave the information to the minister some months ago, yet we still do not have an answer. I am wondering whether I can have one.

[*Translation*]

Madam Speaker: Order. The hon. Secretary of State.

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, the hon. member is taking my name in vain. The estimates of my department have been considered. I was expecting him at the committee to answer his questions, but the hon. member saw fit not to attend that sitting. I have been expecting a question in the House for the past two or three weeks.

Madam Speaker: Order. I think the question was put to the parliamentary secretary and the minister is pursuing the discussion.

[*English*]

Mr. Collenette: This question was asked yesterday and I gave an answer yesterday, and I am looking into that.

[*Translation*]

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

EXCISE TAX ACT AND EXCISE ACT

MEASURE TO AMEND

The House resumed, from Thursday, June 4, consideration of Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs, and motions Nos. 4 (Mr. Blenkarn) and 5 (Mr. Riis).

Madam Speaker: It being six o'clock, I do now leave the chair until eight o'clock this evening.

At six o'clock the House took recess.

[*English*]

AFTER RECESS

The House resumed at 8 p.m.

Mr. Deputy Speaker: Order, please. Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: The question is on motion No. 4, and a vote on motion No. 4 will dispose of motion No. 5. All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Deputy Speaker: According to an agreement reached earlier, the vote stands deferred.

Mr. Nelson A. Riis (Kamloops-Shuswap) moved:

Motion No. 6.

That Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended by deleting clause 7.

Excise Tax

Hon. Marcel Lambert (for Mr. Blenkarn) moved:

Motion No. 7.

That Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in clause 7 by striking out lines 11 to 40 at page 9.

Mr. Lambert: Mr. Speaker, I rise on a point of order. Unless I have missed something, I do not believe the Chair put motion No. 5. The vote will be on motion No. 4. If it is defeated, it defeats motion No. 5.

Mr. Deputy Speaker: I am informed by the Clerk—

Mr. Lambert: My point is that the Chair has not put the motion.

● (2010)

Mr. Deputy Speaker: The Clerk informs me that the vote on motion No. 4 will dispose of motion No. 5. since they are indentical motions.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, essentially motion No. 6 is a continuation of a great deal of what we have heard in the last number of days with reference to the pricing of wines in an absolute way, the whole matter of indexing, and then the excise tax being placed on wine. In essence, the motion before us does away with the concept of indexing in terms of the excise tax as it applies to wines, and at this point suggests that an increase in the price of Canadian wines is not the appropriate step to take.

Before I discuss some of the details of this motion, I wish to talk about why this particular motion is before us with so many others. Over the last number of days there have been many references to the fact that we were debating 135 different amendments to this particular bill. Members opposite were criticizing us for putting forward so many amendments for discussion. They were asking us why on earth we had not brought in a fewer number of amendments and dealt with more of the specifics and, perhaps, some of the larger issues in this bill.

I want to make it perfectly clear that that is exactly what we had in mind when we deliberately went through second reading stage very quickly in order to get the bill before the committee. I would like to commend the chairman of the finance committee for calling a number of witnesses and for requesting and receiving a number of written briefs. But there was one very important aspect of that deliberation which was eliminated, and that was the opportunity for members of the Conservative party, the Liberal party and the New Democratic Party to come together to discuss what the 23 groups of witnesses presented to us as members of that committee, not to mention countless written breifs which were also presented to us. We eliminated this very crucial step. I suspect that had the government taken that initiative, had it shown that interest, in the next number of days we would not be discussing the vast array of amendments which we are discussing because the matter would have been resolved in committee. Saner heads would have prevailed, in that surely we would have agreed that the points raised by so many of these delegations and witnesses before the committee were, in fact, legitimate. They expressed legitimate concerns. These were not people trying to avoid paying legitimate taxes to the Government of Canada.

Both opposition parties and members opposite indicated their willingness to ask questions of the witnesses, in terms of finding out what concerns were on their minds. A great many legitimate concerns and criticisms were articulated by the witnesses. Unfortunately, by and large, they were ignored by the government, with the exception of a few cosmetic changes being produced. But the substantive concerns were virtually ignored. That is why members of the Conservative party and ourselves, with a great deal of reluctance, brought in 135 amendments.

We felt the concerns raised by the witnesses were legitimate ones which needed to be addressed. More than ever before I was convinced that this bill is an ad hoc approach to taxation. Attempting to glean a few dollars here and a few dollars there is not the way to approach taxation in Canada in the 1980s. Surely, a reflection of the poor taste and lack of consideration of the government was the document which went to all members of the committee, which attempted to summarize the concerns of the witnesses. Again, as far as the principle is concerned, I commend the chairman of the finance committee for directing his officials to take the time to go through the various briefs, summarize them for us and then provide an appraisal.

Those members who have taken the time to read the appraisal will see that contained therein are comments of the most cynical nature. These were not constructive criticisms, but criticisms designed to make the witnesses appear foolish. These were criticisms designed to make the concerns of the witnesses appear simplistic and almost childish. That is hardly the way to treat serious briefs and presentations in this day and age, particularly when we hear a great deal about the alienation found in certain parts of our country.

When one looks at the various witnesses who appeared before the finance committee, such as representatives of the city of Medicine Hat, representatives of the Hobbema Indian Reserve, the Independent Petroleum Association, the Canadian Petroleum Association, the Federation of Alberta Gas Co-ops, the Energy Services Association of Alberta, and many others, one sees that they were essentially ignored. I do not think there is any question, even from members opposite, about the concerns and points of view which were expressed before the committee being ignored by the government. If that is not a slap in the face to those groups which I have mentioned, in this case westerners, it is little wonder that there exists in our country a cynicism toward the government, an attitude that this government simply does not care. This is why we are being forced to address 135 amendments. The government was not prepared to sit down and discuss ways and means of looking at a few changes to this bill. The government was prepared to simply ignore that process and force the opposition parties into the position of spokesmen for the various witnesses which appeared before the committee.

The particular motion before us identifies the problem associated with indexation. I do not feel that it is necessary to go through an elaborate and precise description of the hazards associated with indexing the tax on tobacco and alcohol in Canada. The point has been made by many members already that, in fact, this will be a factor which fuels inflation in our country, as opposed to combating it. This measure will give the government a vested interest in inflation, since it is one small step toward providing more revenues for the government as a reflection of inflationary practices. I am concerned about the effect of tying the excise tax to the CPI and what that means as a true reflection of inflation in the country and, therefore, the resultant increase in taxation. For example, if one province decides to increase significantly the price of wine, beer, tobacco or distilled spirits, then that will result in an increase in price across Canada. In other words, one province could dictate a significant increase in the CPI for that subgroup which would then reflect an across-the-board increase for that particular commodity.

If there is a significant increase in the price of a foreign wine or an imported spirit, for example, then it would fuel the CPI for that subgroup, which would result in a rise in prices across Canada. If the value of the Canadian dollar vis-à-vis the franc, or some other currency, drops, the price, if you like, of that imported commodity will increase. It will increase the CPI in that particular subgroup, which will then result in an increase in the price of alcohol and tobacco across the board for all Canadians.

What is happening in this country is that we are tying our increases in the price of alcohol and tobacco to what is happening in foreign countries and to what may be happening in one province of Canada. Surely this is not the intent of this particular piece of legislation. It is with that in mind that we in the New Democratic Party feel that this is simply not the appropriate step to take at all. If it is true, as the hon. member from Ottawa indicated this afternoon, that the need for this is to combat inflation, surely to goodness there is a better way to combat inflation than to index the prices of alcohol and tobacco.

• (2020)

We suggest, when we start looking at the increase in the prices of wine, beer and distilled spirits, that there is a great deal of discrepancy in the pricing of those commodities in Canada today. That is why we have mentioned in our motion that this would appear to be an inappropriate time to add another increase to the price of wine in Canada. We are not against increasing the price of wine; we are against increasing it in this willy-nilly way of adding a few cents to a gallon of wine or a few cents to beer or a few cents to distilled spirits. Surely the reason we are in this disastrous situation today is the kind of ad hoc approach to obtaining federal government revenues.

Mr. Baker (Nepean-Carleton): Nickel and diming.

Mr. Riis: Nickel and diming, as the hon. member says. Indeed, it is. What is required, to our way of thinking, is a comprehensive commodity tax review. I realize that was introduced in 1977—actually, it was 1975. It was abandoned or suspended in 1977 at a time when the interest rates and cost of living were not as high as they are today.

We suggest that we are well overdue for a comprehensive commodity tax review in Canada. We should take a look at the taxes we presently place on wines, for example. We should ask ourselves the question: should we be encouraging Canadian wine producers? Should we be using the taxation system to encourage more participation in the vineyard industry, more participation in the Canadian domestic wine industry? Should we be lifting the prices of those Canadian wines to achieve some social benefit? Should we perhaps decrease prices to encourage more people in the agriculture sector? We should ask the same questions in relation to the breweries and the distilled spirits industry?

Another question we should be asking ourselves is: should we be using our taxation system in a more creative way to accomplish certain economic and social ends? We in this party feel, of course, that we should. We should not simply tack on nickels and dimes during these times when our farmers could perhaps use some encouragement and when domestic producers of wine in Canada could also use some encouragement.

It is for that reason that we feel very strongly that this is not the time to increase across the board the tax on spirits, wines and beer, and it is certainly not the time to index these commodities.

Some hon. Members: Hear, hear!

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, one of the reasons I think the hon. member for Kamloops-Shuswap (Mr. Riis) found difficulty with the fact that we were not able to consider the representations which had been made was the insistence by the government House leader that the bill be returned to the House by April 15 or April 16, and also the fact that we heard briefs until almost the eve of those dates. That left only the appearance of the Minister of Finance (Mr. MacEachen) himself, who tried to emulate the Great Sphinx of Egypt by saying absolutely nothing, and then saying that the government would take into consideration the representations which had been made and would declare itself at that time, if at all.

That is why I would say neither the representatives of the New Democratic Party nor myself, when I led our party in this particular consideration, were disposed to put any amendments before the committee. What would be the point? If one amendment were proposed, the government backbenchers would simply chew that amendment away and use up the time. They would have filibustered the one amendment which would have been put forward by either the New Democrats or ourselves, and it would have been a total loss.

I therefore stated quite clearly that it was not my intention to put any amendments in the committee, as we had done under the Bank Act, and we would put them in at the report

stage. Neither our party nor Your Honour's is under any obligation whatsoever to consult with one another as to the nature of the amendments which will be proposed. For instance, in part IV of the bill, which is that tax on petroleum and natural gas revenue, every clause is marked for amendment by the New Democrats, and the same amendments appear under the name of my colleague, the hon. member for Mississauga Centre.

Mr. Knowles: Etobicoke Centre.

Mr. Lambert: It was the hon. member for Etobicoke Centre (Mr. Wilson). That is why we had that many amendments. There are, in effect, many duplications; but that was the result of what one could call the nature of the beast under that type of restriction on the committee.

So far as the amendments put forward by the hon. member for Kootenay-Shuswap and—

Mr. Baker (Nepean-Carleton): Kamloops-Shuswap.

Mr. Lambert: I will get those two ridings straightened out yet. There were also amendments put forward by my colleague, the hon. member for Mississauga South (Mr. Blenkarn).

First of all, we are against the increase in the tax on one. I referred to that the other night. We are also against the indexation of tax. Strangely enough, the formula which we wish to eliminate is the quarterly index.

In amendment No. 8, as it appears on the order paper, the government had advanced to six months. It had taken one step. The other night the minister replaced that motion, that amendment, in effect, by an amendment which calls for annual indexing. As I indicated the other night, it is not the question of merely placing a percentage tax, as the Parliamentary Secretary to the Minister of Finance (Mr. Evans) suggested. That is nothing. What it is, is a clear indication that there shall be an annual rest and that the tax shall be compounded by the factor of the annual CPI. That is the nature of the increase. This particular subgroup of alcohol and tobacco will pick up influences from all sorts of areas. Of course, the net result is that the excise tax in this particular area will snowball.

It is the snowballing of the excise tax without the consent of Parliament to which I object, and to which my colleagues say, "No, no, a thousand times, no!" That is what is wrong with this principle. In relation to taxation, it is a first attempt to impose the cost of living index on the formula of determination of tax with an annual rest. It will be applied on the alcohol and tobacco subgroup at this time. I suppose that is a popular target for taxation. The next one could be the tax on gasoline and diesel fuel. There are many other areas of tax where, by simply changing the formula of calculation, an indexation based on CPI could be imposed and the government would be the chief beneficiary.

• (2030)

I am almost repeating what I said the other day when I said that the government would be very interested in inflation at 100 per cent. The principle is wrong, Mr. Speaker.

I do not want to put on the record all the evidence given by the commissioners of the Liquor Control Board of Canada, the Distillers Association of Canada, the Brewers Association and the wine growers. I think this is a despicable move as it pertains to wine. Wine should be considered part of the agricultural industry. There is no reason why domestic wines should be taxed any more than milk is taxed.

The minister should take into account where the grapes are grown and what the revenues of the growers amount to. They are agriculturalists. No other country treats them as a source for the taxation of alcohol or puts them in the same category as those who distil alcohol for whisky.

Be that as it may, Mr. Speaker, there is a substantial increase in tax, by formula, from 25 cents to 60 cents. Indexation of the tax will greatly increase the price of domestic wines. Next we will see an excise tax imposed on foreign produced wines. We will experience all the difficulties arising out of the CPI or influences abroad, with regard to the cost of these beverages.

The same thing applies to the price of British tobacco. It will go out of sight. It is high enough as it is but it is a vastly superior product. This does not in any way try to protect the Canadian product which is a hot tongue burner at all times. I have smoked a pipe for over 40 years so I have considerable experience in judging quality and I am not overly impressed with our domestic product. In any event, I think the principle is quite wrong.

I should like to name some hon. members opposite who regularly attended the finance committee and were critical of the government's actions. They thought this was a pernicious principle. I see that the muzzles are on now, however, and they are not going to speak. You might say that they are—

[*Translation*]

—all puffed out ready to speak because their mouths are full.

Right you are, hon. member for Burin-St. George's (Mr. Simmons). You know, we can speak French as much as you can.

[*English*]

Mr. Simmons: French or English, it doesn't matter.

[*Translation*]

Mr. Lambert: Right. Their mouths are full, whether it be in English or in French.

[*English*]

I am not suggesting what their mouths are full of, either!

I would hope that these two amendments commend themselves to members of the House and that we could return to a beginning of sanity by adopting motions No. 7 and No. 8.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Mr. Speaker, I simply want to urge hon. members to reject the amendments. They would cancel outright the provision under which the tax on wines would be adjusted regularly and, as I explained this afternoon, there is no difference between that adjustment and an *ad valorem* tax. If the hon. member for Kamloops-Shuswap (Mr. Riis) objects to that process, then he must be against any *ad valorem* commodity tax, because just as an *ad valorem* tax goes up when, for instance, the currency fluctuates, so will this process enable the central government to maintain the same income tax margin as the revenue it derived before the commodity increase.

[*English*]

Mr. Gordon Taylor (Bow River): Mr. Speaker, I am definitely and violently opposed to this type of taxation. It is a sneaky way to impose a tax.

An hon. Member: What else do you know?

Mr. Taylor: You know all the sneaky ways. We are learning them but we do not like them.

If you want to put a tax on, why do you not bring it in to the House of Commons and have it debated? When this passes, it need never come to the House again. That is taxation without representation.

A moment or so ago the minister said that it is going to be a definite ratio. If that is so, why does the bill say that it can be adjusted or altered in such a manner as the governor in council may prescribe? You can do it any way you like. You can double it or triple it.

Mr. Deputy Speaker: Order, please. With all due respect, hon. members must address their remarks to the Chair.

Mr. Taylor: Mr. Speaker, I am addressing the Chair. I have to look over to them once in a while to see what reaction I am getting. I might as well be talking to a stone wall, so I will not bother looking at them.

This is not going to be done by a definite ratio or the bill would have said so. It is open to any adjustment or alteration in any manner the governor in council will want to prescribe. That is an unsound principle. It is taxation without representation. If we can do it with wine and beer today, the next time it will be put on bread and meat. Grapes are an agricultural product, as was pointed out by the hon. member for Edmonton West (Mr. Lambert).

The people of Canada do not know what to expect from a government that introduces this type of indexation of taxation. It is completely unsound and hon. members know it. They have been hoodwinked into voting whatever way Pierre tells them to vote!

Excise Tax

Mr. Bob Rae (Broadview-Greenwood): Mr. Speaker, since the government has not really answered the points that have been made with respect to this proposal but has relied upon its majority to put it through, I want to refer to the so-called executive summary and responses. This document was prepared by the minister's department and it refers to some of the criticisms of the government's scheme of indexing *ad valorem* taxes.

This document tells a great deal about the state of the bureaucratic mind, which is obviously the dominant mind on the other side and the one which controls government policies.

The Brewers Association of Canada points out that taxes on beer now represent 45 per cent of the retail price. It is one of the highest proportions of tax on beer in the world. The answer of the bureaucracy to that criticism was, that what the rest of the world does is not particularly relevant to Canada's social tax policies. That is a good, logical, thorough, well-thought-out, in-depth kind of answer. What the rest of the world does with respect to taxation of any product is of no concern to this government. We will just put our heads in the sand and say that how beer is taxed in the United States, the United Kingdom, Germany or in any other country is really of no concern to us. We do not have anything to learn from any other country in the world. We know all the answers here in Ottawa. We have the answers to everybody's problems, and we do not have to rely on what may or may not happen in other countries in order to make up our minds. The government demonstrates that kind of ignorance of systematically putting on the blinkers, of carrying on with the policy regardless of what associations, producers or consumers say and regardless of the effect on them. All we hear is that we will carry on.

● (2040)

Mr. Mayer: That is not what they say when it comes to interest rates.

Mr. Rae: The hon. member for Portage-Marquette (Mr. Mayer) points out correctly that this is not what they say when it comes to interest rates. When it comes to interest rates, those of us who call for a different policy for Canada are regarded as those who want to walk off the end of the world. It is the Minister of Finance (Mr. MacEachen) and the Minister of State for Finance (Mr. Bussières) whose department is walking off the end of the world with respect to this proposal. They just say that it does not matter. The Minister of State for Finance is shaking his head. But in the reply we find:

> What the rest of the world does is not particularly relevant to Canada's social tax policies.

Elsewhere we can read:

> —the burden of tax on beer is extraordinarily heavy in Canada and higher than in most other countries.

But they say the reference to other countries is inappropriate. Why is it inappropriate? It is inappropriate because it is embarrassing to the government to have to recognize that our taxes on alcohol are very high in Canada compared to the rest of the world.

Here is another example of the concerns expressed by the Brewers Association:

> Adverse social and health costs are more directly related to the misuse of spirits; control measures including taxation should deal more stringently with spirits.

The following is a scientific statement of fact put forward by the Department of Finance, I am sure after a great deal of intensive research, which reads:

> Alcohol in any form, be it beer or wine or spirits, is equally intoxicating.

That is a statement of fact for which I do not see any proof, if you will pardon the pun, Mr. Speaker.

There is another statement of fact offered by the Department of Finance as firm proof for which there can be no question at all. The minister gets statements and briefs. Just today the Minister of Finance was talking about briefing books. This briefing book is the bible for the Minister of State for Finance. The Minister of State for Finance may have forgotten to read the briefing book today, so I will read from it again for him, as follows:

> There are probably as many drunks whose libations are beer or wine as there are drunks whose favourite beverage is spirits.

Is that the scientific factual basis upon which the government will decide the relative burden of taxation? Is that the basis upon which the government is now fixing this year to be the base year on which all rates from now on, forever and ever, will be decided because of the indexation policy? There are probably as many drunks whose libations are beer and wine. Doesn't the minister know? Does he not have a chart which tells us how many drunks are drunk because of beer; how many drunks are drunk because of wine, and how many drunks are drunk because of spirits? I ask that because the government has just put this forward as if it were a solid fact. This is the theory: there is an equal number of beer, wine and spirit drinkers who are drunk. That is the first theoretical base. The second factual basis is that what the rest of the world does is not important to the Department of Finance. That is the way in which our tax policy with respect to indexation is being made, and it is absurd.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Agreed.

Mr. Deputy Speaker: The question is on motion No. 6. All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Deputy Speaker: Following the procedure previously outlined, the division on motion No. 6 stands deferred.

Is the House ready for the question on motion No. 7?

Some hon. Members: Question.

Mr. Deputy Speaker: The question is on motion No. 7. All those in favour of the motion please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Deputy Speaker: Following the procedure previously outlined, the division stands deferred on motion No. 7.

Motion No. 8; shall I dispense?

Mr. Lambert: No, please read it. I want to be sure this is the last version put in by the minister. There were three versions, and I want to hear which one it is.

Mr. Deputy Speaker: The hon. member has made his point.

Hon. Pierre Bussières (for Mr. MacEachen) moved:

Motion No. 8.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in clause 7 by striking out lines 11 to 40 at page 9 and substituting the following therefor:

"(2) The excise taxes imposed by subsection (1) shall be adjusted

(a) on the first day of April, 1981, so that the taxes imposed in the five month period commencing on that day are equal to the amount obtained

(i) by multiplying

(A) the taxes set out in subsection (1)

by

(B) the ratio, adjusted or altered in such manner as the governor in council may, by regulation, prescribe and rounded to the nearest one-thousandth or, where the ratio is equidistant from two one-thousandths, to the greater thereof, that the Alcoholic Beverages Subgroup of the Consumer Price Index for the twelve-month period ending on December 31, 1980, bears to the Alcoholic Beverages Subgroup of the Consumer Price Index for the twelve-month period ending on September 30, 1980, and

(ii) by rounding the product obtained under subparagraph (i) to the nearest one-hundredth of a cent or, if the product is equidistant from two one-hundredths of a cent, to the greater thereof; and

(b) on the first day of September each year, commencing on September 1, 1981, so that the taxes imposed in the twelve-month period commencing on the day the taxes are adjusted are equal to the amount obtained

(i) by multiplying

(A) the taxes set out in subsection (1)

by

(B) the ratio, adjusted or altered in such manner as the governor in council may, by regulation, prescribe and rounded to the nearest one-thousandth or, where the ratio is equidistant from two one-thousandths, to the greater thereof, that the Alcoholic Beverages Subgroup of the Consumer Price Index for the twelve-month period ending on the last day of June in that year bears to the Alcoholic Beverage Subgroup of the Consumer Price Index for the twelve-month period ending on June 30, 1980, and

(ii) by rounding the product obtained under subparagraph (i) to the nearest one-hundredth of a cent or, if the product is equidistant from two one-hundredths of a cent, to the greater thereof."

[*Translation*]

He said: Very briefly, Mr. Speaker, I would say that the purpose of this amendment, as it has already been explained, is to make an annual rather than a quarterly adjustment on wines, and also to change the basic period of that adjustment so that it will now end on June 30, 1981. The first quarterly period which had already been established and came into force on April 1 of this year will be maintained until the next basic period comes into effect. As the hon. member for Edmonton West (Mr. Lambert) so aptly put it, that will fulfil the expectations of the industry, while at the same time changing the revenue of the government in that field, since the basic period has been changed.

● (2050)

[*English*]

Mr. Deputy Speaker: Is the House ready for the question?

Hon. Marcel Lambert (Edmonton West): No, the House should never be ready for the question on this nefarious amendment because it not only defeats the Chair in its reading ability, which is not inconsiderable, it is so complicated that even Mr. Speaker was stumbling through the reading of it.

Some hon. Members: Shame, shame!

Mr. Lambert: That is no reflection on the Chair, Mr. Speaker; it is illustrative to those hon. gentlemen who have never even looked at the blessed document that they are into the most bureaucratic jargon that could possibly be devised. Even hon. members who sat in at the finance committee from time to time were never exposed to that type of formula, because that which was in the bill was relatively simple. This was changed in order to arrive at this different revenue base, as I pointed out the other night, which creates an increase of $18 million in tax on wine and spirits over and above the $42 million which is proposed in the numerical increase of what shall be paid by measure on either wine or distilled alcohol.

An hon. Member: So?

Mr. Lambert: In response to the hon. member from Quebec City who thinks this is so funny, perhaps if he came around to these committees and displayed some of the intelligence accredited to him, he might find that this is one of the most pernicious bills that has ever been brought forward by any administration. I hope he is able to explain to his constituents, when the price increases go into place, what happened. He will not even be able to do that. He will just simply say that the Minister of Finance (Mr. MacEachen) said he needed more money, so, therefore, you my little citizen—

[*Translation*]

You, my little friend from Quebec, are going to pay ever more for your beer. I hope he will drink his glass of beer and throw the rest in the face of the hon. member. I am not criticizing anything, but I do take my colleagues opposite to task for finding fault in private and even in public before the representatives, saying that the bill was unacceptable and unjustifiable. But when the bill comes back before the House, they cannot even open their mouth. They are behaving like a bunch of sheep. It is very simple, a bunch of sheep knocked down—

Mr. Duquet: They do not stand still to get fleeced!

Mr. Lambert: The hon. member says they do not stand still to get fleeced. I can assure you that the people they represent are being fleeced. My God, Mr. Speaker, if only they knew!

Because if you increase the tax only on imported alcoholic beverages and wine, the Quebec Liquor Board will naturally be affected by this tax and by the increase, and every year from now on, the cost of living index in this subgroup will be added to the 9 per cent tax, which means that it is not simply an *ad valorem* conversion that we have here, but that the cost of living index must be added also. This is—

An hon. Member: Not true!

Mr. Lambert: You say: Hear, hear! Mr. Speaker, did the hon. member say "hear, hear", or is this a problem for him? For our part, since we have seen that the example of the federal government will soon be followed by a provincial administration, we shall have this problem and add cost of living increases to everything. I wonder whether the results will be satisfactory, but there will be an increase since the price of beer will now be affected by the cost of living index. This increase will affect senior citizens, that is pensioners 65 and over. There will be one for veterans, and the same will apply for taxes on beer. The hon. member should be able to explain that to his constituents.

Mr. Duquet: Mr. Speaker, people over 65 are not drinkers.

Mr. Lambert: Mr. Speaker, the hon. member is not at his seat.

[*English*]

Mr. Deputy Speaker: The hon. member for Edmonton West (Mr. Lambert) has the floor.

[*Translation*]

Mr. Lambert: Mr. Speaker, the hon. member will have other opportunities. I would like him to go to his seat and take part in the debate to show how well he understands this bill.

An hon. Member: You would see—

Mr. Lambert: Yes, because it is by remaining silent that you keep your constituency when you sit on the government side.

Mr. Speaker, we object to this bill, and I ask my colleagues to support the motion I moved following the example of my colleague for Mississauga South (Mr. Blenkarn).

I object to the formula proposed by the Minister of State, who has himself a lot of trouble understanding what will happen with this bill and especially with this formula.

[*English*]

Mr. Bob Rae (Broadview-Greenwood): Mr. Speaker, with the government's amendment to change indexation from a quarterly to an annual basis, I suppose members opposite expect us to get down on our knees with gratitude; that is, having imposed a quarterly system of taxation, the government has now decided to simply do it on an annual basis. I want to tell the minister that once he has accepted the principle that adjustments should only be made on an annual basis, he has eliminated the need for indexation. All the minister has to do is to simply produce the bill in each and every budget, which, one would hope, would be on an annual basis, in order to provide for the increases in taxation which the minister thinks are justified. I find it typical of a government which has made a kind of ideological decision to go for indexation on a quarterly basis, every three months, and wants to increase the taxes which the average Canadian would pay in order to have his pint of beer, glass of wine or, indeed, glass of hard liquor, but which now is only going to index on an annual basis, and expects us to be grateful. In fact, the logic that would lead to quarterly adjustments does not apply to the annual adjustments because we have budgets every year so we do not need the indexation.

The second point that has to be made is that the government is kicking Gerald Bouey in the teeth with this proposal, and I think that is a shame. I know the hon. member for St. John's West (Mr. Crosbie) thinks it is a shame too because he is behind Governor Bouey 500 per cent. He is "Mr. High Interest" when it comes to bum to bum, toe to toe, cheek to cheek with old Gerry Bouey XVI.

● (2100)

Let us hear what Governor Bouey had to say in his annual report to the Minister of Finance in 1980. What did he have to say about learning to live with inflation? What did he have to say about the principle of indexation? What did he have to say about the principle of providing a free ride to the government and a free ride to the Canadian public? He said, and I am quoting from his annual report:

> It is not at all clear what people have in mind when they talk about "learning to live with inflation".

He went on, and I am quoting from pages 5 and 6 of his annual report:

> Is it possible that they think that society could develop some way of indexing all money payments so completely that changes in the purchasing power of money would be neutralized and could therefore be ignored in the formation of public policy? The fatal weakness of this idea—

It is fatal. It could kill the government if it adopted this idea. Upon adopting it, the government could die. That is the wording of Governor Bouey.

> The fatal weakness of this idea is that the more vigorously a country applied it the more rapidly would any inflationary impetus cause prices to accelerate. That system would be much too unstable to be workable. As a practical matter proposals to find ways of ignoring the rate of inflation cannot be taken seriously.

That is the view of the Governor of the Bank of Canada about this proposal to index taxation, and I think it is time the government knew it has now broken its commitment to support the Governor of the Bank of Canada in his single-minded policy to fight inflation in Canada. This government is fuelling the fires of inflation. It has broken faith with Gerald Bouey, and I think that is a disgrace.

Mr. Peterson: Who do you think you are, Ian Deans?

Mr. Rae: The second point—

Mr. Cullen: Whoops.

Mr. Rae: I want to look at what goes into making a bottle of beer so that we will see that we are not taxing just beer, we are not taxing just the beer industry alone, we are taxing every single worker who produces a component of a bottle of beer. That is what happens when the government increases inflation by indexing taxation on a bottle of beer.

Cereal grain growers on the prairies are weeping because the government is taxing their product. Carbohydrate matter, yeast, hop oil, hop extract, stabilizing agents—

Mr. Cullen: Not stabilizing agents.

Mr. Rae: Mr. Speaker, I think you get the point, but I want to add just a couple of other points. Did Your Honour know that wood shavings derived from oak, beech, hazelnut or cherrywood are also components of a bottle of beer?

Mr. Cullen: That does it; I quit.

Mr. Rae: There are many woodworkers across Canada from Newfoundland to British Columbia. Do hon. members realize that the tax on wood shavings which are put into a bottle of beer will now be indexed? That is to say nothing of ammonium persulphate and Nylon 66. How many Nylon 66 workers are there in Canada? A large number.

If I could be serious for just a moment, the point of what the government is doing is that it is on a slippery slope. The government is on the slippery slope of telling itself that it is possible and permissible for the government to take its cut out of inflation.

What the government is doing is significantly different from indexing deductions because the principle behind indexing deductions is that the government does not reap the benefit of inflation but in fact has to cut down its spending as a result of inflation. This provision provides for exactly the opposite because it means that the government takes advantage of inflation. It means that government income will be guaranteed to go up in accordance with inflation, and it means that an inflationary psychology is being built into an inflationary tax system. That is precisely what is wrong with indexation at this time. I hope the minister will attempt to reply in a serious manner to the very real problem which is being created by building inflation into a tax system at a time when all the

authorities, including the Governor of the Bank of Canada, for whom the minister has an almost perverse affection when it comes to public policy—

Mr. Skelly: Details?

Mr. Rae: —at a time when all the authorities are saying that indexation and the notion of indexing everyone against inflation is a dangerous policy. That is precisely what the government is doing in this instance, and I think the government should give us an explanation.

Hon. John C. Crosbie (St. John's West): Mr. Speaker—

Mr. Cullen: It would be nice to have a nice quiet speaker for a change.

Mr. Crosbie: —I know we can hardly expect members of the majority in this House to take seriously the problems this particular amendment is going to cause, for example, for the brewing industry in Canada. I have a brief here from the Brewers Association of Canada representing seven Canadian breweries. They produce and sell 99 per cent of the beer consumed in Canada. We are talking about an industry that is already Canadianized. We do not need any pseudo-Canadianization from the government. We do not need any nationalization in the vein of Petro-Canada. We do not need a "Petro-Beera". We already have a Canadianized—

Mr. Hnatyshyn: How about "Beer-Can"?

Mr. Crosbie: We already have a Canadianized industry. Here we have an industry that is totally Canadian-owned. In fact, it is doing very well down in the United States. The beer from Oland's, I think it is, in New Brunswick, Moosehead or Moose Jaw or some kind of beer like that, is selling ferociously down in the United States of America, and I am delighted that we are able to export that stuff and licence it down there.

In any event, the point I am making is that here is an industry. It is Canadian-owned. It is producing a Canadian brew made from Canadian water with Canadian hops and Canadian constituents. It buys 95 per cent of all its materials and supplies in Canada. Its 41 breweries are found in nine provinces. Let me say this: two of those breweries are in my district, and that gives me a statesmanlike interest in this subject.

Some hon. Members: Oh, oh!

Mr. Crosbie: The production, distribution and sale of beer give employment directly and indirectly in Canada to 180,000 people. There are 180,000 people working in this brewing industry in Canada. It generates $1.2 billion in tax revenue, so we are dealing with a serious subject. We are dealing with one of the big Canadian industries. We are dealing with 180,000 people working in that industry, and this industry is bitterly shocked and disappointed in the proposals contained in this legislation.

I have to admit they were bitterly disappointed and shocked with the proposals contained in the budget I introduced in December of 1979, but I say this: I would have had enough sense to listen to their points, their proposals and their submissions. Had I remained as minister of finance I would have fixed up some of the main objections to the legislation they brought forward. Let me also say that even in my deepest and darkest days as minister of finance in those short few months I had, never in the darkest, deepest, most depressed and most vicious days of my tenure as minister of finance did I think of indexing the tax on beer, wine, liquor and tobacco. Only a labyrinthine mind, only a Calvinist mind, only a mind with the deepest subtlety, only the mind of a bachelor from Cape Breton, could come up with such a concept that these taxes be indexed. That gentleman is not even here in this chamber tonight to defend his own proposals to the 180,000 people that work in our Canadian brewing industry.

Let us look at some of the things that are wrong with this. The minister is proposing an amendment. He is going to change the legislation. Imagine—I think you are the Speaker, not the Chairman.

Mr. Baker (Nepean-Carleton): Yes.

Mr. Crosbie: Good. I am glad to be in the right forum. Mr. Chairman, just look at this, Mr. Chairman—

Some hon. Members: Oh, oh!

Mr. Crosbie: Mr. Speaker—if you are going to be sticky about it—Mr. Speaker, look at this: the minister actually proposed originally that he was going to index these taxes, the federal taxes on beer, wine, spirits and tobacco, every quarter. Every three months the tax would go up as the cost of living goes up. The Minister of Finance (Mr. MacEachen) is responsible for the general Canadian economy. He is the gentleman who has to accept the responsibility for the inflation rate. The inflation rate in recent months has been at the rate of 13.9 per cent. For the Minister of Finance to attempt to bring inflation down, if this legislation passes, is to be in a conflict of interest with his own legislation because he gets more revenue if inflation continues to go up under these proposals. Every three months he is going to index and increase the rate of taxes on these products. The Minister of State for Finance (Mr. Bussières)—I wish I had had someone like him when I was minister. I was like a slave to this chamber, Mr. Speaker, when I was the minister. I had to come in here every time there was a finance bill, and every day there was a finance bill. I had to be in this chamber. I will not tell you what I think of it because my thoughts and views on this chamber are too lofty. I did not have a minister of state for finance. I wish I had had a gentleman able to absorb the punishment that the Minister of Finance now has in the hon. member for Charlesbourg. I tell you this, he is the man who is going to make his mark. He is going to be just as quick going down as he was coming up, if he continues to be the stooge for this Minister of Finance.

• (2110)

Now, Mr. Speaker, the Minister of State for Finance has made an amendment—he is only going to index taxes on

tobacco, beer, wine and spirits every year. A fantastic concession. He is never going to come back to this House. Forever and a day, Canadians who live in the rest of the twentieth century, Canadians who live in the twenty-first and the twenty-second century are going to be paying increased amounts every year for beer, liquor, wine and tobacco because of the legislation the government is forcing through here this week. There is going to be an increase annually based on the cost of living according to the formula in this bill. And this is supposed to be a great concession. Well, I have a letter here from the Brewers Association of Canada. What is the result of this minister's amendment? We all thought there was going to be some relief for the poor devils, that instead of having an increase every three months, it is going to be yearly. This is what their letter, dated June 3, 1981, says:

> We have followed the debate in the House on Bill C-57 and noted that unanimous consent was given with respect to an amendment to change indexing the excise levies on alcoholic beverages to annual rather than quarterly adjustments as proposed in the October, 1980, budget.
>
> This will result in an increase in excise levies from those contemplated in the budget—
>
> The annual increase in excise levies on beer will increase a further $1.6 million—

Are you listening, Minister of State for Finance? He has no idea this is the result. Are you listening, sir? I know that the hon. member for Willowdale (Mr. Peterson) has important communications to give you—he is begging for some kind of concession for somebody in his district but just listen to me for a moment and find out what the bill is all about. This is the result:

> The annual increase in excise levies on beer will increase a further $1.6 million, an increase of 10 per cent from the $16.5 million originally proposed by the indexing provisions contained in the October, 1980, budget.

With your change, you have taxed the brewing industry $1.6 million more this year. Then it goes on to say that:

> The increase in excise levies on distilled spirtis will be approximately $6.0 million, an increase of 17 per cent over the original increase of $36 million, proposed in the budget.

With this amendment, you are raising your taxes on the distilled spirits industry $6 million. The letter goes on:

> These increases arise not because of the change from quarterly to annual indexing which would have resulted in a decrease in revenue, not an increase, but because of a change in the timing of the changes and the base for calculating the increases. Further details may be found in exhibits A and B attached.

I am not going to read exhibits A and B but I will tell the minister that his civil servants, in making that change from quarterly to annual indexing, have so arranged it that they have bludgeoned these two industries for more money than proposed in the original bill. That is not good enough. If this is an amendment that is supposed to ameliorate this bill for these industries, you are actually costing them more money this year. I presume a copy of this letter went to the Minister of Finance, and if not, I will supply him with a copy. The letter goes on:

> Had the point of indexing on an annual basis been set at October 1, rather than September 1—

And it goes on with all kinds of technicalities:

> —the inequity caused by the method chosen as outlined in the most recent amendment would not have been as great.

And so on. I am not going to give all the details, it is the principle I am interested in. On the last page of the letter they say:

> This proposed increase, resulting from the most recent amendment, on top of the original indexing increase, on top of the 29 per cent increase in the basic federal excise rates stemming from the April 21, 1980 announcement of Mr. MacEachen, on top of the recent change in Ontario from a specific or volume tax to a 20 per cent *ad valorem* tax, will increase the price of beer to the consumer in Ontario to such an extent that the traditional consumer, the working man, may no longer be able to afford it.

Now I do not need any member of this House to say to me that the Ontario government has just indexed their taxation in this area. I know they have. Encouraged by the example set by this Minister of Finance, Ontario has done the same thing and the government in Newfoundland has done the same thing. I tell you now that ministers of finance will always take that attitude if they think they can get away with it. Naturally, the poor devils are looking for more revenue and they care not where they get it from.

So this Minister of Finance introduces this inequity into the tax law, this horror, and when the ministers of finance for Ontario and Newfoundland see that he is getting away with it, that he is still alive, that he is not drummed out, that the public have not erupted and got the rope and noose outside the Parliament Buildings to give him a fit reception for such a suggestion, they go ahead and do it themselves. If this House passes these provisions, Mr. Speaker, we will see the eight other provincial finance ministers do the same thing. Believe me, I have some experience. I was minister of finance in Newfoundland and I was minister of finance here for a few brief months, and I know what ministers of finance are like; they have to be watched every minute of the night and day, believe me. So if we do not want this to go through our own House and if we do not want this to become the law in the ten provinces, we have to stop it now before the rot spreads. The MacEachen rot is infecting ministers of finance all across this great dominion.

Now, let us have another look at this indexing provision. The argument has been made that this is fantastic, this is comparable to indexing the personal income tax. That is one of the arguments of some of the Liberal members. Well, Mr. Speaker, one despairs. We have to remember, of course, that the Minister of Finance plans to de-index the personal income tax. He is going to de-index it if he thinks he can get away with it. But I want to tell him now that when he attempts to de-index personal income tax, that is when he is going to be defenestrated, that is when he is no longer going to get away with any tax measures because the unpopularity of that measure is just fantastic. Recent polls to which I have access show that the most unpopular move you can make in the taxation field today in Canada is to de-index the personal income tax. I am giving you a tip, members of the Liberal caucus: stop the Minister of Finance before he attempts to de-index the personal income tax this fall.

An hon. Member: There is no tax on the water.

Mr. Crosbie: It is a wonder they are not going to index the glass of water I have in my hand tonight to get some revenue for the government.

The indexing of the excise tax is the exact opposite of the automatic indexing of personal income taxes. Indexing of personal income tax protects the taxpayer from undue increases in taxation caused by inflation as compared to real increases in income. As the then minister of finance, Mr. Turner, said, the taxpayer should not be taxed on theoretical, unreal increases in his income caused by inflation. The whole principle of indexing is to make sure that you only pay more income tax if you have more real income, not income caused by inflation. It is to protect the taxpayers. I am hoping that the hon. member for Willowdale will lead a revolt in the caucus.

An hon. Member: Good luck.

Mr. Crosbie: He is a man who has all the revolting attributes that one could imagine, and I am hoping that he is going to lead this revolt in the Liberal caucus.

Now, Mr. Speaker, indexing the excise tax on alcohol, beer and wine imposes a greater burden on the taxpayer, together with rising inflation. It is not to help the taxpayer; there is greater inflation. The taxpayer is suffering from inflation anyway and the government goes and indexes the beer, wine and spirits which he is going to drink, and impose a greater burden on him. So it is exactly contrary to the whole principle behind the indexing of our personal income tax system and the exemptions and the like that have been in effect now since 1974-1975 when Mr. Turner was the minister of finance until he could stand it no longer, he could no longer hold his nose and stay in the Liberal ranks here in Ottawa. He got out before holding one's nose became popular advice to give to the government of the United Kingdom and others who did not like what the government was doing. The rest of the Liberals here tonight are used to holding their noses and breathing at the same time. One must be an expert at both to be in the Liberal caucus.

• (2120)

The critics are quite right in their claims concerning the index in the income tax. I will not elaborate on this because the hon. member for Greenview-Broadbent, the hon. member for Broadview-Greenbent, the hon. member for Broadview-Green-behind-the-ears, or whatever is his district is—

Mr. Rae: Perhaps green behind the ears, but not over the hill.

Mr. Crosbie: I think it is Broadview-Greenwood. The hon. member for Broadview-Greenwood (Mr. Rae) has spoken and spoken well. We admire the young man. He has not yet had much experience in life, but after he has had 20 or 30 years of roughing it around in Canada in his frilled shirts and all the rest of it—

Mr. Rae: Like you have.

Mr. Crosbie: —in academic circles and comes back here, he will have a lot to contribute. We will still have this little corner down here for him to sit in with the rest of the rump of the Liberal party.

I do not want to stray from this clause. Might I just say that the liquor industry has already presented—I do not want to be taken as just speaking for the brewery industry alone.

Mr. Peterson: Oh!

Mr. Crosbie: The brewery industry has no friends on the Liberal side of the House; the wine institute has no friends on the government side of the House. Where are the members from the Niagara peninsula who flexed their muscles so mightily during the election campaign of January and February 1980? By golly, I remember how they made the welkin ring down there with their bawls, shouts and screeches about the Labrusca grapes, the grapes on the Niagara peninsula, and how the grapes were being stomped underfoot by me when I was minister of finance and the tax changes I suggested. Where are they now when their own minister suggested a yearly tax increase for the wines produced in Canada? Where are they now? Where is the hon. member for Mackasey—

Some hon. Members: Order!

Mr. Crosbie: —or whatever is his district? Where is the hon. member for Lincoln (Mr. Mackasey)? We do not hear him making the welkin ring in here. Where is the member from—are there any others?

Mr. Rae: The hon. member for Niagara Falls (Mr. MacBain).

Mr. Baker (Nepean-Carleton): The hon. member for Welland (Mr. Parent).

Mr. Crosbie: Yes, the hon. member for Niagara Falls (Mr. MacBain). He has fallen by the wellside. The hon. member for Welland (Mr. Parent) has fallen down the well. They are not here to protect the Labrusca grape growers or the wine growers of Canada or Inniskillin. Where are they now when they are needed?

An hon. Member: In the "killin".

Mr. Crosbie: They are not even around. Now, that is the wine crowd. Where is the tobacco crowd? Well, here is the champion of the wine undustry coming into the chamber! We will see the hon. member for Lincoln cross the floor. I hear the hon. member for Lincoln is going to cross tonight.

Mr. Mackasey: There is a big party going on.

Mr. Crosbie: We are waiting to hear the hon. member for Lincoln speak on behalf of the Labrusca grape growers before this whole debate is over. Where are the members from the tobacco growing areas of Canada? They are getting the gears here tonight too; annually the tax on tobacco will go up now. Where are they? I remember where they were during the

election. All those Liberal members and Liberal candidates were all-out furious. They were going to battle the world. They were against these increases; they were dead against them. They were going to make sure that it did not go through at all, if they got in power.

Here they are in power, and what has happened? A worse concoction than I could ever dreamed of is being served up to them by the Minister of Finance from Cape Breton. There are no grapes growing in Cape Breton, believe me; there is not one grape. There is some pretty ripe fruit down there, but there are no grapes.

Mr. Knowles: The "Grapes of Wrath".

An hon. Member: What about Newfoundland?

Mr. Crosbie: We do not have too much fruit down in Newfoundland. We have some blueberries. The blueberry wine growers of Newfoundland are protesting against this. Well, they only sell about two or three dozen bottles of blueberry wine a year. We have crab apples and crab apple wine. I recommend that to you, if your stomach is ready to drop. But we do have breweries; that is why I am speaking particularly about breweries tonight.

Now, the view of the Minister of Finance is that the demand for beer and alcohol is inelastic. Anyone who is a true drinker knows that the demand for beer and wine is not inelastic; there is always some point at which you have too much. As a matter of fact, I have the figures of the alcohol institute somewhere. Well, it is not the alcohol institute; I will get the right name. The Association of Canadian Distillers produced figures showing that in 1980 the growth in sales of spirits actually declined. It is no longer increasing.

That is also the fear of the Canadian Tobacco Manufacturers Council. I must say that tobacco is a more controverisal area with respect to health and the rest of it. Nevertheless, there are a lot of people working in that industry in Canada. The Brewers Association of Canada has 180,000 working in Canada I do not have the figures here for the Canadian Wine Institute as to how many are employed in the industry, how many are growing grapes for them and are associated with them.

The Association of Canadian Distillers, a lot of people work with those companies. Then there is the Canadian Association of Provincial Liquor—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but his allotted time has expired. Nevertheless, he may continue if there is unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Crosbie: Mr. Speaker, I will conclude because I know there are other hon. members who have contributions to make, particularly the hon. member for Lincoln. There may be others aside from the hon. member for Lincoln over there.

I will conclude by saying that we are treating this matter in a somewhat lighthearted spirit because liquor, beer, wine and tobacco seem to be a subject one can treat with some amount of levity, particularly if one has been tasting the product. By the way, this is water, Mr. Speaker; I have not been tasting the product. Although it sometimes engenders some levity, the brewing industry in particular is totally Canadian-owned. I do not know where it stands in the number of industries in Canada in terms of employment, but 180,000 are employed there.

It is an industry which is now exporting successfully to the United States. I would say to hon. members of the government and to the hon. Minister of State for Finance that the government should consider this. They are going to push this through in any event; it looks like they are. They have the numbers and we cannot stop them in the final analysis. If they do, I think they should have a very serious look at this, particularly with respect to the effect of these proposals on the brewing industry which is wholly and solely Canadian-owned and a tremendous employer of labour in Canada. They should have a look at its impact also on the wine sector of this whole business, because of the Canadian content in agriculture and in the new Canadian industry which is now growing up. There are some very fine wines. I have mentioned Inniskillin. There is another very fine wine in British Columbia. It is not that I drink all that many wines, but there is Colona, C-o-l-o-n-a, which is a very fine wine. There are others, of course, but I cannot remember them all.

Mr. Rae: C-o-l-o-g-n-e.

Mr. Crosbie: C-o-l-o-n-a, Colona. B-o-l-o-g-n-a, that is the hon. member who just interjected, baloney.

Mr. Rae: It is l'eau de cologne, John.

Mr. Crosbie: Mr. Speaker, I am trying to make a serious point. I do not mind the young member from Toronto-Broadbent-Greenview interrupting me occasionally, but I do not want him interrupting me now.

Mr. Rae: I interrupted you once too often.

Mr. Crosbie: I ask the minister to take a look at its impact on the Canadian brewing industry, because the price of beer through these measures has been made more and more expensive. It will affect the sales of wine and spirits. If we are to impose very heavy taxation in this area, let us favour our own. Everyone always does it because they say that beer, wine and liquor is not an essential, and I suppose it is not. Let us favour an industry which is already 100 per cent Canadian-owned. Let us have a very careful look at the Canadian-owned wine industry as well. The spirits industry is not as much in the spirit of this thing from the point of view of Canadian ownership and employment.

I ask the minister now to have a look at this before the bill passes. If not, he should carefully review this during the year to see what effects it is having on the brewing industry, which we should be helping, not putting the boots to in the House.

Some hon. Members: Hear, hear!

• (2130)

The Acting Speaker (Mr. Ethier): The question is on motion No. 8. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): All those in favour of the said motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Pursuant to section 11 of Standing Order 75, the recorded division on the proposed motion stands deferred.

According to a decision of Madam Speaker, motions Nos. 11, 12, 13, 56, 57, 58 and 59 are grouped together for debate.

Hon. Marcel Lambert (for Mr. Blenkarn) moved:

Motion No. 11.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in Clause 27 by striking out lines 24 to 46 at page 33 and lines 1 to 20 at page 4.

Mr. Nelson A. Riis (Kamloops-Shuswap) moved:

Motion No. 12.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in Clause 27 by striking out lines 24 to 46 at page 33 and lines 1 to 20 at page 34.

Hon. Pierre Bussières (for Mr. MacEachen) moved:

Motion No. 13. (New)

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in Clause 27 by striking out lines 27 to 46 at page 33 and lines 1 to 20 at page 34 and substituting the following therefor:

"3. The excise tax rates enumerated in section 1 of this Schedule shall be adjusted

(a) on the first day of April, 1981 so that the rates applicable during the five month period commencing on that day are equal to the amount obtained

(i) by multiplying

(A) the rates so enumerated

by

(B) the ratio, adjusted or altered in such manner as the Governor in Council may, by regulation, prescribe and rounded to the nearest one-thousandth or, where the ratio is equidistant from two one-thousandths, to the greater thereof, that the Tobacco Products and Smokers' Supplies Subgroup of the Consumer Price Index for the twelve month period ending on December 31, 1980, bears to the Tobacco Products and Smokers' Supplies Subgroup of the Consumer Price Index for the twelve month period ending on September 30, 1980, and

(ii) by rounding the product obtained under subparagraph (i),

(A) in the case of a rate referred to in paragraph 1(a), to the nearest one-thousandth of a cent or, if the product is equidistant from two one-thousandths, to the greater thereof, and

(B) in the case of a rate referred to in paragraph 1(b), to the nearest one-hundredth of a cent or, if the product is equidistant from two one-hundredths of a cent, to the greater thereof; and

(b) on the first day of September each year, commencing on September 1, 1981, so that the rates applicable during the twelve month period commencing on the day the rates are adjusted are equal to the amount obtained

(i) by multiplying

(A) the rates so enumerated

by

(B) the ratio, adjusted or altered in such manner as the Governor in Council may, by regulation, prescribe and rounded to the nearest one-thousandth or, where the ratio is equidistant from two one-thousandths, to the greater thereof, that the Tobacco Products and Smokers' Supplies Subgroup of the Consumer Price Index for the twelve month period ending on the last day of June of that year bears to the Tobacco Products and Smokers' Supplies Subgroup of the Consumer Price Index for the twelve month period ending on June 30, 1980, and

(ii) by rounding the product obtained under subparagraph (i),

(A) in the case of a rate referred to in paragraph 1(*a*), to the nearest one-thousandth of a cent or, if the product is equidistant from two one-thousandths, to the greater thereof, and

(B) in the case of a rate referred to in paragraph 1(*b*), to the nearest one-hundredth of a cent or, if the product is equidistant from two one-hundredths of a cent, to the greater thereof."

Mr. Nelson A. Riis (Kamloops-Shuswap) moved:

Motion No. 56.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in Clause 77 by striking out lines 1 to 46 at page 78 and lines 1 to 39 at page 79.

Hon. Marcel Lambert (for Mr. Blenkarn) moved:

Motion No. 57.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in Clause 77 by striking out lines 4 to 46 at page 78 and lines 1 to 16 at page 79.

Hon. Pierre Bussières (for Mr. MacEachen) moved:

Motion No. 58. (New)

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in Clause 77 by striking out lines 4 to 46 at page 78 and lines 1 to 16 at page 79 and substituting the following therefor:

"1. The duties of excise enumerated in Parts I and III of this schedule, other than subsections 1(2) and 1(3) and section 2 of Part I, shall be adjusted

(*a*) on the first day of April, 1981 so that the duties applicable during the five month period commencing on that day are equal to the amount obtained

(i) by multiplying

(A) the duties so enumerated

by

(B) the ratio, adjusted or altered in such manner as the Governor in Council may, by regulation, prescribe and rounded to the nearest one-thousandth or, where the ratio is equidistant from two one-thousandths, to the greater thereof, that the Alcoholic Beverages Subgroup of the Consumer Price Index for the twelve month period ending on December 31, 1980 bears to the Alcoholic Beverages Subgroup of the Consumer Price Index for the twelve month period ending on September 30, 1980, and

(ii) by rounding the product obtained under subparagraph (i) to four significant digits of accuracy; and

(*b*) on the first day of September each year, commencing on September 1, 1981, so that the duties applicable during the twelve month period commencing on the day the duties are adjusted are equal to the amount obtained

(i) by multiplying

(A) the duties enumerated

by

(B) the ratio, adjusted or altered in such manner as the Governor in Council may, by regulation, prescribe and rounded to the nearest one-thousandth or, where the ratio is equidistant from two one-thousandths, to the greater thereof, that the Alcoholic Beverages Subgroup of the Consumer Price Index for the twelve month period ending on the last day of June in that year bears to the Alcoholic Beverages Subgroup of the Consumer Price Index for the twelve month period ending on June 30, 1980, and

(ii) by rounding the product obtained under subparagraph (i) to four significant digits of accuracy.

2. The duties of excise enumerated in Part IV of this schedule shall be adjusted

(*a*) on the first day of April, 1981 so that the duties applicable during the five month period commencing on that day are equal to the amount obtained

(i) by multiplying

(A) the duties so enumerated

by

(B) the ratio, adjusted or altered in such manner as the Governor in Council may, by regulation, prescribe and rounded to the nearest one-thousandth or, where the ratio is equidistant from two one-thousandths, to the greater thereof, that the Tobacco Products and Smokers' Supplies Subgroup of the Consumer Price Index for the twelve month period ending on December 31, 1980 bears to the Tobacco Products and Smokers' Supplies Subgroup of the Consumer Price Index for the twelve month period ending on September 30, 1980, and

(ii) by rounding the product obtained under subparagraph (i) to four significant digits of accuracy; and

(*b*) on the first day of September each year, commencing on September 1, 1981, so that the duties applicable during the twelve month period commencing on the day the duties are adjusted are equal to the amount obtained

(i) by multiplying

(A) the duties so enumerated

by

(B) the ratio, adjusted or altered in such manner as the Governor in Council may, by regulation, prescribe and rounded to the nearest one-thousandth or, where the ratio is equidistant from two one-thousandths, to the greater thereof, that the Tobacco Products and Smokers' Supplies Subgroup of the Consumer Price Index for the twelve month period ending on the last day of June in that year bears to the Tobacco Products and Smokers' Supplies Subgroup of the Consumer Price Index for the twelve month period ending on june 30, 1980, and

(ii) by rounding the product obtained under subparagraph (i) to four significant digits of accuracy."

Hon. Marcel Lambert (for Mr. Blenkarn) moved:

Motion No. 59.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in Clause 77 by striking out lines 17 to 39 at page 79.

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Mr. Speaker, are you calling the vote on the whole group of motions? If we examine the rulings of the Chair, we find that motion No. 11 will be voted on and that an affirmative vote on this motion will dispose of motions Nos. 12 and 13. A negative vote on motion No. 11 would also dispose of motions Nos. 12 and 13. I therefore believe that you should call the vote on motion No. 11, and then proceed differently.

The Acting Speaker (Mr. Ethier): The Minister of State for Finance is right. These motions have been grouped for debate and may be voted on as the hon. minister has said.

[*English*]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, motion No. 11 forms part of clause 27 at page 33 of the bill. First, it removes paragraph 1(b) of Schedule II and substitutes therefor manufactured tobacco, including snuff.

[*Translation*]

Even tobacco-chewers will not be exempt. But I would like to find the specific section in which I am interested, and then we shall—

[*English*]

Our friends who are in love with the metric system will note that the change in clause 27 is with regard to the unit of tobacco, It says:

Manufactured tobacco, including snuff, but not including cigars and cigarettes . . . one dollar and ninety-eight cents per kilogram.

That used to be 90 cents per pound. On a quick run-through, that is about the same amount of tax; there is no increase. But then we come to clause 27(2) of the bill which reads:

Schedule II to the said Act is further amended by adding thereto the following section:

This is where the indexation comes in. I see that the hon. member for Lincoln (Mr. Mackasey) is now in the chamber. I was hoping he would make an appearance at this time in the debate when we are dealing with the indexation of the excise tax on wine, spirits and tobacco, because, as I recall, he was one of the most vocal critics of this measure in the committee.

The minister will be the first to acknowledge that we had little opportunity to discuss this matter. I remember that the hon. member for Lincoln had an exchange of views with the Minister of Finance (Mr. MacEachen) on this particular point. I do not think he received any more satisfaction from the minister than I did, yet I think the hon. member has the same sort of gut reaction to this type of amendment as I have.

Hon. members may feel that I am going to the well rather frequently on this point, but it is an absolutely pernicious principle. Not only shall the tax be increased but it shall be increased annually by the cost of living. When we were considering this measure, it was to be increased quarterly. This is a measure which will impose a fantastic burden upon those who are having to compile the tax and collect it. They will have to satisfy their customers that there was this quarterly increase in the price due to the indexation. Now it would only be annually, but the principle is still the same. The event is taking place—not four times a year—but once a year. I can go through all sorts of events which instead of happening four

times a year, happen once but with the same result. I would like to see just what the government backbenchers are prepared to say about this particular matter. As I said before, they are very vocal on this subject. I want to smoke some of them out so that they will take a position. I will not ask the chairman of the committee to do anything about this, since in my view he is not the person to explain the government's position. He is not the government's hatchet man on any committee. Woe betide any member who is that person on any committee on which I serve. I must say that I prefer working with a chairman like the hon. member for Sarnia-Lambton (Mr. Cullen) who does not become too involved. There were times when he became a little curious, but still, it is better that way. We saw a great many floaters on this particular issue. Had the representations from the public not been so uniformly condemnatory, one might say that it was good. But there was absolute unanimity in this case. The only person who was in favour of this cost of living index formula was the Minister of Finance (Mr. MacEachen), and I can understand why. As my colleague, the hon. member for St. John's West (Mr. Crosbie) has said, this proposition has regularly been placed before him by the minions down in the Department of Finance. Some of the worst inspirations in the world come out of the department at that level. I have seen a great number of them. How they could con a minister is remarkable. There is no doubt about the fact that in many instances the ministers are conned into it simply by the pressure of business. My colleague, the hon. member for Kingston and the Islands (Miss MacDonald), has clearly indicated how ministers can be conned by skilled and senior public servants. I am sure that in their own hearts, those ministers who are in the House will agree with me. They get caught at the most inopportune or pressing moments. An idea slips by them, an idea is slid under their noses; and the first thing they know, they are nodding, and then they are really in trouble. This is one of the areas.

• (2140)

The hon. member for Willowdale (Mr. Peterson) will know that there were some very unministerial changes to the Bank Act. These were not changes which had emanated from the ministry or from the committee. They were views and deliberate decisions arrived at after long discussion, negotiation and acceptance of recommendations by the committee; but at the bureaucratic level, the changes remained and then slid under the nose of a busy minister. It is surprising, when he went on to talk to the ministers afterwards, how startled they were that the change had, indeed, been made. They were not aware of it.

We legislators who must determine and set the policy and legislation must be watchful for this. I must say that I come back to this point, that it is not the administration.

[*Translation*]

We are not in a state-controlled country.

[*English*]

—where the administration not only set the formula, but set the policy that determines the formula. This I fight. Tomorrow, Mr. Speaker, I will have been an hon. member of this House for 24 years.

Some hon. Members: Hear, hear!

Mr. Lambert: My colleague from South Shore over there is also one of us—

Mr. Rae: Happy birthday to you.

Mr. Lambert: —and my colleague from Colchester Hants. There are others. However, to illustrate the reactions of a young parliamentarian coming in, when one comes in, one does not know the first damn thing about what goes on here at all. As a matter of fact, one must usually ask one's way as to where the conveniences are for the first several weeks. One must also ask where to put a hat. At the door, one addresses the constables with "sir".

Mr. Knowles: It's still a good idea.

Mr. Lambert: However, when one knows this operation and how it goes on, one is more and more convinced that the government backbenchers are totally impotent so far as legislation is concerned. It is as though they comprised a whole race of eunuchs. They will not even avail themselves of the privilege of criticizing. This is something which can be done over on the opposition side. Through criticism, one is often able to effect certain changes.

This is why hon. members will always find me on the attack, trying to make changes because we are trying to improve legislation. I do not believe in the principle of those who say, "Oh, well, the government toppled the legislation. Let the public stew in the mess which has arisen." That is not the conception I have of my job. Where I have the talent to spot holes and see poor legislation I have the duty to improve it. This is why hon. members find that I am sometimes rather persistent. I really hang on in there and try to get these particular changes made. I think that over the years we have been able to effect changes.

As hon. members gain experience in this House, they get into the position and the frame of mind where they say, "Look, we are the ones who determine what policy is. We shall determine what is good for the public because we are responsible to the public. They are the ones with whom we have our interface." Nameless and faceless administrators have no contact or responsibility to the public. It makes a nonsense out of representative parliament if we do not have that control. There has been more and more of a tendency, from both the administration and cabinet, to try to remove the determination and opportunity for change in legislation from the influence of the elected representative. It seems to me that that is one of the worst characteristics that we have. It is unfortunate. We do get an opportunity, on some bills, to make many changes. No party has a monopoly on good ideas. This bill could be made much better without carving the guts out of it if hon. members would get on with it instead of just riding on the coattails of ministers and parliamentary secretaries. Members of the opposition work a lot harder on legislation than do members of the

government. That is because they want to effect change so they try to understand the bill.

• (2150)

I venture to say that there are more members on this side of the House who know more about the bill than all the members opposite put together who have not looked at it. They do not look at bills as a rule but just vote blindly.

Mr. Laniel: We are consulted.

Mr. Lambert: There is no consultation, and the parliamentary secretary knows it. They see the bill and that is all. The bill is not gone over clause by clause and explained to them so that they can approve it beforehand. The government backbencher of today is no different than the government backbencher in years past. The first time they really see the legislation is when it is printed in the agenda book.

Mr. Laniel: Oh, no.

Mr. Lambert: They see the detail. It may be that some of the general principles and intentions of the legislation have been discussed with a number of people, but not the detail.

In the legislature of the province that I come from, every bill that comes forward has been gone over clause by clause by the caucus. Many a minister who has been sloppy in his work has come a cropper because of that. But the members feel that they can support a bill if they know what is in it and have contributed to it.

I know very well that with this particular bill, nothing like that was done, Mr. Speaker. The Minister of Finance did not discuss the nature of his budget with any member of the government caucus. I know I am on safe ground with regard to these particular bills, although the situation may be different with some other legislation. No one was consulted about the taxation bills, however. Hon. members opposite do not know what is in a particular bill.

Mr. Laniel: You are talking about the last Conservative budget.

Mr. Lambert: I am going to ask hon. members to support the amendment which I put forward in conjunction with my colleague, the hon. member for Mississauga South (Mr. Blenkarn). We did not have an opportunity to discuss the bill fully in committee because there was a guillotine there as well. The hon. member opposite need not express any astonishment. There was a guillotine in committee, a deadline by which we had to report.

I want to give my friend, the hon. member for Lincoln an opportunity to address himself to the bill and tell us what he thinks about an indexed tax, Mr. Speaker.

Hon. Bryce Mackasey (Lincoln): Mr. Speaker, I must confess that when I entered the chamber this evening, I had little inclination to participate in the debate. The persuasive eloquence of the hon. member for Edmonton West (Mr. Lambert) left me little choice, however. I would not want anything to spoil his twenty-fourth anniversary tomorrow!

This evening the hon. member discussed, quite profoundly, the whole concept of an excise tax linked to indexing. I wish he had as much influence with the Ontario government as he has in this place. Very recently that Tory government introduced the concept of indexing, not only as applied to wines and tobacco and not only annually but quarterly. If that were not bad enough, it introduced a tax on gasoline which was linked to percentages, not dollars.

I suspect that we will have a little more opportunity tomorrow to compare the enlightened, refreshing, openminded attitude of the Minister of Finance (Mr. MacEachen) with the attitude which is prevalent in Ontario and which was also the attitude of the former minister of finance. In his nine months in office with his budget and his tax on the wine industry, he did more to destroy that party for the next 25 years than any other single member.

I welcome the prodding of the hon. member for Edmonton West, Mr. Speaker, and the opportunity to speak about the wine industry of Ontario, of Canada, and particularly of Lincoln. This is one of the most important industries in the country. Because of its importance the government, and particularly the Minister of Agriculture (Mr. Whelan), has done more for it in recent years than has any other minister of agriculture in the last 50 years. That is not my appraisal made of the contribution by the Liberal party to the wine industry; that is the objective assessment of the farmer of Lincoln who recognizes what the government has done.

In a few minutes I will call it ten o'clock Mr. Speaker, and I will get down to the specifics of the tax tomorrow. I do not like the principle of indexing, and I stated that clearly in committee. It would be rather immoral on my part to come to the House now and say that I like the principle.

Mr. Rae: Are you going to vote for it?

Mr. Mackasey: I will vote for it because, unlike the previous minister, today's Minister of Finance listened to the representations of members of the committee.

I am surprised that the hon. member for Edmonton West and the official finance critic of the New Democratic Party underestimate their contribution at that committee. The real victory was not a Liberal victory, not a Tory victory, not an NDP victory. The victory of the committee was that it convinced the minister that the advice he was getting from the bureaucrats was bad advice and that imposing an indexed tax every three months would create chaos and confusion, not only in the wine industry but in the tobacco industry. Members of all parties pointed out to the minister the problem of changing prices in the liquor commission every three months. If the tax automatically increased, so would the retail price.

If the minister had remained insensitive to our argument, tonight we would be fighting desperately against indexing every three months. The real representations by the industry were not so much against indexing as against the automatic

application of that indexing every three months. The Minister of Finance accepted the recommendations.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

HUMAN RIGHTS—AIR CANADA POLICY ON EARLY RETIREMENT OF AIRPLANE PILOTS

Mr. Jesse P. Flis (Parkdale-High Park): Mr. Speaker, although I have spoken several times on this particular concern of mandatory retirement, that is, discriminating against and replacing thousands of Canadian "on the shelf" so to speak, I will again ask the government and members of this House to take all possible action to eliminate these policies that are denying our people their right to work and to preserve their healthy self-image.

● (2200)

This discussion today has been stimulated by a question I posed in the House on May 20, 1981, to the Minister of Transport (Mr. Pepin) regarding the "dictating" manner in which an airline pilot, Captain Ross Stevenson, is being forced to retire by Air Canada on September 1, 1981.

The Canadian Human Rights Act clearly states in Section 7, that it is a discriminatory practice to directly or indirectly refuse to employ or continue to employ any individual or, in the course of employment, to differentiate adversely in relation to an employee on a prohibited ground of discrimination. Why is Air Canada permitted to use age as a form of discrimination? Is this bureaucratic and mandatory policy not contrary to the principles of the Canadian Human Rights Act?

To further illustrate the point, I draw your attention, Mr. Speaker, to the double standards that Air Canada is inflicting. Did you know that numerous Canadian airlines operate with pilots who are over 60 years of age, including Nordair, which is owned by Air Canada? Did you know that Air Jamaica operates with pilots over 60 years of age, all the while being managed and operated by Air Canada?

If this is not discriminatory and a policy that goes directly against the grain of our democratic, free and so-called just society, then I do not know what is. Fortunately, I am not alone in this battle to preserve the rights of Canadians by giving them the power to maintain a healthy self-image that many receive from being actively involved in the work force.

As the chairman of the Special Senate Committee stated in the report on retirement age policy entitled "Retirement Without Tears", Senator David Croll emphasized the following:

1. Progressive abolition of mandatory retirement based on age should become a general policy of the government.

2. That there should be an increase in the mandatory age of retirement of one year at a time for five years by amending pension plans for retirement rules and conventions. At the end of five years, the concept of compulsory retirement at a particular age would be dropped.

3. That there should be a review of all human rights legislation because of employee benefits and similar plans.

4. That there should be created a policy of flexible retirement as the standard for both public and private enterprise.

5. That there should be amendments to the rules governing public servants and employees of companies under federal jurisdiction, as well as provincial and municipal public servants.

It is here that I would also like to put an abrupt end to the misconception that compulsory retirement is necessary on medical grounds.

Dr. Stanley Mohler, Chief of Flight Applications for the American Federal Aviation Agency, and the Director of Aerospace Medicine at Wright State University in Dayton, Ohio, in the Journal of Aging and Work, states:

> The old concepts of pilot aging as a risk factor in flight no longer can be supported, as demonstrated by hard data. The larger, more densely loaded passenger aircraft are flown by the older, more experienced and capable captains, the major factor in today's low accident rate. The rates show that the present age 60 rule is prematurely removing the safest pilots from the air space. Deleting the age 60 rule would, by extrapolation of the accident rate data, further enhance the level of airline flight safety.

Referring back to the reply of the Minister of Transport to my question of May 20, 1981, he stated that these discriminating policies of Air Canada are based on agreements between Air Canada and the Canadian Air Line Pilots Association, CALPA. This is probably correct. However, I do point out that CALPA has at no time conducted a poll or survey of the Air Canada pilots membership to deal specifically with this issue and to determine the wishes of the Air Canada pilots. It is also interesting to note that CALPA has negotiated age 65 retirement for Nordair pilots.

I am not suggesting, as implied by the minister, that government or the Department of Transport go against an agreement reached between an airline and its employees. However, I am advocating that the government, elected by the people, establish the guidelines and laws of this country to eliminate any and all discriminatory practices of mandatory retirement.

● (2205)

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I want to preface my remarks on this subject by saying that I understand the Canadian Human Rights Commission will be investigating the case referred to by the hon. member. I would not want anything I say to prejudice that investigation, so I will simply state the facts.

As the minister has declared in the House and in correspondence with the hon. member, Transport Canada rules do not require pilots to retire at a specific age. Pilot licences are revalidated after age 60 if the individual successfully meets medical standards. So departmental rules are not at issue here.

The retirement age for Air Canada pilots is 60 as a result of an agreement between Air Canada and the Canadian Air Line Pilots Association, referred to as CALPA, the certified bargaining unit for airline pilots.

The hon. member points out that this agreement was reached quite recently, whereas his constituent has been objecting to retirement at age 60 for several years. This may be true, but common labour practice dictates that the agreement should apply to all members of the union indiscriminately. In addition, if the hon. member asks CALPA what its position is, he will find that it has understood retirement at 60 to have been a negotiated feature with the airline since the early 1950s.

It has been suggested that the retirement age at other airlines is 65. This is not exactly the case. The international organization, ICAO, recommends retirement at age 60. For Canadian airlines, the age tends to be 60 as well. There is a small exception for a few Nordair pilots who constitute a very special case. It is my understanding that CALPA would like to standardize age 60 as the requirement age for all airlines for which its member pilots fly.

In these circumstances I think it is clear that it would be quite inappropriate for the Minister of Transport (Mr. Pepin) to intervene in this matter.

VETERANS AFFAIRS
(A) DELAY IN PROCESSING PENSION APPLICATIONS; (B) REQUEST FOR CHANGE IN LEGISLATION

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, on June 4 I directed a question to the Acting Minister of Veterans Affairs. I pointed out to him:

> Veterans pension applications, new and appealed, are still not processed and finalized for as long as 62 months, as verified by the Legion. The United States department of veterans affairs takes from 60 to 90 days to finalize an application.

I asked the minister:

> What measures is the minister taking to correct this disgraceful situation in his department?

I also had a supplementary question which was:

> The chairman of the pension commission told us that he is hamstrung. He cannot correct a situation that is going from bad to worse because of the legislation with which he has to work. I should like to ask the minister if he will give a firm commitment to the House that he will bring in corrective legislation so that these applications can be processed within 90 days, instead of from one to five years.

The minister answered:

> —if any correction can be made in order to improve the disposal of these claims, it will be made. We will do our utmost to improve the system, if it is possible at all, according to the law.

I hope the parliamentary secretary tonight will be informing us that they will be bringing in corrective legislation or, if that is going to cause delays, will bring in an immediate order in council to correct this disgraceful situation that has been taking place in Veterans Affairs.

I should like to put on record tonight the excellent manner in which the United States veterans affairs handles its pension applications.

● (2210)

The aim of the United States department of veterans affairs is to process claims in all stages within 90 days. This would include first-time claims as well as claims for increased benefits. Less than 2 per cent of the claims currently before the U.S. department are six months old. The biggest delay is in obtaining service records and booking medical examination or re-examinations. In spite of this problem, they still process claims in these time frames.

The following is a description of the four basic types of pension claims in the United States. There were over 63,000 applications for compensation for injuries incurred in service, and the average number of days for processing was 137. There were over 25,000 applications for death benefits when death was due to service. These applications took an average of 81 days to process. There were over 87,000 applications based on need. These applications took only 97 days. There were over 107,000 veterans' survivors' pension applications. These took only 65 days to process. In Canada it takes from one to five years. That is a national disgrace.

I have statistics here respecting the death rate among veterans in Canada waiting for their pension applications to be processed. There is no reason for such statistics in the United States.

In the May edition of the Legion magazine there is an editorial about this problem. The editorial points out the following:

> In November, 1978, the chairman of the pension commission told a meeting of the standing committee on veterans affairs that the average length of time for a first application to reach a decision was six months, an improvement on the 7.8 months taken earlier. It was, said Allan Solomon, "almost back to normal."

We are nowhere near normal today. There is a continuing controversy over the length of time taken to process applications and the number of applications on hand. This Legion editorial also points out the following:

> The number of appeals awaiting consideration by the pension review board hovers around 2,000. Now being heard are applications made two years ago. And the number of new appeals is increasing.

The editorial also says:

> By June, 1980, the number of cases awaiting decision had risen from about 2,700 in 1978 to about 4,200. A saving feature, said Mr. Solomon, was a reduction in the number of applications received and ". . . I think it is a fair assumption to say that in a year's time we should be back to normal."

However, Mr. Solomon admitted in the Standing Committee on Veterans Affairs just ten days ago that he is hamstrung by the present legislation and that he cannot process applications any faster. Along with the other two groups which process applications it takes from one to five years. The Auditor General has done an extensive audit of the Department of Veterans Affairs and the time it has taken to process applications. He came up with a figure of 46 months, which is also an absolute disgrace.

When dealing with veterans and their pension applications, the Ontario Command of the Royal Canadian Legion writes to veterans and tells them not to expect any action for at least two years. That is an absolute disgrace.

I hope the parliamentary secretary will give us some information tonight, and I hope the government will bring forward new legislation or bring forward an order in council so that the chairman of the pension commission will no longer be hamstrung in dealing with these pension applications and so that we can work toward having a time period similar in length to that in the United States.

Mr. Jack Masters (Parliamentary Secretary to Minister of State (Mines)): Mr. Speaker, in recent days the hon. member for Winnipeg-Assiniboine (Mr. McKenzie) has been pressing for a change in the system of processing applications for pensions from veterans and their dependants. I understand his concern about the length of time sometimes taken to adjudicate the applications and, like all of us, I would like to see the adjudication time reduced. However, I would not like to see it reduced at the expense of the veteran. Steps have to be taken to improve the pension system and to curtail the delays in adjudication.

The hon. member has pointed to other countries which provide decisions in less time than is taken by the Canadian system. What he forgets is that the Canadian system was very fully and carefully studied by a commission of inquiry under the chairmanship of Mr. Justice Woods of Saskatchewan, whose report was then fully considered by the Standing Committee on Veterans Affairs, which made many recommendations to the government. As a result, the legislation which was then introduced and passed by Parliament was more concerned with safeguarding the claimant and ensuring fair and careful consideration than it was with speed, regardless of outcome.

• (2215)

As an example, hearings before the pension commission or the pension review board are non-adversarial—no one appears to suggest an award should not be made: The only advocates present at a hearing represent the claimants. The speed with which a decision is made is not a measure of its quality.

The veterans organizations have consistently supported the commission in its view that speed was secondary to good and beneficial decisions. The proof of the wisdom of this attitude is that prior to the Woods committee report upon which much of the current legislation is based, only 20 per cent of all applications were granted at the first level. In the last ten years it has averaged 41 per cent, this despite the fact that the simple claims of gunshot wounds and the like were long since granted and that today's claims, which in the main deal with problems of aging, are much more difficult to relate to a period of military service. If careful research into the background and facts of the claims were not undertaken, there would be many more negative decisions.

In some other countries pension claims are handled with greater speed, but our system is different in both essence and approach. Our legislation instructs the commission to collect relevant material and to make inquiries into the facts. The thoroughness with which this is done accounts for some of the delay factors. The Auditor General's recent report indicated that in some cases it can take up to 46 months from the time of an original application until a claim is considered at final appeal. The report, however, does acknowledge that much of this delay is outside the control of the pension commission or the pension review board in that there are periods when they may not proceed until such time as they receive agreement of the applicant, which in some cases may take weeks or months or even years.

The pension commission and the pension review board are doing their utmost to reduce the time taken for decisions to be rendered. Although it is easy to give a negative decision, they will not do so for the sake of speed to the detriment of the veterans and their dependants.

Mr. McKenzie: Let them die!

GRAIN—COMPENSATION TO FARMERS FOR EMBARGO ON SHIPMENTS TO RUSSIA

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, I rise this evening to participate in the adjournment debate and refer to a question that I had the opportunity to put to the Prime Minister (Mr. Trudeau) on June 2, concerning the long overdue grain compensation payments to Canadian producers as a result of the embargo imposed upon the shipment of grain to Russia after it raided Afghanistan. I do not want to get into why there should or should not be payments forthcoming to grain producers in Canada; I think the principle is well established and well accepted. It was accepted by the Clark government right after the invasion in January of 1980. Subsequent to that, during the election campaign and right after it the Prime Minister promised to abide by the decision of the Clark government to see that grain producers were not left to bear the full burden of foreign policy as it was pursued by the whole country. That was a promise made by this government some 15 or 16 months ago.

There was some concern at that time as to how the level of compensation was to be arrived at. Since that time a study was done by the Parliamentary Library that came up with a figure. As far back as July 22, the University of Saskatchewan released a study, and I quote from the *Brandon Sun* which says:

> Prairie farmers have lost $62.5 million because of Canada's support of the U.S.-led grain embargo against the Soviet Union, agricultural economists at the University of Saskatchewan estimate.

That is July 22, 1980, which is some 11 months ago. Subsequent to that, the Minister of Agriculture (Mr. Whelan) said that there would be a statement by August 1, 1980, as to what the level of compensation payments would be. Prior to that there were statements made that an amount should be determined before the end of the crop year. Anyone connected with western agriculture knows that the crop year in this country runs from August 1 to July 31. So if we took the

Minister of Agriculture at his word when he said it was going to be by August 1, or by the end of the crop year in 1980, it meant that ten months has gone by since that commitment was made.

● (2220)

Subsequently, the Minister of Agriculture said that payments would be made in November, 1980. Obviously the government is delaying its decision.

The Minister of Transport (Mr. Pepin) also promised that payments would be made in November, 1980. As far back as October, 1980, the minister in charge of the Canadian Wheat Board, Senator Argue, who does not sit in this place and cannot answer our questions during Question Period, said that payments would be made in January, 1981. Senator Argue cannot really be accountable to those of us who are elected by grain producers in the country. In December 1980, the Minister of Agriculture said that the final report on payments had yet to be submitted to cabinet for a decision but that he hoped this would take place within a few days. Again this was five months ago.

In January, 1981, Senator Argue said that payments would be made in January, 1981. Again the government procrastinated. In February, 1981, the Prime Minister said that officials from various government departments were establishing the damages and would finish their work very soon. In March, 1981, the Minister of Agriculture said he would soon know the amount. Two months ago, in April, 1981, the Minister of Agriculture told Parliament that the payments would be announced in a few days.

I could go on, but the process I think, is becoming rather sickening for those of us who represent agricultural communities and agricultural constituencies. It is rather sickening to see how the government has delayed in making this announcement. It has been well over a year—and perhaps closer to 15 months—since the original commitment was made by the government. Since then nothing has happened.

I should like to suggest two things. First, there is no doubt that the principle has been accepted by the government. This was confirmed by the Prime Minister on June 2. If the problem in so far as the government is concerned is the amount, I suggest that it make an initial payment on the compensation so that producers, who are very much in need of funds because of high interest rates and other expenses incurred in putting their crops in the ground, could at least have access to the payment and know that the government was talking in good faith when it said that it would honour the commitment of the Clark government. The government should make an interim payment and then determine what the full amount should be.

Second, the Minister of Finance (Mr. MacEachen) castigates the opposition for asking for increased government expenditures and at the same time saying that we want to reduce the deficit. If they have any decency, presumably they would have allowed for some expenditures to make payments to farmers as a result of the embargo. They would have allowed for that in the estimates and that money would have been forthcoming. This would have been one way to alleviate some of the problems associated with high interest rates without adding to the government deficit.

I should like to close by reading part of an editorial which appeared in the *Brandon Sun* on June 4, 1981. The last paragraph of the article sums up the attitude of many westerners toward the government. It reads:

> The Trudeau government has dawdled long enough on the embargo payments. Westerners are not going to forget the debt. More delays will only confirm what many westerners already believe: with the Trudeau government, the needs of the west come last.

The Parliamentary Secretary to the Minister of Agriculture (Mr. Ostiguy) is here tonight. I hope he can make some meaningful announcement after 15 months of intolerable delay. It is a very shameful treatment of a very important sector of the Canadian economy. I hope the parliamentary secretary can do something by making an announcement which would give us some faith in the government keeping its word to Canadian grain producers.

[*Translation*]

Mr. Marcel Ostiguy (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, as the hon. member for Portage-Marquette (Mr. Mayer) mentioned a few moments ago, it was after the Soviet invasion of Afghanistan that the United States announced that they were taking sanctions against the Soviet Union. The American government contacted other exporting countries and it was at that time that Canada agreed to restrict its grain exports to the U.S.S.R. The Canadian government of the day, under Mr. Clark, as the hon. member for Portage-Marquette indicated, agreed to subsidize grain farmers and promised to compensate them for the losses sustained because of the embargo. The present government agreed to live up to those commitments and to compensate grain producers for their losses related to the government's decision to restrict grain shipments to the U.S.S.R. But precisely as a result of this embargo, surpluses have accumulated both in Canada and in the U.S. as well as in other countries, and as a result, prices have dropped. However, this was partly offset by the American government's decision to withdraw from the market part of the grain by instructing the Commodity Credit Corporation to buy grain and by stocking more grain than provided for under the agricultural reserves program. Pursuant to its commitment to grain producers, the Canadian government had instructed an interdepartmental committee to look into the matter and come up with a compensation system and to determine how much was to be paid and how the payments were to be made.

At the same time, a number of organizations and institutions have assessed the losses suffered by our grain producers. The board has taken more time than expected to look into the estimations, and most of the data needed for the analysis were not available. It is a fact that when the prices dropped and the

embargo was imposed on Russia, it made quite a difference. Then, there was the increase in interest rates.

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. member, but the motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 2 p.m.

At 10.27 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, June 10, 1981

The House met at 2 p.m.

• (1405)

ROUTINE PROCEEDINGS

[*English*]

ENERGY

INCREASES IN TAXATION ON GASOLINE—MOTION UNDER S.O. 43

Mr. Otto Jelinek (Halton): Madam Speaker, I rise under the provisions of Standing Order 43. Since the last election there have been no less than 12 increases in the price of gasoline, despite the Liberal party's rather empty commitments to the people of Canada. In view of the fact that Canadians are now contributing a total of 56 cents to federal coffers on every gallon of gas consumed, or 33.7 per cent of the $1.66 per gallon now being charged in Ontario, and because the Prime Minister (Mr. Trudeau) misled this House yesterday by stating that the federal government received only 10 per cent from petroleum revenues, I move, seconded by the hon. member for Perth (Mr. Jarvis):

That this House instruct the Prime Minister to tell the whole truth about energy revenues, and further that the government be instructed to redirect these excessive tax revenues into a much needed energy tax rebate program for low and middle-income families.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSING

INCREASED MORTGAGE RATES—MOTION UNDER S.O. 43

Mr. Doug Lewis (Simcoe North): Madam Speaker, I rise under the provisions of Standing Order 43. When a home owner is forced to give up his or her house because he or she cannot afford the mortgage payments, CMHC simply takes over the house and sells it. When an apartment building owner runs into the same problem the federal government bails out the investor through the assisted rental program. Therefore I move, seconded by the hon. member for Portage-Marquette (Mr. Mayer):

That the government provide an intelligent explanation for the lack of assistance to the 500,000 Canadians renewing their mortgages this year if they can afford the Liberal interest rates.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POLITICAL PARTIES

CAPITAL PUNISHMENT AS PC SUBJECT FOR VOTE OF CONFIDENCE—MOTION UNDER S.O. 43

Mrs. Ursula Appolloni (York South-Weston): Madam Speaker, the following motion under Standing Order 43 will, I am sure, gain the unanimous consent of all members. In view of the deliberate attempt by fifth columnists within the Tory caucus who are seeking to embarrass the Leader of the Opposition (Mr. Clark) by tying tomorrow's confidence vote to the subject of capital punishment, and in view of the fact that the Leader of the Opposition needs no further embarrassment other than that caused by his very presence in the House each day, I move, seconded by the hon. member for Gatineau (Mr. Cousineau):

That this House condemn all those in the Conservative party who by their actions are advocating euthanasia for their leader, when it is apparent that he should be allowed to continue his effective stewardship of the official opposition.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

RESOLUTIONS ON CONSTITUTION FOR NDP CONVENTION—MOTION UNDER S.O. 43

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, I rise under the provisions of Standing Order 43. In light of the fact that the Regina West NDP Association condemned the federal NDP for departing from their 1961 policy which calls for provincial agreement on any constitutional change, and the Saskatoon East NDP Riding Association's opposition to the way the federal NDP has conducted itself in the constitutional debate, coupled with the Prince Albert NDP Riding Association's condemnation of the federal NDP for supporting the Liberal government, and the Qu'Appelle-Moose Mountain NDP Riding Association's resolution, I

move, seconded by the hon. member for Saskatoon West (Mr. Hnatyshyn):

That this House urge that delegates at next month's NDP national convention support the resolutions presented by these four federal Saskatchewan NDP constituency associations.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSING

IMPACT OF GOVERNMENT INTEREST RATE POLICY—MOTION UNDER S.O. 43

Mr. Neil Young (Beaches): Madam Speaker, I rise under the provisions of Standing Order 43. Since record high interest rates are having a devastating effect on home owners, and on small business generally, and since many operators of small group homes which provide invaluable community support services to the disabled and handicapped, senior citizens, disturbed children, adolescents and others, are finding it virtually impossible to continue with this work because they do not have the funds at their disposal to meet the interest rates being demanded on renewed mortgages, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instruct the Minister of Finance to re-examine the government's interest rate policy, and that he immediately bring forward legislation that will place a moratorium on all mortgage foreclosures and bankruptcies on group homes until interest rates are returned to an acceptable and humane level.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1410)

THE ADMINISTRATION

SUGGESTED CLOSURE OF SERVICE BUREAU OFFICES—MOTION UNDER S.O. 43

Mr. Peter Elzinga (Pembina): Madam Speaker, in view of the fact that the Liberal government is spending some $2.2 million establishing Government of Canada service bureau offices throughout Canada simply for Liberal propaganda purposes, offices which do nothing more than duplicate the constituency offices of members of Parliament, I move, seconded by the hon. member for Red Deer (Mr. Towers):

That the federal government indicate its seriousness in controlling government spending by immediately stopping this waste of Canadian taxpayers' dollars by closing these offices.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PETRO-CANADA

ACQUISITION OF PETROFINA—STATEMENTS MADE BY LEADER OF THE OPPOSITION—MOTION UNDER S.O. 43

Mr. Jesse P. Flis (Parkdale-High Park): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Whereas the Right Hon. Leader of the Opposition (Mr. Clark) made inexcusable attacks last week on the integrity of the Minister of Indian Affairs and Northern Development (Mr. Munro) based on a slanderous report in *The Toronto Sun*—

Some hon. Members: Oh, come on.

Mr. Crosbie: Read *Hansard*.

Mr. Flis: —which has since been retracted, I move, seconded by the hon. member for London West (Mr. Burghardt) and the hon. member for Sherbrooke (Mr. Pelletier):

That the House insists that the Leader of the Official Opposition rise on a point of order this day to apologize for his callous and injurious attacks on the minister.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SOCIAL SECURITY

DEMAND FOR RESIGNATION OF MINISTER OF FINANCE—MOTION UNDER S.O. 43

Mr. Vince Dantzer (Okanagan North): Madam Speaker, I rise under the provisions of Standing Order 43. The Deputy Prime Minister and Minister of Finance (Mr. MacEachen) recently stated publicly that there would be no major expenditures for social programs over the next three years. Recognizing that this is the same minister who recently approved the spending of $1.46 billion for the purchase of some gasoline stations in eastern and central Canada, while three quarters of all elderly women in the country are forced to live in desperate poverty, I move, seconded by the hon. member for Bruce-Grey (Mr. Gurbin):

That this House directs the Prime Minister to demand the immediate resignation of the Minister of Finance and to appoint someone to the post who can get his or her priorities straight.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL SECURITY

STATEMENTS MADE BY MR. LAWRENCE—MOTION UNDER S.O. 43

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas the hon. member for Durham-Northumberland (Mr. Lawrence), a former Solicitor General, alleged that four former Canadian ambassadors were security risks, but only found the courage to name two persons who are now dead, and produced absolutely no proof to substantiate allegations against any Canadian, living or dead, I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That the hon. member for Durham-Northumberland find the courage of his innuendoes and make a public statement outside the House as to which specific individuals serving Canada abroad were a risk to the security of Canada and in what specific circumstances these threats to Canadian security took place, with the necessary names, dates and places.

And that this House further deplores the practice of blanket smears by a former minister of the Crown, which smears compromise the reputation not simply of individuals who cannot defend themselves, but of an entire generation of Canadian public servants.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

An hon. Member: Who said no?

Mr. Crosbie: I said no.

* * *

NATIONAL PARKS

FUNDY—DELETION FROM TOURIST ADVERTISEMENT—MOTION UNDER S.O. 43

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, in advertising its national parks the government placed New Brunswick's Fundy National Park in Nova Scotia some time ago. Apparently the problem of where Fundy is has plagued hon. members since, and they have finally come up with a solution. In a recent advertisement for national parks in the *Reader's Digest*, they simply have deleted Fundy. I move, seconded by the hon. member for Dartmouth-Halifax East (Mr. Forrestall):

S.O. 43

That the House instruct the minister responsible for parks to establish a separate desk in his department entitled "The Fundy Park Desk", and require that all his officials be re-educated as to the geography of Atlantic Canada and the fact that Fundy is one of the most beautiful parks in Canada deserving as much attention as Banff or Point Pelee.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PETRO-CANADA

ACQUISITION OF PETROFINA—STATEMENTS MADE BY LEADER OF THE OPPOSITION—MOTION UNDER S.O. 43

Mr. Bruce Lonsdale (Timiskaming): Madam Speaker, *The Toronto Sun* recognized and unequivocally apologized for its irresponsible Petrofina story by indicating that, when the Prime Minister (Mr. Trudeau) described the *Sun's* Petrofina story as garbage, it appears on this particular story that he was not far from the truth.

In view of the fact that the Right Hon. Leader of the Opposition (Mr. Clark) seized upon these unsubstantiated allegations to raise spurious questions on the conduct of the government's ministry, I move, seconded by the hon. member for Guelph (Mr. Schroder):

That the Right Hon. Leader of the Opposition put the lid on his garbage can of unsubstantiated allegations, and do the honourable thing and withdraw his unfounded insinuations against Her Majesty's ministry.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1415)

FINANCE

TAX ON EDUCATIONAL MATERIALS—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that in its last budget the government removed the tax exemption on a wide range of educational items by employing a very strict interpretation of what constitutes a teaching aid, and in view of the fact that this change will affect the cost of an estimated 95 per cent of all items previously purchased tax-exempt, I move, seconded

by the hon. member for Hastings-Frontenac-Lennox and Addington (Mr. Vankoughnet):

That the Minister of Finance act immediately to have his officials review the interpretation of this change so that school budgets, which are already strained, are not cut back to the point where the quality of education is affected.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

FINANCE

PETROLEUM COMPENSATION CHARGE—EFFECT ON LOW-INCOME FAMILIES

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is for the Minister of Finance. Given the fact that ten days ago when his colleague, the Minister of Energy, Mines and Resources, smuggled into this House tax increases without debate under the guise of the petroleum compensation charge, and given the fact that these increases will lean most heavily on the working poor and the unemployed of the country—for example the minister should be aware that low-income families have to spend twice as much of their income on home heating oil as others in this country must spend, and the price of home heating oil will be increased by 6 cents a gallon—

Some hon. Members: Question!

Mr. McGrath: The minister has refused to give any consideration to a petroleum tax energy credit. What does the minister propose to do to ease the burden on the working poor and the unemployed of this country who are being hardest hit by these tax increases?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member knows perfectly well that it will be possible for members of the House of Commons to debate these changes since they are amendments to an act. There is no question of smuggling, or not allowing members of the House of Commons the opportunity to debate, at the appropriate time, the particular changes which have been introduced.

As I have stated in reply to questions in the past, all social programs are fully indexed against increases in the cost of living and, undoubtedly, energy price increases will be reflected in the CPI, but these are fully indexed. As I have indicated so frequently in the House, that indexation provides, all together, billions of dollars of additional protection to these groups in the Canadian community.

Mr. McGrath: Madam Speaker, the indexing the minister talks about in terms of social programs is, as he knows, an annual indexation which will not do anything to offset the extra charges which will have to be paid out for home heating oil this coming year.

GOVERNMENT PLANS TO ASSIST LOW-INCOME EARNERS

Hon. James A. McGrath (St. John's East): Madam Speaker, in June of last year the minister said this:

—whatever tax changes were introduced . . . that they would be equitable and would not attempt to solve the economic problems of the country or the fiscal requirements of the government on the backs of the low-income people of this country.

I am asking the minister to discharge the commitment which he made a year ago, since what he is attempting to do now is nothing short of a massive tax rip-off.

Some hon. Members: Hear, hear!

Mr. McGrath: It is a massive tax rip-off on the backs of low-income earners in this country who are growing by leaps and bounds under the mismanagement of this government—and the minister knows this. What does the minister intend to do to provide compensation to these low-income earners?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member misunderstands almost completely the nature of the increased charges which were brought before the House by the Minister of Energy, Mines and Resources. The hon. member knows that there is a blended pricing system in operation in Canada by which the Government of Canada is averaging the price of domestic and imported oil in order to maintain a lower general price for the Canadian consumer. He knows that in order to operate that particular pricing regime it is necessary for the treasury of Canada to subsidize the importation of oil. He knows that perfectly well.

All that was done by the Minister of Energy, Mines and Resources was to ensure that these increased costs, for example, occasioned by the production cutbacks by the province of Alberta, would not be reflected in an increased deficit but would maintain the fiscal plan put forward in the budget, namely, that about $360 million would be assigned to this import subsidy program in the current fiscal year.

● (1420)

If we fail to take the action which the Minister of Energy, Mines and Resources took, then of course we would be doing what the hon. member for St. John's West is always asking us not to do, namely, add to the deficit. There is no simple way. The two hon. members from St. John's ought to get together sometime and talk about what economic policy they follow.

Some hon. Members: Hear, hear!

Mr. McGrath: Madam Speaker, I know the Minister of Finance would not want to mislead the House or the country because he knows that 72 per cent of what was brought in here

under the guise of petroleum compensation is direct tax revenue to the government. He knows that to be a fact. Speaking of understanding, the low-income earners of this country understand one thing, and one thing only. The minister reneged on his promise to hold the line.

Some hon. Members: Hear, hear!

Some hon. Members: Question!

Mr. McGrath: All they know is that the price of home heating oil has increased under his administration by 60 cents a gallon.

Madam Speaker: Order!

Mr. McGrath: I asked the minister, Madam Speaker—

Madam Speaker: Order. That applause ought to have been the cue for the question.

Mr. McGrath: I ask that if there are going to be Oscars handed out, one should go to the Minister of Finance for the act he put on in the last election.

Mr. Clark: A great deceit.

Mr. McGrath: I want to ask the minister what does he propose to do? He has denied an energy tax credit and he has imposed this unjust tax on the poor of this country.

Madam Speaker: Order! Order! Order!

Mr. McGrath: Home heating oil has gone up by 60 cents a gallon. I ask the Minister of Finance what does he propose to do to offset this unjust tax on the working poor of the country?

Some hon. Members: Hear, hear!

Madam Speaker: I would appreciate it if hon. members did not force the Speaker to yell "order" out loud. It is extremely vulgar, and I do not like to do it. When I get up it means that the question has been long enough.

Mr. Nielsen: Turn to your right.

Madam Speaker: I would appreciate it if hon. members would not force me to yell. I will not yell. However, I would like hon. members to resume their seats when I stand.

Some hon. Members: Hear, hear!

Madam Speaker: The hon. member for Kingston and the Islands.

Mr. Clark: No answer to the last question.

EFFECT OF HIGHER MORTGAGE RATES ON SINGLE MOTHERS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is directed to the Minister of Finance who only seems to be able to smile through the increasing number of hardship cases in the country. I would ask the minister if he has considered the case of a single mother who is trying to keep her children together, who has two part-time jobs which are only of a temporary nature, and who is suddenly faced with an increase in mortgage payments from $250 to $375 a month, so that she is being forced out of her home by the high mortgage rate policy of this government and the increased home heating costs.

I want to ask, just how many more such women is that minister going to force out of their homes before he takes some action to relieve this situation?

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, obviously it would be a matter of deep concern to the hon. member and to myself, if any particular citizen were forced out of his or her home—

Miss MacDonald: That's happening!

Mr. MacEachen: —or any family, in present circumstances. That would be a matter of deep concern and ought to be avoided if at all possible.

Yesterday I had an opportunity to meet with representatives of The Canadian Bankers' Association. I received assurances from that particular association that the banking community would bend over backwards to take every possible step in these difficult circumstances to avoid foreclosures such as are indicated by the hon. member, affecting home owners or, indeed, affecting farmers. I believe that that is a very important assurance that we ought to attempt to realize in the case of any citizen in the country.

If the hon. member has a particular person in mind upon whom the question has been based, I should like to have the facts in order to see whether the particular institution would take steps to avoid what the hon. member has described as being forced out of her home. I should like to help and have that avoided if at all possible.

Miss MacDonald: Madam Speaker, I will give that case to the minister and I would invite everybody in the country who is in the same position to do the same thing.

* * *

● (1425)

SOCIAL SECURITY

CHILD TAX CREDIT PROGRAM

Hon. Flora MacDonald (Kingston and the Islands): It is not the banks that have initiated the high interest policy; it is the Minister of Finance. The minister talks about conflicts. I want to ask him about this headline that appeared in the Montreal *Gazette* on May 21, "Health Minister Proposes Higher Child Tax Credit". She was reported to have wanted to boost the child tax credit in order to help counter the impact of inflation upon the poor. Who speaks for the government in this respect?

Is even that limited means of relief now going down the drain as a result of the actions of the Minister of Finance?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am sure that the Minister of National Health and Welfare, who is deeply concerned about the plight of Canadian families and the Canadian elderly, will be as sensitive as is the hon. member to the situation. If there are questions to be asked about the statement made by the hon. minister, then I think they can be directed to her.

The hon. member has frequently raised in the House the matter of the virtues of the energy tax credit. If it were in effect at the present time it would have provided for the type of person mentioned by the hon. member, for example recipients of the Guaranteed Income Supplement, in the amount of about $40 or $80 per year. We have provided $420, indexed, this year. That is the type of difference between our performance and the hon. member's rhetoric.

* * *

FISHERIES

CANADA-UNITED STATES SALMON FISHING AGREEMENT

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, my question is directed to the Minister of Fisheries and Oceans. Very important international negotiations are going on concerning the west coast. On May 26 a tuna agreement was signed between the U.S. and Canada without any opportunity for this House to debate it, or any opportunity for the fisheries and forestry committee to investigate it.

In view of the fact that we are constantly and regularly carrying on salmon negotiations which will be very important to the fishing industry and to the public in British Columbia, I should like to ask the minister what assurances we might have in this House that the salmon agreement will come to the House for debate before it is passed?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, I do not know if it is the tradition of this House to have a debate and a vote of the type that the U.S. Senate seem to have in their constitution. I am not an expert on these matters. Certainly the issue of international negotiations was the subject of considerable discussion at the Standing Committee on Fisheries and Forestry. The tuna agreement was interpreted as giving Canadians a number of advantages, including port privileges that fishermen had been seeking for a number of years. It looked as if it was a very good treaty for both sides and we agreed, and signed it. It certainly was open for discussion and for questions from the hon. member, who knew that these negotiations had been going on at the fisheries and forestry committee.

• (1430)

OPPORTUNITY FOR DEBATE

Mr. Ted Miller (Nanaimo-Alberni): Madam Speaker, I have a supplementary question. If there were not so many other crises in the fishing industry as a result of this minister's inaction, we might have been able to deal with the tuna fishery. I want to pursue this.

The minister has now split the advisory committee which is dealing with the salmon negotiations into a north advisory committee and a south advisory committee. This will further increase the secrecy of those negotiations within the fishing industry. In view of the fact that the United States is upping the ante constantly during those negotiations, would the minister give us his assurance, assurance that the Secretary of State for External Affairs indicated last year, that indeed there could be parliamentary debate before any ratification of this treaty?

Hon. Roméo LeBlanc (Minister of Fisheries and Oceans): Madam Speaker, the hon. member speaks about dealing with the tuna issue. We have dealt with it. We have come to an agreement and we have signed it.

As to the question of dividing the committees, it is obvious that those areas in the northern or the southern parts of British Columbia have different points of view. They felt they wanted to be heard in their particular forum and I see nothing secret about that. As the hon. member knows, the negotiations are obviously confidential until such time as proposals are put on the table. I would not want to comment further while negotiations are going on.

Mr. Miller: Madam Speaker, with regard to the past history of negotiations, at one time the east coast and the west coast negotiations were linked together. We have seen the result of what has happened on the east coast. I am tempted to get some commitment from the government that we will not have the same situation occurring with the salmon treaty on the west coast, which may be signed this summer.

MECHANISM TO DELAY APPROVAL OF SALMON TREATY

Mr. Ted Miller (Nanaimo-Alberni): My supplementary question is addressed to the Secretary of State for External Affairs. On October 24, 1980, I asked the Secretary of State for External Affairs whether the government was considering some mechanism by which we could have a look at these treaties, in the same way the U.S. Senate foreign relations committee does. At that time the minister indicated that the government had not gone far enough to determine that mechanism.

Could we have some idea today if we have a mechanism, or whether his department has suggested a mechanism by which we can delay the government's approval of a salmon treaty at least until the U.S. Senate foreign relations committee has ratified it at that level?

Hon. Mark MacGuigan (Secretary of State for External Affairs): Madam Speaker, I think it is important to state to the House that at no time, at least not since I have been Secretary of State for External Affairs, have we made any link between east coast and west coast issues of the kind implied by the hon. member.

With respect to the other question which the hon. member raised about consideration before ratification, we can ratify in any way we see fit. It is not the tradition here to have consideration by the House before ratification. We have no proposal of that kind to advance at this time, nor are we bound to act in any certain time frame with reference to the action of the United States Senate.

* * *

CORPORATE AFFAIRS

INVESTIGATION OF URANIUM INDUSTRY—ACCESS TO CABINET DOCUMENTS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is for the Prime Minister. It touches on the uranium cartel. You will recall that last Thursday in response to a question I put to the Prime Minister, he stated:

> I will have to take that question as notice.

That response was given in reply to the following question:

> Would the Prime Minister indicate whether all cabinet documents including minutes and memoranda of cabinet were shown to the director—

The director referred to is the director of investigation under the Combines Investigation Act.

In view of the fact that Canadian Press now reports that the director has said that he did not have access to those cabinet documents, would the Prime Minister confirm if that was so, and if it was so, would the Prime Minister try to explain to the House why that information was withheld but similar information was given to the McDonald commission?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am informed that the director of combines investigation had access to all cabinet documents he requested, except cabinet minutes.

I am informed that the combines director reported that he did not have to have access to those minutes, and that he was able to make his report without them. If that is the case, Madam Speaker, I fail to see how the hon. member opposite can allege that the investigation was not complete and was not based on all the documents required.

Mr. Nielsen: Make it public.

INFORMATION GIVEN TO DIRECTOR

Hon. Sinclair Stevens (York-Peel): Madam Speaker, in his briefing session, was the Prime Minister also informed that the director was perhaps told that he could have access to such cabinet minutes only if he could link possible evidence in those minutes with some implication involving cabinet ministers themselves?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I cannot say if he was told that. I can indicate what the government policy is on cabinet minutes. They are one of the most privileged kinds of documents that exist in government. Minutes have been taken only in the past few decades. It is a procedure followed by cabinet forms of government. The secrecy of discussions between ministers and the frankness of discussions are essential to the very notion and existence of cabinet government.

There was, to my knowledge, one exception, when minutes were shown to a royal commission. It occurred when Commissioner McDonald suggested there might be some reasonable and probable cause to believe that maybe some infringement of the law had taken place. In that instance our government consented to show the McDonald commission that particular minute.

I think that outside of such very exceptional circumstances the convention of secrecy of discussion between ministers, secrecy under the Privy Council oath, which has been established for centuries in parliamentary systems of government, should be preserved.

Mr. Stevens: Even if they are implicated?

* * *

ENERGY

OIL PRICING AGREEMENT—INSTRUCTIONS GIVEN TO MINISTER

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is for the Prime Minister. The Prime Minister knows we have historic high interest rates in Canada today. They are in excess of 20 per cent. The Minister of Finance has said this is primarily due to the weak state of the Canadian dollar and that we have to worry about our Canadian dollar and to keep our interest rates in line with U.S. interest rates so as to protect it.

The Prime Minister will also know that most economists say that the only way to change this situation and to bring interest rates down is to have a quick solution to the energy pricing agreement. I can refer him to his own adviser, Doctor Slater, who said:

> The first step to a stronger Canadian economy must be a speedy resolution of the energy pricing dispute.

In view of this, has the Prime Minister instructed the Minister of Energy, Mines and Resources to make major changes in the new energy policy in order to get an agreement with the oil producing provinces under discussion today? Has the Prime Minister done that and can we expect serious progress? Or is it that today's meeting will be one of just play acting with no serious changes being contemplated by the government? If the minister is not successful today, will the Prime Minister consider changing his chief negotiator to try to get a settlement?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I told the House yesterday that the minister was instructed by the government to seek an agreement, and we hope he will achieve one. I do not think the fault is with our negotiator or, for that matter, with the Alberta negotiator. There are two different points of view about the nature of our country. One is that it is a community of communities, and the other is that it is a united nation which must share. We feel that our view of Canada would not change whether we change one negotiator or another. I hope a compromise will be found between these two views of Canada, perhaps a rapprochement of views.

Mr. Andre: It is hard to share power.

Mr. Trudeau: I believe the hon. member, the former minister of finance, is correct in stating that a solution to the energy problem would be beneficial, not only to the Canadian dollar and the Canadian economy, but to Canadians generally, and we ardently hope for that.

I think perhaps he shows his ignorance of the real situation when he seems to say that is the only cause. He knows, or he should know, that countries such as Germany, France, Italy and Japan—

Mr. Andre: What about Switzerland?

Mr. Trudeau: —are complaining very bitterly about the monetary policy of high interest rates followed in the United States, which has impacted on their own countries, and caused devaluations of their currencies which have been even more severe in relative terms than the Canadian dollar has experienced in recent months. He should know that this problem is not caused in Canada by one effect. It has worldwide effect, regardless of the energy policies of these various countries I have just mentioned.

Mr. Clark: Blame Burma.

• (1440)

POSSIBLE CHANGES IN GOVERNMENT POLICIES

Hon. John C. Crosbie (St. John's West): Madam Speaker, my supplementary question is also for the Prime Minister. There is another point of view that this country should be treated as France is, with one central government and ten prefects appointed by the central power to govern the country. That is the view the Prime Minister seems to believe in.

The Prime Minister says that he hopes his negotiator will get an agreement. Have the Prime Minister and his government told the negotiator to make some serious changes in the government's posture so that an agreement is attainable? Obviously if the government continues with the policies it has enunciated to date, taking all of the increases in oil and gas prices through federal taxation, leaving nothing for the producer, there will be no agreement. Has the government given the negotiator room to negotiate properly, reasonably and responsibly, or is the government going to continue to be great deceiver it has been ever since January, 1980?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I fail to understand why the hon. member chooses France as an example of a unified state. The United Kingdom is also a unified state. It does not even have ten prefects. I am not quite sure what the hon. member is implying by choosing France as a unified country that we should imitate.

Mr. Crosbie: What have you got against France?

Mr. Trudeau: With regard to his instruction to the minister to make serious changes to his posture, the minister told the House that when he met with his counterpart in Alberta last month he made very considerable and serious changes in many areas, including pricing policy. The meeting held this week was essentially to see if the Alberta government would be equally as flexible and make some changes to its posture.

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THE CENSUS

REMOVAL AND OPENING OF COMPLETED FORMS

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, my question is directed to the Minister of Supply and Services in his role as minister responsible for Statistics Canada, an agency which apparently made a commitment to Canadians to protect confidentiality in the taking of the census. In my constituency the census forms were placed by individuals in the mail and addressed to Ottawa. They were removed from the local post office and examined by the census managers and census takers. Individuals in the community were then telephoned and challenged on the veracity of their returns. Will the minister explain under what authority census forms are being removed from the post office, and by what authority local census managers and census takers inspect the forms of their neighbours and challenge their veracity?

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, the process which is followed is that the forms are mailed in the region where the data is collected. In terms of the specific items the hon. members has alleged, I will be pleased to receive particulars, have them checked out, and provide him with a full report.

CONFIDENTIALITY OF RETURNS

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, the incidents of—I would hesitate to use the term violations of confidence—are so numerous it would require an enormous list to detail them for the minister. The census manager in the area has acknowledged that these were removed from the post office and screened. I will cite two cases briefly. One person, a foreign guest on a farm, was challenged. The examples are numerous. Will the minister acknowledge that the filling out of those forms is not a confidential undertaking and there are many examples of neighbours and others employed as census takers being privy to the information in those so-called confidential forms?

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, I want to advise the hon. member and offer him every guarantee that there is complete confidentiality with regard to all information contained in the census form.

Some hon. Members: Oh, oh!

Mr. Blais: After the forms are completed and submitted, they are reviewed by people within Statistics Canada who are sworn to secrecy under the Statistics Act. It is reasonable to expect that the information has to be reviewed in terms of its accuracy in the sense that those who have completed the forms have done so properly and have provided accurate information. Some checks are performed by people who are charged under the Statistics Act with verification of the information contained in them. There is no doubt that the Statistics Act provides that every individual who deals with the census forms must swear that none of the information is to be revealed except in accordance with the process that is followed under the Statistics Act.

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[*Translation*]

INDUSTRY

DATE OF ANNOUNCEMENT OF NEW POLICY CONCERNING TEXTILES, CLOTHING AND FOOTWEAR

Mr. Irénée Pelletier (Sherbrooke): Madam Speaker, I have a question for the Minister of Industry, Trade and Commerce. The workers in the textile, clothing and footwear industries are increasingly concerned. I would like the minister to say whether he intends to make an early announcement concerning the new Canadian textile, clothing and footwear policies, and when those policies will be made public?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, as a government our priority is to concentrate our efforts on drafting a new policy for the textile and clothing industry. I hope it will be possible for the government to complete that task and make a policy statement within the next few weeks. We are now actively working on our new policy for the footwear industry, and I am confident that it will be possible to take certain decisions well before the expiry date of the current quota system.

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[*English*]

GRAIN

QUERY CONCERNING INITIAL PRICE FOR WHEAT

Mr. Charles Mayer (Portage-Marquette): My question is directed to the Minister of Transport who answers in this House on matters pertaining to the Canadian Wheat Board. Since 1971 it has been the policy of the government to announce initial prices to be paid by the Wheat Board prior to that crop being put in the ground. This year Senator Argue stated that the initial price would not be announced until the crop was in the ground. I have two questions for the minister. First, why has this policy, which has been in effect for ten years, been changed? Second, if we are to believe Senator Argue, when will the announcement be made as to initial prices, because the prairie crop has virtually been completed as far as seeding is concerned?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the Senator has said in public a number of times that he expects to make the announcement about initial payments before the beginning of the new crop year, that is, before August 1. The reason he has given is that in view of the volatility of prices at this time, he prefers to come up late with a firm commitment rather than earlier with a vague one.

CALL FOR HIGHER INITIAL PRICES

Mr. Charles Mayer (Portage-Marquette): Can the minister indicate now what he thinks the initial prices will be when they are announced—whether they will be up or down compared to the prices now being paid? I encourage the minister to set the prices as high as possible because the Canadian Wheat Board is able to borrow money at prime minus one quarter. The Minister of Finance continually berates the opposition for, on one hand, calling for increased government expenditures and, on the other, screaming about increased deficits. This is one way of putting money into circulation without increasing the deficit. As I said, the Canadian Wheat Board is in a position to borrow money at a considerably lower rate than the farmers.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, if I were to indicate the level today, I would be announcing the initial price. I will advise the minister responsible for the Wheat Board of the hon. member's views.

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● (1450)

ENERGY

INTRODUCTION OF TAX CREDIT PROGRAM—GOVERNMENT POSITION

Hon. George Hees (Northumberland): Madam Speaker, I have a question for the Prime Minister.

Some hon. Members: Hear, hear!

Mr. Hees: Quiet, please.

Some hon. Members: Oh, oh!

Mr. Hees: The price of gasoline has risen by 60 cents a gallon since the election in which the Prime Minister and his party ridiculed the government of the day for increasing the price of gasoline by a mere 18 cents. As contact with the people has told every member of this House that low-income Canadians desperately need an energy tax credit today to help

them meet these steadily rising prices, prices that are going to continue to rise as the weeks and months go by, would the Prime Minister not confer with his cabinet again with the point in mind of introducing an energy tax credit as soon as possible, so that the people who really need the extra money to meet these high energy prices will be able to do so?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am surprised that such an experienced politician would say that his government was defeated because of us. Surely it was defeated because of the hon. member and his colleagues, who promised an energy tax credit, which would have been $40 a year in the year succeeding the election and then $80 a year to countervail price increases which were devastating to the Canadian consumer. That was why. It was not because of the high prices proposed by the hon. member's party alone. It was because of the unfairness in the way their 18-cent excise tax and their price increases would have hit the Canadian people. It was just a countervail of $80 a year. That was why, within months of our election, we brought in the increased guaranteed income supplement, which would give the most needy of Canadians something like $420 a year to begin with and, of course, that has escalated, as the hon. member knows.

Mr. Hees: Madam Speaker, as usual the Prime Minister's was no answer at all because he knows perfectly well that the vast numbers of people who need this extra money to meet this extra energy cost are not all old age pensioners who are receiving the supplement. There are a great many other people of a far younger age who need this money, and the Prime Minister knows it.

Some hon. Members: Hear, hear!

POSSIBLE CONSEQUENCE OF GOVERNMENT ACTIONS

Hon. George Hees (Northumberland): Madam Speaker, does the Prime Minister not honestly think that this business of ridiculing a policy during an election and then, immediately the election is over, introducing that same policy and adding two or three times to it, is liable to backfire on the Prime Minister and his government one of these days, just as the introduction of wage and price controls did when the election of 1979 rolled around?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member is looking into the future a few years down the road. I am suggesting that he look at what happened at his own policy convention just two months ago when it supported an increase to 75 per cent of world prices forthwith.

Some hon. Members: Over four years.

Mr. Trudeau: The resolution was to move quickly to that. I think that kind of mistake would not have been made at the convention—nor, indeed, would the budget of the hon. member for St. John's West have been the way it was—if the hon. member himself had been in the cabinet to show his wise ways as an experienced politician.

Some hon. Members: Hear, hear!

Mr. Hees: That is a very unfair reply.

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CORPORATE AFFAIRS

INQUIRY INTO URANIUM INDUSTRY—OBTAINING OF LEGAL ADVICE

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, my question is directed to the Minister of Justice and it has to do with the uranium cartel. That is a cartel which may involve activities by members of the government which could be subject to charge.

I assume that to avoid any conflict of interest in the conduct of that inquiry some official of the government, either the combines investigation director or someone else, may have sought independent legal advice on matters relating to the cartel. I wonder if the Minister of Justice can tell the House of Commons whether the director of combines investigation, or anyone else on behalf of the government, did seek independent legal advice and, if so, whether a copy of that advice was communicated to the minister and is in the minister's hands now.

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, at the beginning of the inquiry it was recommended to the director that he hire some legal advisers from outside, and so he did. These legal advisers worked on this inquiry for many years. They reported to the director, Mr. Bertrand, who in turn transmitted their findings and their recommendations to me. That is the problem I am studying at this time.

NATURE OF LEGAL OPINION

Right Hon. Joe Clark (Leader of the Opposition): Madam Speaker, can the Minister of Justice tell the House of Commons whether that independent legal opinion suggests that there is sufficient evidence for any charge to be laid against anyone?

Hon. Jean Chrétien (Minister of Justice and Minister of State for Social Development): Madam Speaker, I have the report which was transmitted by Mr. Bertrand when he was the director, in front of me, and I am looking into the report. I have to decide if, yes or no, there is evidence against corporations or individuals and decide whether to take action against them. It is a very voluminous file. We are studying it at this time and, of course, when we have reached our conclusion, we will follow the normal course every attorney general of Canada has to take in such circumstances.

Mr. Clark: Madam Speaker, it may be that the minister did not understand my question. We would like to see, naturally, the full report of the Bertrand inquiry, and we would like to know whether the director of combines investigation recommended any kind of legal action. We would like to know that.

My question had to do with the independent legal advice which was sought and secured by the government and is now in the hands of the Minister of Justice. Does that independent legal opinion indicate that there is enough evidence to warrant charges against any individual?

Mr. Chrétien: Madam Speaker, the legal opinion to which I referred is part and parcel of the report of the director which has been transmitted to me for decision.

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HUMAN RIGHTS

ACTIVITIES OF KU KLUX KLAN—GOVERNMENT PROGRAM TO COMBAT RACISM

Mr. Roland de Corneille (Eglinton-Lawrence): Madam Speaker, my question is directed to the Minister of State for Multiculturalism. The minister will know that twice recently this House has unanimously condemned the activities of the Ku Klux Klan. In light of the concern among all hon. members about this extremist group, can the minister confirm and clarify press reports of this morning that the government is implementing a comprehensive national program to combat racism?

Hon. Jim Fleming (Minister of State (Multiculturalism)): Madam Speaker, as expressed by all hon. members of this House, I think twice earlier this year, in motions under Standing Order 43, I also am very concerned about and repulsed by racist activity in Canada. I think at least one of those motions indicated the feeling that there is an increase in this activity.

All members of Parliament will be receiving today notice of a three-pronged program which will be an effort to reconsider the criminal law and whether it in any way aids and abets racist activity in its desire to have free speech; to try to provide the government with the capacity to get at the roots of racism; and finally, to provide a public education program to work with the policy and educators.

An hon. Member: Okay, that's enough.

Mr. Fleming: I hear some protests from the other side. I do not think I have hogged the Question Period lately.

INDUSTRY

EXAMINATION OF FIRMS RECEIVING GRANTS UNDER DEFENCE INDUSTRY PRODUCTION PROGRAM

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I have a question for the Minister of Industry, Trade and Commerce regarding defence industry production program grants. Does the ministry investigate the managerial practices of the companies which are to be given grants prior to the grants being approved? In particular, is there an investigation to determine whether a company given a grant pays the wage rates which are applicable and prevailing in the area in which the company is located and, second, to determine that the jobs which are created are jobs for which Canadians are given first priority and for which Canadians are trained rather than the company's seeking employees outside the country?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, the purpose of the program, for which the federal government has recently increased the base funding by 50 per cent, is to provide support and encouragement for key industries in Canada such as the aerospace industry, the electronics industry, and the telecommunications industry. The aerospace industry, because of this support, has grown so that it now employs some 42,000 people across Canada.

It is expected that companies receiving this support meet requirements relevant to provincial and federal law regarding wage rates and place of origin of employees. I would be happy to check further into any specific case my hon. friend wants to bring to my attention, if he is suggesting this is not the situation.

GRANT TO EBCO INDUSTRIES LTD., VANCOUVER

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I am pleased the minister has given me this thumbnail sketch of the program, but that was not what I was seeking. I want to know whether there is an investigation conducted to determine whether the company pays the wage rates which prevail in the area in which it is located, and whether the company provides job opportunities for Canadians rather than seeking persons outside the country for skilled labour jobs.

I would also like to ask the minister if he would investigate the $6.7 million grant given to EBCO Industries Limited of the greater Vancouver area to determine whether the company is in violation of these two very basic principles.

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, wage rates are generally matters of provincial law, and questions of whether Canadians are employed are matters of our immigration law enforced by the Department of Employment and Immigration. I would be happy to check with my colleagues in the relevant provincial and federal departments to see that the rules are being followed.

Basically the purpose of DIPP grants is to help companies buy often very expensive capital equipment to engage in advanced technological activity in aerospace and related fields, and to carry out innovative and high technology activities in them. I would be happy to get further information about the points my friend raised.

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● (1500)

THE MONARCHY

MARRIAGE OF PRINCE CHARLES

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, my question is for the Prime Minister. May I ask the Prime Minister what plans his government has made to celebrate in Canada the marriage on July 29 of Prince Charles, heir to the throne of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not know if any plans are being made in any of the government departments. I will inquire.

Mr. Beatty: Madam Speaker, I can tell the Prime Minister that I have already made inquiries with the Secretary of State's office who informs me that no plans for celebrations have been made. It is interesting to note the applause opposite, from a minister of the Crown, Madam Speaker.

DECISION RESPECTING COMMEMORATIVE STAMP

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): In the absence of the Postmaster General I direct a question to the Acting Postmaster General. On July 29 the government of Australia will be issuing two commemorative stamps to commemorate the royal wedding. The suggestion had also been made to the Canadian Postmaster General. Why was the decision made not to issue a commemorative stamp in Canada?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, I am not aware that any decision has been made one way or the other—

Mr. Clark: About anything.

Mr. McCauley: —but I will take note of the hon. member's representation and find out for him.

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EXTERNAL AID

CONSTRUCTION OF GRAIN STORAGE IN ALGERIA

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, I have a very brief question for the Prime Minister. Prior to his recent trip to Algeria I asked him to look into a grain storage project in that country which is to be constructed by an Italian consortium, but a major portion is being financed by CIDA, which portion has been temporarily allotted to a Swiss firm. Would the Prime Minister indicate whether or not he had any success in having this important contract awarded, as it properly should be, to a Canadian firm?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I thank the hon. member, who gave me notice of this question a few weeks ago. I am not sure I recollect every detail of the answer, but I do recollect while I was in Algiers discussing this matter with the Canadian businessman who is at the head of the company building the facility. I ascertained that in every CIDA project we have with Algeria and other countries there is a large measure of Canadian content. I cannot give the exact percentages from memory, but I can assure the hon. member that every time there is a CIDA project and that work can be done in Canada, we ensure that the maximum amount possible is done in Canada.

REQUEST THAT CONTRACT BE AWARDED TO CANADIAN FIRM

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, I have a very brief supplementary. I have been trying for two weeks to get the question asked so I can appreciate it is difficult for the Prime Minister to remember. Would he give me the assurance of his office that he will put every pressure on to have this particular contract awarded to a Canadian firm as it should be when it is financed by CIDA?

Mr. Crosbie: Canadianization.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. member realizes, I am sure, that many of our efforts in aid to Third World countries are channelled through tripartite or multipartite agreements, and very frequently it helps Canadian business and workers to get a project if they are combined with funders from other lands. That is why frequently you will see in a particular CIDA project it is a matter of co-operation between Canada and one or two other countries. I cannot give the hon. member the assurance that this will discontinue. If it did, it might result in Canada not getting any of these aid projects under way at all.

* * *

[*Translation*]

PRIVILEGE

MR. PEPIN—CORRECTION RESPECTING DUBIN REPORT

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I shall be brief. I think that everyone knows that I do not take offence easily. In fact, this is only the second time in 12 years as a parliamentarian that I have risen on a question of privilege. However, if I did not object today to what was said yesterday in the House by another member, my colleagues and the public might accept his version of the facts.

Citation 316 of Beauchesne clearly states that, and I quote:

—a Member, while speaking, must not:

e) impute bad motives to another Member—

Yes, this is what happened yesterday, Madam Speaker. The hon. member for Dartmouth-Halifax East (Mr. Forrestall) stated that I have had in my possession since March 17, which was three months ago, the report known as the Dubin report. If this were true, the House and the public would have very good reasons to believe that I neglected my duty in not drawing this report to the attention of the public and the House as soon as possible and in not taking action to follow up on it. However, such is not the case, Madam Speaker. I wish to emphasize very strongly that while the letter addressed to me by the judge is indeed dated March 17, the report had to be translated, corrected and printed, and I only received it on May 25. I tabled it in the House as soon as possible.

Madam Speaker: Order, please! The question of privilege raised by the hon. minister is based on a difference of opinion concerning the date on which the report was received. This is not a matter of privilege. The hon. minister has set the record straight. I suppose that the House will accept his statement in that spirit.

[*English*]

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, the minister has accused me of imputing motives to him and I have not done that.

Madam Speaker: Order, please. The hon. member quoted Beauchesne to the effect that a member should not impute motives. That was exactly the substance of what the minister said. He did not accuse the hon. member of imputing motives, he said that hon. members should not impute motives.

Some hon. Members: Oh, oh!

Mr. Forrestall: On a point of order, Madam Speaker, the matter is not going to be discharged that lightly.

Some hon. Members: Order.

Mr. Forrestall: The minister has seriously misled this House, or his parliamentary secretary has seriously misled this House, and I am quite prepared to put a motion in this connection.

Madam Speaker: Order. If the hon. member has that feeling, he has his recourse and he can use it. I do not remember whether the hon. member raised this the other day as a point of order or a question of privilege, but I believe I ruled in his case that he did not have either a point of order or a question of privilege. I have now ruled that the minister does not have a question of privilege and those two matters are closed. If there are other matters that hon. members wish to bring to the attention of the House, they are perfectly free to do so under the proper procedure.

Order Paper Questions

ROUTINE PROCEEDINGS

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,945, 2,330, 2,456 and 2,476.

[*Text*]

ANTI-SEMITIC LITERATURE

Question No. 1,945—**Mr. Cossitt:**

1. Is the government aware of anti-semitic literature being mailed from somewhere in the Toronto area to various persons through a post office bearing the postal code M4L 3T0 and, if so, what is the location of the post office?

2. Has the matter been investigated by the RCMP for possible action under the Criminal Code?

3. Is the government aware that the material appears to be printed in the United States, mailed in Canada and contains a slander of the most extreme nature to the Jewish people?

4. Is the government aware that readers are urged to write "Common Sense", Union, New Jersey, to a publication firm known as LIBERTY BELL or to another firm known as WESTERN FRONT, Box 27854, Hollywood, California, for further information and material?

5. Will the government take steps to put an end to such material being circulated through the Canadian postal service and to lay possible charges under the Criminal Code against those involved?

Hon. Bob Kaplan (Solicitor General): 1. The Solicitor General has received complaints that literature of this nature was being mailed from Toronto. The Solicitor General informed the RCMP, who subsequently notified the police authority having jurisdiction, the Metropolitan Toronto Police Force. Postal code M4L 3T0 is assigned to the Toronto South Mail Processing Plant, 969 Eastern Avenue, Toronto.

2. No. This matter is within the jurisdiction of the Metropolitan Toronto Police Force. The laying of charges for publishing hate literature requires the approval of a provincial attorney general.

3. Yes.

4. Yes.

5. A determination whether or not such literature constitutes hate propaganda as described by section 281.1 of the Criminal Code is the responsibility of the police force and provincial attorney general having jurisdiction. The Post Office Act provides discretionary power to the Postmaster General to issue a prohibitory order if he believes, on reasonable grounds, that the transmission of such literature through the mails involves the commission or attempted commission of an offence. Literature of a very similar nature has been referred to the Postmaster General for such a determination.

Order Paper Questions

MEDICAL RESEARCH COUNCIL—USE OF ANIMALS

Question No. 2,330—**Mr. Young:**

1. Are government funds used by the Medical Research Council to look into alternative methods of conducting research that do not involve large-scale use of animals?

2. Is the use of such funds monitored and, if so, by what method?

3. Are steps taken to alleviate the pain involved in these experiments and, if so, what are they?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): 1. The Medical Research Council itself is not carrying out any study of methods of conducting research that do not involve the use of animals.

2. Any investigator seeking Medical Research Council funds for research must indicate whether or not he proposes to use animals and, if so, he must undertake to follow the guidelines for the care and treatment of experimental animals laid down by the Canadian Council on Animal Care. The use of animals in the laboratory is monitored locally by animal care committees in the universities where the research is carried out, and is subject to on-site inspection by the Canadian Council on Animal Care.

3. Proposals involving the use of animals submitted to the Medical Research Council are carefully scrutinized by its review committees to ensure that animals will not be subjected to unnecessary pain. Proposals which appear to involve any inhumane or unethical treatment of animals are not funded.

PUBLIC DEBT 1981-82

Question No. 2,456—**Mr. Cossitt:**

What is the government's estimate of what the size of the (a) gross (b) net public debt will be at the end of the fiscal year 1981-82?

Hon. Pierre Bussières (Minister of State (Finance)): The forecasts for gross and net public debt consistent with the October 28, 1980 budget are $137 billion and $96 billion at the end of the fiscal year 1981-82.

PRESENT PUBLIC DEBT AND INTEREST COST

Question No. 2,476—**Mr. Herbert:**

1. What is the present public debt of the government and what is the average percentage interest cost payable on the debt?

2. To the knowledge of the government, what are the comparable figures for the provinces?

Hon. Pierre Bussières (Minister of State (Finance)): 1. A preliminary estimate of the gross public debt as of March 31, 1981, is $122 billion. For the fiscal year 1980-81 the average interest cost payable on the debt was roughly 9.1 per cent. The average rate on the interest-bearing portion of debt was about 10.5 per cent.

2. The present debt of the provincial-local-hospital sector is estimated to be about $64 billion. The average interest cost for 1980-81 was roughly 10.2 per cent.

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 2,369 could be made an order for return, this return would be tabled immediately.

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Is it the pleasure of the House that question No. 2,369 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

CANADIAN SALES OR AID TO U.S.S.R.

Question No. 2,369—**Mr. Cook:**

1. Are goods and services currently being provided by Canadian companies to the Soviet Union and, if so (a) which goods and services (b) what is the dollar value?

2. In the past five fiscal years, did Canada provide foreign aid to the Soviet Union and, if so, in what amount and in what form?

3. Which Canadian company sells the most goods and/or services to the Soviet Union and what is the dollar value?

Return tabled.

[*English*]

Mr. Collenette: Madam Speaker, I ask that the remaining questions be allowed to stand.

Madam Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

Mr. Towers: Madam Speaker, I rise on a point of order. I am wondering if the parliamentary secretary would be in a position to answer question No. 1,891 which was put on the Order Paper on December 17. These are questions relating to the conditions which exist in the Post Office; they are very pertinent at the present time. Possibly it would be advantageous to all of us if we could have answers to those questions prior to the proclamation of the new Post Office Act.

Mr. Collenette: Madam Speaker, I will take this matter up with the Postmaster General.

* * *

● (1510)

MOTIONS FOR PAPERS

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I ask that all notices of motions for the production of papers be allowed to stand.

Madam Speaker: Shall all notices of motions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

EXCISE TAX ACT AND EXCISE ACT

MEASURE TO AMEND

The House resumed, from Tuesday, June 9, consideration of Bill C-57, to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs, and motions Nos. 11, 12, 13, 56, 57, 58 and 59.

Hon. Bryce Mackasey (Lincoln): Madam Speaker, last evening when we adjourned debate on Bill C-57, I accepted the invitation of the hon. member for St. John's West (Mr. Crosbie) to comment on the proposed taxes as they affect the Canadian wine industry. This invitation was also extended by my good friend, the hon. member for Edmonton West (Mr. Lambert), who is celebrating his twenty-fourth anniversary today as a member of the House of Commons and, I might say, a very valuable member.

Some hon. Members: Hear, hear!

Mr. Mackasey: As one who has spoken out on innumerable occasions in the House and across the country on the wine industry, my feeling at this moment is one of relief in terms of the taxes proposed by the Minister of Finance (Mr. MacEachen). Although no one welcomes taxes, even those imposed upon such traditional areas as wine, spirits, beer and tobacco, my relief stems from my ability to compare the proposals of the Minister of Finance and those of the former minister of finance who invited me to participate.

The plea of the hon. member for St. John's West last night for the workers in the beer and wine industry was strange. It was a very eloquent plea, I might add. One would be hard-pressed to come to the conclusion that he was referring to the same people in the wine and beer industries against which he brought in some Draconian measures.

What were the two main features of the Crosbie budget? I suppose insensitivity was the main one. There was an excise tax on gasoline of 18 cents and, in some cases, 25 cents. I am thinking of the farmers of Lincoln, fruit farmers, grape growers and farmers in general. Also I am thinking of fishermen and the effect of this tax on the transportation of handicapped people. When one couples the tax on the wine industry specifically with the proposals included in the Tory budget, one can understand the anger, frustration and disappointment of the grape growers and fruit farmers of the Niagara peninsula.

Mr. Lambert: You are misleading the House, do not forget the rebate.

Mr. Mackasey: The Minister of Finance is proposing that once a year the tax on wine, beer and spirits be indexed to the cost of living in such a manner that the relationship between the tax and the retail price will be constant. This is nothing unusual. It is precisely the philosophy of the *ad valorem* tax. It is the reverse of the indexing which is part of our tax system when incomes are calculated for tax purposes and when the cost of living index is used to increase the guaranteed income supplement every three months.

I should like to return to the proposals of the hon. member for St. John's West and why I am relieved our Minister of Finance had an open mind and was sympathetic to the representations which I and others made to him. More important, he agreed that it would be wrong to implement the recommendations of his predecessor, the hon. member for St. John's West.

What did the former minister propose to do? He is the same person who rose last night to castigate my party, particularly myself and others, for not caring about the wine industry. What did he propose in his 1979 budget which defeated the Tory government just in time to give the country a second chance?

Mr. Lambert: Tell the whole story.

Mr. Mackasey: The "hon. chorus" has begun already and I have hardly started. Traditionally the wine and beer industry has been considered an extension of the agricultural sector. The hon. member opposite knows that. After all, corn, wheat, grapes, rye, apples and barley are all important to those industries. Without those industries, there is no outlet or very little outlet for our grapes. Thus, it is in the interests of everyone to foster and encourage the growth of those industries.

Thanks to the enlightened approach to the whole problem of the grape growing industry of the Minister of Agriculture (Mr. Whelan) in recent years, there has been a transitional period during which some grape growers have been able to convert to different types of vines, fruit and grapes. This has permitted the Canadian industry a greater latitude. Now they are able to produce table wines similar to German wines. This takes time, approximately five, six or seven years.

The former minister of finance decided that wine and beer would no longer be considered an extension of the agricultural industry. He decided that it was to be another source of income. He was totally insensitive to the representations of the farmers of Lincoln and the Niagara Peninsula. It was efficient and effective; it was drawn up by faithful public servants in his department. The basis of the tax on wine and beer henceforth was not to be related to the fact that they were an extension of the agricultural industry; it was to be linked to alcoholic content. These public servants recognized that there are variations in the alcoholic content of wine. So in order to receive every cent in taxation, or to tax it to its ultimate, they

categorized wine. They put into one category what is known as fortified wine with an alcoholic content of over 14 per cent.

Of course, the danger was obvious. The grapes which are traditionally used for that category of wine are grown in the Niagara Peninsula. They are known as the Labrusca grapes. To come along and impose a Draconian tax—and I will mention the figures in a few minutes—on that industry, at a time when Canadian tastes were changing from fortified wines with high alcoholic content to table wines, was the straw which broke the camel's back.

This is a serious point; I am not trying to make political hay. Canadians had an opportunity to assess the Crosbie budget and to put that party out of office. I am sure they would do it all over again, because the last election was fought on the commitment of the Conservative party to reintroduce precisely the same budget with all its flaws which I am pointing out.

The impact of the Crosbie budget, as opposed to the budget of the present Minister of Finance, would have been to increase the tax on wines with over a 14 per cent alcoholic content by $2.45. But the budget proposal of the minister of finance of the Conservative government was to raise the excise rate on wine in which the alcoholic content was over 14 per cent from 55 cents to $3, an increase of $2.45—a percentage increase of 445 per cent.

• (1520)

The ex-minister spoke eloquently last night about the beer industry. He said that the workers of Canada traditionally love their beer. He spoke eloquently about their ability to export their product. But how did he treat them when he had the opportunity to put into practice his concerns for the same people? We are talking today about a matter which occurred less than two years ago. He was prepared to raise the excise tax on beer by 29 per cent, which again would have a detrimental effect on the farmers of Canada. At the same time he was limiting the tax on alcoholic spirits to 5 per cent—a 90-cent increase from $16.25 to $17.15.

It is obvious that the ex-minister, who was castigating civil servants last night, was quite prepared to accept their insensitive advice, which was to base taxes on alcoholic content, thereby showing no concern, no recognition or appreciation of the fact that the beer industry and the wine industry of this country are extensions of the agricultural community. He did not recognize that an expanding wine industry is important to the agricultural growers in the Niagara Peninsula, if you do not want them to give up in despair and hand their properties over to developers, or allow cities such as St. Catharines to expand and become more urban than rural.

Mr. McDermid: Tell us about the wine at Air Canada.

Mr. Mackasey: The hon. gentleman knows more about Air Canada than I do—

Mr. McDermid: We all do; the whole House does.

Mr. Mackasey: We won't get into that, because my chance will come. You guys were very happy about what you did to me in Air Canada! I can talk about that another day, about the jackals surrounding a wolf.

The point I want to talk about is the impact the proposals of the former minister of finance would have had if the present Minister of Finance had adopted them. For all intents and purposes, if we were voting on the proposals tonight, and they passed, then the possibility of the grape growers continuing in business would be limited. A 300 per cent tax on fortified wine at the very time when there was a movement away from heavy wines would have a devastating effect. It would be the end of the industry. That was the proposal of the ex-minister of finance who last night was indignant because the present minister has suggested that once a year we increase tax according to a formula simply to maintain the real value of that tax, which has fallen significantly over the last ten years.

I am aware of the time, Mr. Speaker. I realize my allotted time is almost up. I would love to go on and talk about the other impacts the ex-minister's budget proposals would have had on the wine industry. I would like to deal with the excise tax on gasoline, something which we said we would never impose and which we have not imposed. That tax, coupled with the tax on wine, caused real concern in the industry. We voiced that concern to the present Minister of Finance. We met daily, weekly in caucus and in private meetings, with farm groups, with the wine institute and with the marketing board. We pleaded with the minister and his officials, telling them that such a tax proposed by the ex-minister of finance, and adopted for a short period of time by the present minister, was not only detrimental but discriminatory to the wine industry and the beer industry.

What was the result of our representations? I have been teased in this House by members opposite—and I should not blow my cool, it is not normal for me—for having made representations at every opportunity, which is why I was called upon last night to participate in this debate. I am glad that I am recognized in this House as the voice of the wine industry. I am pleased that I represent that industry so well and so effectively, the 900 farm families who are involved in the wine industry. I am pleased and proud that I have made that impact on the member for St. John's West. I am pleased that I have had enough influence with the present Minister of Finance and his very able colleague, the Minister of State for Finance (Mr. Bussières).

In conclusion, I want to point out what we succeeded in doing. We succeeded in having the Minister of Finance depart from that insensitive policy of his predecessor, to restore the traditional relationship between wine, beer and alcohol and to introduce a nominal tax which was more than accepted with good grace by the wine community of this country. If indexing proves to be a problem, I am sure the Minister of Finance will have no hesitation to rescind that policy after he has had an opportunity to test it.

Mr. John Gamble (York North): Mr. Speaker, we are dealing with motion Nos. 11, 12 and 13 with reference to

proposed amendments to Bill C-57. These motions relate to the *ad valorem* tax with respect to alcohol and tobacco. I would not have taken this opportunity to rise to speak on this issue had I not had the benefit of hearing the very enlightened discussion which preceded me. The hon. member began his remarks today, adding to the remarks he made yesterday, by saying that he had a feeling of relief when he dealt with this tax problem. His feeling of relief is not to be confused with relief from taxation, because clearly that is not what we have. We have the imposition of taxation in a form which is offensive in a number of ways. I shall come to that in a moment.

First, I would like to refer to some of the comments made by the hon. member for Lincoln (Mr. Mackasey) both yesterday and today. He began his address by indicating that he had, when confronted with this *ad valorem* tax in committee, spoken in opposition to it, and he found it offensive. Yet he has also indicated to the House that it is his intention to vote for the measure. Mr. Speaker, I have often wondered what the purpose of a speech in this House is. Is it in any way to be an indication of the way a member feels? Is it a written communiqué, printed in *Hansard*, which may be dispatched to one's constituents without regard to the fact that a vote, which may be taken days later, will show that there is absolutely no connection between what a member says and how he votes? I have found it startling that this practice has occurred with regularity in the past. I find it startling that the hon. member for Lincoln, who is now leaving the chamber, has recently indicated that that is the way in which he intends to behave. He has indicated that he is a great spokesman for the wine industry.

The hon. member for Lincoln was recently the chairman of the board of Air Canada, an airline which, while the hon. member held that post, never carried a bottle of Canadian wine. Either the hon. member is the representative of the wine industry looking after that industry in Canada, or he does not care for the industry. What he says in the House for the purpose of recording a speech can be sent home, should be dissociated entirely from the way in which he votes on an issue in this House.

He spoke of fostering and encouraging the growth of the farm industry in Canada. He spoke of the relationship between the wine industry and the farming industry. Well, Mr. Speaker, the hon. member for Lincoln shall be best remembered for fostering and encouraging growth in the unemployment insurance fund when he was in charge of that fund as a minister of the Crown. Indeed, that is the closest the hon. member has come to fostering and encouraging growth.

• (1530)

Most assuredly, the difficulty with respect to the imposition of this form of taxation is that it is doubly offensive, because not only is it an increase in tax, but it is an increase in tax which builds with the passage of time and raises the expectation of the government with regard to inflation. Tax increases alone, regardless of what form they may take, ought to be repugnant to hon. members of this House.

An hon. Member: Just like the provincial sales tax.

Mr. Gamble: Hon. members of this House have a responsibility to safeguard the welfare of the public. As best we can, regardless what side of the House we may come from, we must preserve the revenues of our constituencies. We should be concerned about the fact that every time we reach into a taxpayer's pocket, be it a corporation or an individual, we are depriving that taxpayer of an opportunity to use those funds for the purpose of expanding business operations or for necessary expenditures, from the standpoint of consumer spending. That should be our prime purpose.

Historically, Parliament has, indeed, been a place which has preserved and protected the citizenry against the rapacious appetites of government. As the hon. member for St. John's West (Mr. Crosbie) honestly disclosed in the House, we know that ministers of finance have been led around by the nose by their deputy ministers and others in the bureaucracy seeking endless ways to dip into the public purse and into the pockets of the citizens of the country. We should be on our guard to protect the public from the appetite of government.

This particular measure has a built-in inflationary advantage. An *ad valorem* tax will produce either more revenue or less revenue for the treasury, depending upon the price of the item. There has not been a minister of finance known to man who has ever desired to collect less taxes. Therefore, it must be assumed that when a finance minister imposes an *ad valorem* tax, he intends to get more and not less. Since the tax is raised as a direct consequence of the fixing of the price of the item, we must know that the government expects the price of commodities to increase. If the government telegraphs to the public in Canada that it expects that the price of every item which is subject to tax under this bill will increase, then, in order that the public may, in fact, maintain a level of income which is equivalent to the level of increases in prices, the public should expect that the price of public services and the price of the public's disposition of commodities should increase.

By this measure, the government is therefore inducing the public to expect inflation to continue. It is asking the public to increase the price of goods and services. It is inviting the public to disregard the pleas of the government for restraint and to follow its lead in psychologically anticipating inflationary growth.

We have heard a great deal about the comparison between this measure and one which may have been contained in the budget of December, 1979.

An hon. Member: It was contained.

Mr. Gamble: The issue is not how to compare measures which were found to be unacceptable to the public in 1980, but, rather, whether this measure is acceptable to the public today. We know what happened to that budget. We know how the public responded. Hon. members on the government benches should consider how the public will respond to these offensive measures. Because that is what they are.

It is strange that generally government members and hon. members of the House cannot direct their attention to the simple matter before the House. Is it appropriate that we, as members of Parliament and guardians of the interests of the citizens of this country, should blithely follow the bureaucrats who recommend to the Minister of Finance (Mr. MacEachen) that this is the best way to reach deeper into the wallets and purses of Canadians? Our answer with respect to that very simple issue, the *ad valorem* tax, should be that we do not accept it.

The concept of *ad valorem* taxes spreads. The government of the province of Ontario, following the vicious lead of this government and followed, I understand, by the government of Newfoundland, are all anxious to participate in an ever-increasing reach into the pockets of Canadians.

It is a curious thing that at the very time this piece of legislation is before the House in its present form, the Minister of Finance should stand in his place during Question Period and, when asked whether it is the intention of the government to remove the indexing under the Income Tax Act, designed to save Canadians from inflationary pressures resulting in the extraction of more revenue without any greater genuine income, that the minister should reply that it is one of the matters which might be considered but that he has not made up his mind and this House will know whenever he is prepared to bring in his budget.

The deputy minister of finance, Ian Stewart, appeared last month before a committee of the Senate dealing with the indexing provisions of the Income Tax Act as they relate to rates and deductions. In answer to some of the questions posed to him, he indicated that the question is whether, by indexing as fully as it does, the government appears to be ratifying the people's right to protection from inflation. It was Mr. Stewart's view that what we had done as a consequence of indexing under the Income Tax Act was to create the false image in the minds of the public that it could be protected from inflation; and that was an error.

This measure is the reverse of the indexing under the Income Tax Act, as far as the taxpayers of Canada are concerned. If we approve this measure, we will catapult the government into a position where it believes that it can benefit from the imposition of inflation. Inflation itself is primarily caused—

Mr. Evans: That is totally false.

Mr. Gamble: —by the actions which are taken by government, either in the wasteful expenditure of government funds or through the amassing of giant deficits which have a direct effect upon the value of the Canadian dollar, which then has an effect upon increasing interest rates in Canada, which in turn pass through the entire economy, as an additional cost paid for by all Canadians.

It is clearly time that the members of this House sit and examine the legislation, in the discharge of their duties as members of Parliament as opposed to the discharge of their responsibilities to political parties, to determine whether they believe that it is appropriate for the government to take measures of this nature which are not in the best interests of Canadians under the present circumstances.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I would like to say only a few words on this particular amendment, primarily to clarify some of the misstatements and misunderstandings which have been put forward by the hon. members opposite.

● (1540)

This particular provision indexes a fixed dollar amount tax, which converts it to exactly the same form as the retail sales tax that has been with us for years, the manufacturers' excise tax or value added taxes or *ad valorem* taxes. It does not in any way, shape or form allow the federal government to increase the real value of the tax that has been received. Indeed, it does just the opposite; it prevents the erosion of the tax base so that the real value of the tax received stays the same. It prevents the situation where every several years the government must recapture lost ground with a new tax.

As the hon. member for York North (Mr. Gamble) indicated, provincial governments have seen fit to do exactly the same thing and it makes a great deal of sense. Once a logical taxation structure is established for a certain commodity, in this case alcohol and tobacco, then it remains in place. We do not want to alter it and then, at a later date, bring in new legislation to modify it. By taking the steps we have, we ensure that the structure stays the same; the real value of the tax stays the same. It does not increase over time and it does not add real value to the tax base of the federal government, as it has not done to the tax base of provincial governments in the case of the retail sales tax or manufacturers' excise tax.

When talking about a bill as serious as C-57, it is unfortunate that hon. members opposite cannot keep to fair and honest debate regarding the facts, the merits and demerits of the case, instead of creating illusions for the public and accusing the government of motivations that do not exist or of doing things which are not in the public interest. That is not true, Mr. Speaker. The facts are there, the explanation is simple and I have tried to provide it to hon. members.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I am encouraged to rise and say a few words in response to the comments of the hon. member who just spoke. Of course, what he sees as facts are not necessarily so. As a matter of fact, facts are simply an interpretation of information.

When the hon. member says that this approach is a totally logical one, then one has to assume that the base for this indexation is logical. I recall very vividly that when the various spokespersons for the wine industry, the distilling industry and the breweries met with the finance committee, they made it perfectly clear that they were not convinced that the base of taxation was equitable or realistic or that it was based on any particular strategy, policy or plan but, as so many other

members have indicated, that it was rather a willy-nilly or ad hoc tax and added dollars for revenue purposes.

As the hon. member for Lincoln (Mr. Mackasey) so aptly put it, the previous minister had an equally ad hoc policy to add to the base rate a few dollars per gallon here or a few cents per litre there.

It is the position of this party that, when it comes to taxing tobacco and alcohol, the matter should be investigated very thoroughly. The hon. member for Lincoln made it clear that we are not only talking about the alcohol and tobacco industry but also the agricultural industry. We are talking about the many hundreds of family-operated businesses, farms and vineyards directly related to the alcohol and tobacco industry. This is the sector that we are concerned with. When the parliamentary secretary indicates that this is a logical approach, that opinion comes as a surprise to many of us on this side of the House.

As a new member of Parliament, I came here with the idea that in debate some members would speak and make points and then members on the opposite side would counter those points. A variety of speakers in this debate have clearly articulated their concerns about indexation. We also heard from spokespersons in the financial community who condemned this approach and we heard from taxation people within and beyond government who questioned this approach as being logical or realistic.

Who are the financial advisers, the tax experts, the economists who claim that this is the correct approach for the government to use in collecting additional revenue? On whose behalf do they speak when suggesting the concept of indexing as set out in this bill? The concept of indexing is insidious in that it puts Canadian consumers at the mercy of foreign exchange differences. As inflation increases in a particular country and the value of that currency relative to ours changes, that fact may have a significant effect on the consumer price subgroup on which this particular index will be based.

If the cost of hops was to increase significantly in one year because of crop failures or the introduction of new equipment or machinery to the industry, for example—and I identify hops as one of the components of the particular consumer index subgroup—that would mean that the price of wines would also increase, the price of tobacco would increase and the price of distilled spirits would increase in this country. Is this what we want to see? Yet it is the situation which hon. members opposite consider to be logical.

When all of us are concerned, to quote the words of the Prime Minister (Mr. Trudeau), with "wrestling inflation to the ground", it is important that we realize that indexation is a confirmation of the mind set that inflation is with us for some time to come.

I notice the minister is shaking his head. Then, I would ask him, why bring it in? Why is it necessary? If inflation is not going to be a problem, why are we concerned about it to the extent that we are building it into the revenue collection function of the government? It sends a clear signal to everyone that inflation is a reality and that we will likely face an increase in inflation in the near and distant future. The Minister of Finance (Mr. MacEachen) reminds us on a daily basis that this is precisely what he is attempting to eliminate, but by this very policy he is fuelling the fires of inflation.

I want to close my comments on this set of amendments by asking the backbenchers opposite, those who have not spoken in this debate, how they can justify the concept of indexation that is now before us. What information do they have that indicates it is a good idea? Who has recommended this as an appropriate route to take? We on this side would like to know.

• (1550)

Mr. Gordon Taylor (Bow River): Mr. Speaker, I did not plan to speak again on this point today, but the remarks of the parliamentary secretary lead me to do so. As per usual, the hon. member has given only part of the story. Half-truths have become so prevalent—

Mr. Cullen: Mr. Speaker, I rise on a point of order. I am sorry to interrupt the hon. member. Maybe he did not mean to mislead the House but he said that he did not want to speak again on this motion. If the hon. member has spoken on this motion, he cannot speak again on it. It may be that he meant to say that he did not wish to speak again, that he had spoken earlier on another amendment. However, if he has spoken on the motion, it is my understanding that he cannot speak again on it.

The Acting Speaker (Mr. Blaker): The hon. member for Sarnia-Lambton (Mr. Cullen) is quite correct. The chair has been visually checking with the principal clerk assistant in order to determine whether or not the hon. member for Bow River (Mr. Taylor) has spoken on this group of motions. I take it he has not. Am I correct?

Mr. Taylor: Mr. Speaker, it is a very elementary point. Of course I have not spoken on this motion, otherwise I would not be standing up. I spoke on indexing, not on this motion, and the hon. member knows that.

As per usual, the government side gives part of the story. They give half-truths. When the hon. member stands up and tells us this is a very simple *ad valorem* tax, he is only telling part of the story. It is more than an *ad valorem* tax, and the hon. members knows it. This tax is tied in with the cost of living index.

If he has not read the first section of the bill, I suggest that he do so. Specifically it is subsection (6) on page 4, and it makes a big difference. Every item that goes into the consumer price index becomes an item for an increase in taxation. It is every item, and it goes even beyond that. If there is an increase in wages, an increase in freight or an increase in the price of the product, all of these are added into the consumer price index.

But the government is not even satisfied with that. On page 4, this subgroup may be:

—as the case may be, as published by Statistics Canada under the authority of the Statistics Act, adjusted or altered in such manner as the Governor in Council may, by regulation, prescribe—

Why is the hon. parliamentary secretary trying to kid the troops? It is not an *ad valorem* tax. It has some *ad valorem* aspects, that is all. At the very least there might be a slight resemblance. This is a simple and devious tax in order to tax the people more without coming to the House of Commons to get the approval of the House of Commons. Consequently, it is taxation without representation.

It might as well be put simply and truthfully. It will be taxation without representation every time the government raises this tax. If the government does that with every tax, we will not need a budget. We will not even need a House of Commons. We will just go back to the old days of fuedalism when King John levied what he wanted.

Why is the government introducing this tax if it does not have some devious scheme in mind? The government objects to these debates, the press carries the story, the people get concerned. The government thought this bill would go through very quickly, smoothly and easily so that people would not know what was going on. Well, we hope by what we are doing that they will know what is going on. This is devious taxation. It is a tax which the government wants to raise and raise, based on a number of factors, without coming to the people's representatives. It is a devious and iniquitous tax.

I hope that some members on the other side will see the light and oppose this bill. I do not know why it is, but if the Prime Minister (Mr. Trudeau) says yea, everyone says yea.

Mr. Evans: Mr. Speaker, I rise on a point of order. I am afraid that the hon. member has unintentionally misled the House in some of his statements.

Mr. Taylor: Look who is talking.

Mr. Evans: This tax is not tied to the consumer price index; it is tied to the alcoholic beverages subgroup. In other words, the increase in the price of those products to which the tax applies is not tied to the consumer price index. That is where the hon. member has misled the House, and I am sure what he did was unintentional.

Mr. Lambert: Mr. Speaker, I would also ask the parliamentary secretary, when he talks about the *ad valorem* tax and so on, to look at page 10 of the bill. There he will see an increase from 25 cents per gallon to 60 cents per gallon on wine. That is not an *ad valorem* increase.

The Acting Speaker (Mr. Blaker): Order, please. It is getting difficult for the Chair to follow whether there is a point of order. Perhaps we might return to the hon. member for Bow River (Mr. Taylor).

Mr. Taylor: Mr. Speaker, I just want to deal with that particular point. I shall read what is found on page 4 so that we will not mislead anyone. I need to read this part into the record because I do not think hon. members opposite have read it themselves. On page 4 we find:

(*a*) aggregating the Alcoholic Beverages Subgroup or the Tobacco Products and Smokers' Supplies Subgroup of the Consumer Price Index—

Every item in the consumer price index is applicable. If you raise the price of coal, that does not affect the price of liquor.

The Acting Speaker (Mr. Blaker): Order, please. The parliamentary secretary rises on a point of order. I hope he will make it clear that it is not debate, that he has a point or order.

Mr. Evans: Mr. Speaker, the hon. member is trying to say that the tax is increased by the increase in the consumer price index. That is not the case, and he has just read the section.

Mr. Rae: He has not said anything yet. Sit down. You are not in a classroom any more. It is a democracy here.

The Acting Speaker (Mr. Blaker): Order, please. The parliamentary secretary is referring to an argument in law or fact, or both. It is debate and not point of order.

Mr. Taylor: Mr. Speaker, the parliamentary secretary does not understand how the consumer price indices are compiled.

Mr. Rae: Tell him how it works, Gordon.

Mr. Taylor: You do not take the price of coal, or the price of fish in the Arctic, when you are working in the alcohol subgroup. You do not do that either when you are working on the price of tobacco. You use all of the items in that subgroup. Surely the parliamentary secretary knows that. That becomes a consumer price index of that subgroup. That is exactly what I said before.

If the hon. member is having difficulty, I would draw a picture for him. If I had a blackboard, I could draw a picture which would make it clear. But the point is that the subgroup of tobacco and the subgroup of beverages is the consumer price index in which this increase will be levied. All factors which go into that group will result in an increase. Upon that increase, the tax will be based. This will be done without representation. The government does not want the people to understand it. The government wants to have an increase in the tax every time there is an increase in that subgroup. It may be altered somewhat by the governor in council in any way the governor in council sees fit. They could add a bit more if they do not think it is enough. But it is an iniquitous tax. Whatever way government members try to rationalize this tax to ease their own consciences, it is still an iniquitous tax and any increase in tax will be a tax without representation.

The Acting Speaker (Mr. Blaker): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Blaker): Pursuant to the Speaker's order made earlier, we will group the motions beginning with motion No. 11. That will affect how the House wishes to deal with motions Nos. 12 and 13. Is it the pleasure of the House to adopt motion No. 11?

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): The question is on motion No. 11. All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion, the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Blaker): Pursuant to Standing Order 75(11), the recorded division on motion No. 11 stands deferred.

● (1600)

Pursuant to order made earlier with reference to the grouping of motions, I will now put motion No. 56 to the House.

Mr. Rae: On a point of order, Mr. Speaker, I do not see how the disposition of motion No. 11 disposes of motion No. 13, since motion No. 13 is a motion of the Deputy Prime Minister and Minister of Finance (Mr. MacEachen).

The Acting Speaker (Mr. Blaker): As I understand it, the Speaker earlier ruled that motions Nos. 6, 7, 8, 11, 12, 13 and so forth and so on, would be grouped. Having been grouped, if the question is put on motion No. 11, an affirmative vote on that motion would dispose of motions Nos. 12 and 13. A negative vote on motion No. 11 would dispose of motion No. 12, with the question having to be put on motion No. 13. Since we have deferred the vote on motion No. 11, the impression I have is that I cannot put motions Nos. 12 and 13 to the House until motion No. 11 is first disposed of.

Did I see the hon. member for Winnipeg North Centre (Mr. Knowles) rise?

Mr. Knowles: No, but I agree.

The Acting Speaker (Mr. Blaker): If that satisfies hon. members, we will proceed. We will now move to motion No. 56. That will have an effect on motions Nos. 57, 58 and 59.

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

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion, the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Blaker): Pursuant to section 11 of Standing Order 75, the recorded division on the proposed motion stands deferred. As I indicated earlier, that means motions Nos. 57, 58 and 59 will also stand deferred.

The House will now consider motions Nos. 9 and 34.

Hon. Marcel Lambert (Edmonton West) moved:

Motion No. 9.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in clause 16 by adding immediately after line 26 at page 24 the following:

"(H) flying training."

Motion No. 34.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in clause 40 by adding immediately after line 7 at page 47 the following:

"(viii) flying training." "

He said: Mr. Speaker, this motion has to do with an exemption which interests my colleague from Belleville in particular. He is attending the members' services committee at the present time; therefore, I will discuss the matter without his knowledge. The purport of clause 16(1) and (2) is to repeal Section 47(1) and (2) of the act. The act presently reads:

47. (1) Where gasoline has been purchased by

(a) Her Majesty in right of Canada or a province or any agent of Her Majesty in right of Canada or a province,

(b) a municipality,

(c) a person for commercial or business purposes,

(d) a farmer for farming purposes,

(e) a fisherman, hunter or trapper for commercial fishing, hunting or trapping,

(f) a person under conditions for which relief from the consumption or sales tax is provided by virtue of any provision of this act other than subsection 27(2), or

(g) a person of such other class of persons as the Governor in Council may by regulation prescribe—

In our amendment we have added "(H) flying training". The following are provided for in the middle of page 24 of the bill:

(A) the exploration and development of natural resources,

(B) aerial spraying, seeding and pest control,

(C) forestry,

(D) fish cultivation,

(E) aerial construction operations using rotating wing aircraft,

(F) aerial fire control, fire protection and fire fighting, or

(G) map making operations, or

(iii) engaged in the business of testing aircraft engines.

We have added a paragraph (H) for flying training to provide that exemption. It existed before but has been removed. I want to know why it is being removed. Why should flying training be picked out to be hit by this tax? The operations are much like many of the others, so why is it being singled out? We have received representations from flying

clubs across the country and various members have made representations. This is one of the small items, but I would like an answer from the minister. None was provided during the committee hearings.

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Mr. Speaker, I am somewhat surprised that the hon. member for Edmonton West (Mr. Lambert) cannot see the difference between a farmer and a trainee pilot. I feel we are quite justified in exempting farmers from the excise tax on gasoline, while the need to exempt trainee pilots is much less urgent. I wonder why the hon. member for Edmonton West, for instance, does not realize instinctively the difference between trainee pilots and professional fishermen. It is obvious that there is a basic difference between the general group of trainee pilots who are asking to be totally exempted from the tax on gasoline and farmers or fishermen. I believe that most Canadians can see the difference, Mr. Speaker.

Mr. Lambert: I would also like to ask the minister—I refer to page 24, and if one looks at the list, one can see that it does not apply to fishermen and farmers. I respectfully submit that this concerns aviation, aviation fuel used for public air transportation and air services for certain activities including fish cultivation—it is simply fish cultivation—and for fire fighting. There are other things. This list should be read carefully. I therefore wonder if I am not—

Mr. Bussières: Mr. Speaker, I did not tell the hon. member that he was out of order. I would like to remind him with all due respect that clause 16 of the bill, which amends section 47 of the Excise Act, states that a refund will be made when the gasoline was purchased by a municipality, a person for commercial or business purposes, a farmer for farming purposes, a fisherman, a hunter, and so on, and the group to which he referred is mentioned on the next page. Therefore, he is not right and I am not wrong.

• (1610)

[*English*]

Mr. Rae: Mr. Speaker, I wonder if the minister does not think there is a contradiction in the fact that the government is allowing an exemption for flying for certain purposes which are outlined in the bill but does not also allow an exemption for those people who are training to carry out those same purposes. I wonder if that does not strike the minister as something of a contradiction. We are saying that there is to be an exemption for those people who provide services for forestry, for fish cultivation, for aerial spraying, for fire control and so forth, but when it comes to training people who are to be providing those same services, the government does not provide a similar exemption. Does the minister not think that a little strange? Let us say one is training for the purpose of—

The Acting Speaker (Mr. Blaker): Order, please. I wonder if the hon. member for Broadview-Greenwood (Mr. Rae) wants to make clear the purpose of his rising. I think he is on his feet on a point of order and not to debate.

Mr. Rae: No.

The Acting Speaker (Mr. Blaker): In order to get an answer from the minister, the only way I can allow the minister to answer is if the hon. member for Broadview-Greenwood is raising a point of order. If he wants an answer, it would be in his interest to say yes, he is on a point of order, in which case I think he has made his point and I would recognize the minister.

Mr. Rae: All right.

[*Translation*]

Mr. Bussières: Thank you, Mr. Speaker, on the point of order raised by the hon. member for Broadview-Greenwood (Mr. Rae), I believe that there is a basic difference between someone who trains to earn his living, in whatever profession, whether as aircraft pilot, train conductor or engineer. The taxes are refunded in certain specific cases so as to reduce the cost to society, and the pilot's salary is not considered in this case, but rather the use made of the fuel, which certainly makes a basic difference in my opinion.

[*English*]

The Acting Speaker (Mr. Blaker): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Blaker): The question is on motions Nos. 9 and 34, both standing in the name of the hon. member for Edmonton West (Mr. Lambert). Is it the pleasure of the House to adopt the motions?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): All those in favour of the motions will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion, the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Blaker): Pursuant to Standing Order 75(11), the recorded division on the proposed motions stands deferred.

Mr. Riis: Mr. Speaker, I was hoping we would have an opportunity to debate motion No. 10, and if I have the permission of the Chair, I would like to elaborate the point behind that motion.

The Acting Speaker (Mr. Blaker): Perhaps I can save the hon. member some thought on the subject. I understand motion No. 10 was found to be out of order by the Speaker earlier this week.

Mr. Riis: Indeed, Mr. Speaker, that was the original declaration. However, I think it is clear that that is open to some interpretation and challenge in that there is another route one can take, and that is to request that the government consider the principle of this amendment and bring it in at the appropriate time itself. It was in that spirit that I felt it appropriate that at least some words be said respecting motion No. 10. If I may, Mr. Speaker—

The Acting Speaker (Mr. Blaker): Order, please. I do not think the hon. member can do that. In an effort to reach a compromise with the hon. member, I will stand this matter in abeyance for a few minutes so that the matter can perhaps be raised again later. However, it seems to me that once a motion has been ruled out of order by the Speaker, there is no motion on the floor to debate. I do not see how that can be done, but out of courtesy to the hon. member I suggest the Chair take it upon itself to defer this point of order for consideration later on. Is that agreeable?

Mr. Riis: Yes, Mr. Speaker.

Mr. Nelson A. Riis (Kamloops-Shuswap) moved:

Motion No. 14.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in clause 29 by striking out lines 32 and 33 at page 35 and substituting the following therefor:

"(b) magazines and parts thereof; newspapers and parts thereof published more frequently than twelve times a year, not including".

Motion No. 15.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in clause 29 by striking out lines 17 to 26 at page 36.

Hon. Marcel Lambert (for Mr. Blenkarn) moved:

Motion No. 16.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in clause 29 by striking out lines 20 to 26 at page 36 and substituting the following therefor:

"vertising;"

Mr. Nelson A. Riis (Kamloops-Shuswap) moved:

Motion No. 17.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in clause 29 by striking out lines 44 to 50 at page 36 and lines 1 and 2 at page 37 and substituting the following therefor:

"4. Articles and materials for use exclusively in the manufacture or production of tax exempt printed matter mentioned in Section 3 including advertising supplements and advertising inserts but excluding taxable catalogues and other taxable material." "

Hon. Marcel Lambert (for Mr. Blenkarn) moved:

Motion No. 18.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in clause 29 by striking out lines 44 to 50 at page 36 and lines 1 and 2 at page 37.

Mr. Nelson A. Riis (Kamloops-Shuswap) moved:

Motion No. 19.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in clause 29 by striking out line 3 at page 37 and substituting the following therefor:

"(2) Section 3 of Part III of".

Motion No. 20.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in clause 29

(*a*) by striking out lines 21 to 25 at page 37 and substituting the following therefor:

"(*b*) magazines and parts thereof; newspapers and parts thereof published more frequently than twelve times a year; all the foregoing other than:"

(*b*) by striking out lines 42 to 44 at page 37 and substituting the following therefor:

"(iv) programs and taxable advertising material. In this section taxable advertising material shall mean:

(A) a publication that is a catalogue and

(1) is bound in any manner including gluing, stitching or stapling;

(2) contains the equivalent of more than four broadsheet pages; and

(3) where the prices of the advertised goods are guaranteed for a period of twenty-one days duration from the date of its publication; and

(B) advertising cards and coupons."

(*c*) by striking out lines 45 to 50 at page 37 and substituting the following therefor:

"(v) albums, biographical, financial or statistical surveys and reports, books for writing or drawing upon, colouring books, directories of all kinds not mentioned in this section, fashion books, guide books, periodic reports, price lists, rate books, timetables, year books, any other similar printed matter and any printed matter or part thereof or class of printed matter referred to herein as may be designated by the Governor in Council;".

Hon. Marcel Lambert (for Mr. Blenkarn) moved:

Motion No. 21.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in clause 29 by striking out lines 36 to 41 at page 37 and substituting the following therefor:

"vertising;".

Motion No. 22.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in clause 29 by striking out lines 45 to 50 at page 37.

Hon. Pierre Bussières (for Mr. MacEachen) moved:

Motion No. 23.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in clause 29 by striking out lines 46 and 47 at page 37 and substituting the following therefor:

"calendar quarter if more than eighty per cent of the space per issue".

Mr. Nelson A. Riis (Kamloops-Shuswap) moved:

Motion No. 24.

That Bill C-57, an act to amend the Excise Tax Act the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in clause 29 by striking out lines 1 to 32 at page 38.

Hon. Marcel Lambert (for Mr. Blenkarn) moved:

Motion No. 25.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in clause 29 by striking out lines 3 to 6 at page 38.

Motion No. 26.

That Bill C-57, an act to amend the Excise Tax Act and the Excise Act and to provide for a revenue tax in respect of petroleum and gas, be amended in clause 29 by striking out lines 16 to 18 at page 38.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, as far as we are concerned, this set of motions incorporates some very important principles. While the motions themselves articulate wording required to alter some of the principles presented in this particular bill, I want to comment first on the general nature of what is incorporated in each of the motions we are debating.

Because closure is upon us, it appears we will not have an opportunity to discuss in the necessary depth all of the assembled motions the Speaker has considered. I suppose in that respect one would want to keep one's comments relatively short so that at least we can have an opportunity to deal as best we are able with all the various motions and have some deliberation in the House on the problems associated with the position of the government.

When we are talking about the small newspapers in Canada, including independent weeklies, community newspapers, the ethnic press and so forth, we are talking about something which touches the very soul of Canada and about a reflection of the real views, attitudes, aspirations and concerns of Canadian citizens. I do not suppose there are many in this House who feel that some of the major newspaper chains really reflect the concerns of the regions, various municipalities, small villages and rural areas of Canada in any real way. Because the major newspaper chains are in fact chains, they reflect only the policies of those corporate entities.

What we are concerned about here are the voices of Canadian citizens. I suppose our free speech is threatened today in a number of ways. The opportunity for individual Canadians, groups and communities to speak out is being hampered. The government should be going a long way to preserving that independent voice for Canadian citizens and communities.

● (1620)

One of the countries I have had an opportunity to study at some length in terms of newspapers is Sweden. Here is a country that a number of years ago found there was general acceptance among all parties that the ability of individual citizens to speak out was being limited and hampered. So the government took it upon itself to introduce a number of measures which encouraged the small weekly, biweekly, triweekly newspapers, the various ethnic papers and trade journals and so on. They felt it was important that each individual citizen, agency and organization had before it a vehicle whereby its point of view and concerns could be expressed in a clear and articulate way.

The government of Sweden saw that this ability was being eroded, that in fact the growing concentration in the newspaper industry was making it more difficult for individuals to speak out, was making it more difficult for the various regions to be reflected in the media, particularly the newspaper media. So they took a number of steps to encourage the introduction of new and small newspapers. They were prepared to give a certain amount of government advertising to the smallest of newspapers, quite contrary to this government's policy where in fact its advertising goes through their media agencies to the large metropolitan dailies, essentially laundered through the national newspaper chains. However, Sweden took a different approach. They felt it was in their vested interests, as a government reflecting the views of its citizens, to ensure that the small independent newspapers were not only revitalized, but that those already in existence were preserved.

What we see there, Mr. Speaker, in this collection of motions is an attempt by the government essentially to undermine the small newspapers of Canada. I do not think for a moment that is a result of some devious mind across the way making an attempt to reduce the number of small independent voices across this country. But I suspect, like so many other aspects of this bill, a bureaucratic oversight, a notion that some bureaucrat in the finance area had which would result in more revenue accruing to the government, without thinking through the social consequences. It is, if you like, beyond the mind set or the terms of reference of the advisers within the finance committee.

Well, I might say, Mr. Speaker, that we have gone to some lengths to determine what this particular bill will do to the small newspapers of Canada. Quite frankly, I doubt if there is a member of this House who has not been approached by newspapermen from within their own ridings, small newspaper publishers and printers concerned about what this measure is going to do to their ability to continue in operation, particularly to continue competing with the large national newspaper chains. They are hanging on with some difficulty, and I know that in my own riding of Kamloops-Shuswap I made a point of approaching each of the weekly and biweekly newspapers to ask how this particular legislation was going to influence them. I must say there were not many pleased publishers in my particular riding and beyond, that I contacted. They see this again as one more hurdle to be overcome to enable them to compete in this extremely competitive area, particularly when the competition is unequal. It is difficult for a small newspaper in Clearwater, British Columbia, to compete with the large metropolitan dailies flooding into the area every day. But it is important that the people of that community have the opportunity to voice their concerns over their community's welfare through letters to the editor in their own independent newspaper.

This is a bill that is going to levy a tax on newspaper inserts. Now, we feel that it is important that the consumer is made well aware of price changes, of opportunities that entre-

preneurs take to provide a product at lesser cost to the consumer. We feel that the more informed people can be in our communities, particularly during these times, the better it is. Here is a situation where a firm decides to take out a page in a newspaper and advertise a commodity and there will be no tax on that; but if it decides to enclose an insert in that newspaper with perhaps a different colour to make it more attractive, it will be paying a tax on that. We on this side of the House feel that somehow that is not just, that it is not treating everyone equally, and it is encouraging people to reduce perhaps the amount of advertising they do which is going to reflect directly on the income of the small newspaper and their cash flow.

We are also very concerned about the government's decision to attempt to redefine what is a newspaper, to suggest there has to be a certain percentage of editorial comment or news and a certain percentage of advertising. We feel that is something that should be left to the independent newspapers to determine for themselves. If they feel for some weeks it is just as well to go with 90 per cent advertising and 10 per cent news and editorial comment, that would be fine. Other weeks it may perhaps be 50-50. But I think it is very important that we recognize that that decision should be made at the local level, not here in Ottawa by this particular piece of legislation. Let us do what we can to encourage the newspapers of Canada, especially the small, independent community newspapers which reflect the differences in view of the citizens and regions of Canada.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, there are many amendments dealing with newspaper advertising, one from the minister which shows that instead of 75 per cent, the figure has now become 80 per cent. Well, that makes little difference because what we are concerned with here is a matter of principle, of determining what is a newspaper by the amount of advertising. There are a number of categories in the act.

Now, the section as it originally reads refers to college and school annuals, magazines and literary papers, unbound, regularly issued at stated intervals, not less frequently than four times yearly; newspapers, sheet music, materials used exclusively in the manufacture thereof. What has been done here is to blow up that word "newspapers".

As far as the act is concerned, the sections at pages 35, 36 and 37, there is a great deal to do. We did hear extensive representations.

● (1630)

[*Translation*]

I am quite staggered by the utter silence of members from the province of Quebec who told me at the outset that they were impressed by the representations of Quebec weekly newspapers. When looking at the list of Quebec newspapers that have made representations, especially the weeklies in all the rural ridings, I wonder why all hon. members are not in the House trying to block this bill, because we all received the same representations, from the regional weeklies, Metropolitan Weeklies Ltd., the Select Newspapers of Quebec, the Quebecor group, the South Shore weeklies, Michael Publishing Incorporated and Suburban Newspapers.

When they appeared before us, and here I am referring to Issue No. 46 of the Standing Committee on Finance, Trade and Economic Affairs for Thursday, March 26, at page 6, Mr. Jean-Paul Cloutier was acting as spokesman for the majority of newspaper owners who made their representations on that day. I want to quote what he said:

> Mr. Chairman, I would now like to outline the contents of this particular intervention. If we have made so many presentations concerning Bill C-57, it is because to us it is extremely important. In our opinion, it is the first time that the government, through tax legislation, has gone so far to affect directly our sector, the regional newspapers. We are affected directly by the law in two ways. First, any advertising which is over 75 per cent of the newspaper content—

Let us say in passing that we will change that to 80 per cent.

> —is taxable at a rate of 9 per cent. Secondly, the bill provides for a 9 per cent tax on all advertising supplements or inserts in newspapers. Those are the two main features of the bill which affect us somewhat. Mr. Chairman, this morning we would like to tell you how this affects us and offer a few suggestions. We have already made some suggestions. Before the Senate committee particularly—

On that point I would ask the minister to tell us what the Senate committee had to say about that. The senators also made their recommendation, but the Liberal senators were in a majority and I do know that the report did not endorse the measure proposed by the Minister of Finance.

> We have realized from the minister's presentation that he does not intend or wish to tax newspapers.

No, he does not want to tax newspapers. However, he wants to eliminate certain abuses, or so he says, so he grabs his sledgehammer to crush a bug. It is very simple. By striking, by using that kind of formula, he is trying to eliminate certain abuses. There may very well be some, but it is not by taxing or by forcing the newspapers, particularly the small weeklies, to measure every inch of their columns on a monthly, or a single, or a quarterly basis.

Mr. Cloutier goes on to say:

> Also, in our conversations with politicians and officials, we have noted that the aim of the bill was to correct a certain abuse. However, we cannot agree with the means that the minister and the government have taken in order to reach these objectives, since it affects us quite directly. We are quite aware of, Mr. Chairman, how difficult it is for the government to intervene in the media sector, particularly the written press. We know how touchy is public opinion in this respect. it is evident in that governments, both at the federal and provincial levels, have created commissions of enquiry. The Kent commission is a case in point since it is now receiving briefs and holding hearings. We, indeed, presented a brief to the Kent commission, in which we mention Bill C-57 and the problems it would create for the weekly newspapers. I think the Kent commission is now well aware of this problem.

So as we can see, the culprits are not weeklies from the rural areas and small towns or even the small dailies with a modest circulation; yet this will cost a pretty penny. So, they will have to measure because that is what it is based on; 80 per cent of the newspaper content can be advertising. If it is a little over,

bang! The newspaper is taxed. Especially if they include inserts which are not catalogues but advertising supplements prepared by firms like Beaver Lumber, Canadian Tire, Radio Shack and even the large department stores like The Bay, Simpsons-Sears, Eaton and Woodward out west, and many others that include those inserts in the newspapers. That is the way they distribute theirs, and it is certainly the best way.

The post office is not very reliable and in rural communities and small towns, newspapers enjoy the best distribution system. So if this service is provided to the public, then why—I do not know what is considered improper in this matter, what rubs the minister the wrong way. Is it because these are the same type of flyers that are distributed in shopping centres? Is that the problem? What is the problem? What is improper? It seems that we have to tax and to determine what is a newspaper. The papers said that they were newspapers, period.

● (1640)

[*English*]

They have been called newspapers, unless the advertising content shall exceed a certain amount over a stated period. Then they are no longer newspapers within the true meaning of the term, and they are subject to this special tax on the entire publication.

It is very easy for the big city metropolitan daily, which runs 140 pages to 150 pages in perhaps a couple of editions per week, to have the base from which to spread their excesses from day to day. If they come up to 79.9 per cent over a four-month period, they will be within the law; but they will be able to get away with a great deal more than the small newspapers. I am surprised by the absolute silence—

[*Translation*]

—the stubborn silence of the Quebec members. I remember quite well that when the committee was dealing with that point they were incensed. Were they putting on an act for the benefit of the Quebec organizations' representatives? You could see them beating their wings. That is what they were doing. But when the time comes now to make representations or state openly that the proposed legislation is unfair, they are mute. What sort of people are they? Have they been ordered to keep their trap shut? That is not what they said when their constituents were here. No, sir! They were certainly going to speak up and make strong representations! Representations? Do we hear any? Not a word! You should have heard what they said to the people, in committee and outside the House, but now that the time has come for them to stand up in the House and be counted, it is quite a different story! What is more, they are speechless. They cannot utter a word. How are they going to explain that back home? Could the hon. lady tell us how she is going to get away with it? Personally, I always speak through the Chair. The parliamentary secretary should be the last one to make gestures and try to teach me a lesson.

Mr. Speaker, I still wonder how they are going to explain the situation. Were these newspapers abusing the law? In what way? And if they were not abusing the law, why are they threatened with a 9 per cent tax, as provided under this bill? Precisely. The hon. member for Bourassa (Mr. Rossi), who is sitting next to the minister—that is quite surprising; we must have a word with the representatives who appeared before the committee. Have a word with Mr. Cloutier. Have you had a word with Mr. Cloutier? Have you had a word with Mr. Cyrenne and the others who were there? We are going to say: we oppose at this time the implementation of these provisions as worded. The minister can indicate exactly what abuses had to be corrected. Then we will be able to determine, as I said earlier, whether he used a sledgehammer to kill a bug or, in a different context, a gun powerful enough to kill an elephant to shoot a mere mouse. That is why I support the motion moved by my colleague the hon. member for Kamloops-Shuswap (Mr. Riis). I hope, in turn, that they will support our amendments, and there are a whole lot of them. Those are the remarks I wanted to make about the whole thing.

Hon. Pierre Bussières (Minister of State (Finance)): I thank you, Mr. Speaker. I must say that I have never heard such a deluge of words so barren of ideas. If, in the eyes of the hon. member for Edmonton West (Mr. Lambert), the Quebec members do not have the strength to speak up. I must say that his own rhetoric is pretty weak.

Mr. Speaker, the hon. member for Edmonton West wonders why the Quebec members are not here: in fact, the members from Quebec and from Canada are here: to wit, the hon. member for Sarnia-Lambton (Mr. Cullen), the hon. member for Bourassa (Mr. Rossi), the hon. member for Champlain (Mr. Veillette), the hon. member for Roberval (Mrs. Beauchamp-Niquet), the hon. member for Verdun-Saint-Paul (Mr. Savard); all those hon. members—

[*English*]

Mr. Kilgour: Mr. Speaker, I rise on a point of order. If the minister is so lacking in anything to say that he must stand up and name members of his party who are in the House, why does he not just—

[*Translation*]

Mr. Bussières: Yes, the hon. member can be asked to resume his seat if he has nothing else to say.

All those hon. members, Mr. Speaker, before the hon. member for Edmonton West and the other opposition members were even aware of the problem of Quebec weeklies, had already met the Association des hebdos du Québec and the Canadian Publishers' Association and expressed their concern about the provisions of the bill now before the House. The Minister of Finance (Mr. MacEachen) received representations from the caucus, after which, having recognized the fairness of the point made with regard to the percentage of paid advertis-

ing in weeklies, and representations having been made to him by the weeklies, he decided to increase the percentage from 75 to 80 per cent, which gives weekly owners quite a lot of leeway.

I should also like to point out to the hon. member for Edmonton West that that 80 per cent is based on 50 per cent of the quarterly publications. So, let him go to Mr. Cloutier, let him go back to him and ask him if that threatens the operations of more than all the weeklies across Canada which are located in Quebec. Mr. Cloutier will tell him that this provides enough room to manoeuvre because he has enough sense to know the difference between an advertisement bulletin and a news bulletin, which is what a weekly is. Quebec weeklies, like Canadian weeklies, endeavour to convey information and not advertisement; that distinction is elementary.

Mr. Speaker, that is the first point dealt with in the tax provisions, that is, the advertising content of a newspaper. Obviously, when the advertising content is so great as to leave no room for information, the paper is no longer a newspaper but a vehicle for advertisement. Some will ask, why 80 per cent, why not 90 or 99.9 per cent? Because, naturally, there comes a time when one must draw the line, and that line is set at some percentage or other. Some may claim that to be arbitrary. When a decision is to be made, one has to assume the responsibility for whatever judgment has been made. A first decision was made setting a certain percentage; then, as a result of the representations made by the industry and hon. members, the Minister of Finance adjusted his decision to take into account the representations made to him. I think that publishers of weeklies now recognize that this gives them sufficient latitude.

The other point is advertising. The member for Edmonton West explained very well why advertising inserts should be taxed. He stated that in such cases, weeklies are only a distribution network. Now if weeklies become a distribution network why should it not be taxed like any other such as postal delivery, private courier or door-to-door delivery which are taxed? We are trying to restore equity. You used the term "distribution network" and stated that postal delivery or delivery by messenger are not taxable. I believe they are taxable and I would like you to check that fact.

Now if we consider the argument, it should be acknowledged that there is some consistency in that tax levy. It is quite obvious that any taxpayer will always find an excellent argument against taxes and some lawyers to defend him. Now those lawyers should begin by looking into the arguments and weighing their validity. I am rather surprised to note how we have been expressing our social concern over the past few days especially with regards to taxation in Canada. Visibly the socialists are more interested in the taxation level on alcohol and tobacco and in the freedom of the press than in saying: "Look, it is no use arguing about the difference between a vehicle of information and a vehicle of advertising". I think that the basis of the argument should be looked into and that common sense rather than partisanship should prevail when a decision is made.

• (1650)

[*English*]

The Acting Speaker (Mr. Blaker): Is the House ready for the question?

Some hon. Members: Question.

Mr. Bob Rae (Broadview-Greenwood): Mr. Speaker, after that minister getting exercised, and we are getting excised by the minister's activities—

An hon. Member: You are not getting "Ian Deansed".

Mr. Rae: The hon. member for Sarnia-Lambton (Mr. Cullen) said that I am not getting "Ian Deansed". He has not seen me get wound up yet. I am just getting warmed up.

The minister has said that he cannot understand how it is that members of our party are becoming worked up about taxes on alcohol. He cannot understand what our social philosophy is or why we are concerned about the effect of these taxes on the community newspapers. He does not understand what the social philosophy of a party is which is concerned about the effect of these kinds of provisions on the freedom of speech. I will say to the minister that the social philosophy is quite simple. I think we expressed it at some length yesterday with respect to the indexation of taxes on beer, wine and distilled spirits. The fundamental principle, first of all, is that we do not want to see the cost of living and the cost of pleasure of the average Canadian go up without any form of control. In our view, the policies of the federal government are at least partly responsible for the inflationary situation in which we are at the present time. We do not want to see the government becoming the beneficiary of that very inflation.

With respect to the inflation principle, I think the minister is perhaps a little abstract, if not fuzzy-headed, if he is unable to see the philosophy—not a word that I use too often—or the basis of our concerns.

With respect to the amendments which have been put forward today by my colleague, the hon. member for Kamloops-Shuswap (Mr. Riis), and with respect to the similar amendments which have been put forward by the hon. member for Edmonton West (Mr. Lambert) who is in the Conservative party, I will say to the minister that I think there is a very clear difference between his approach to this problem and ours. The government's approach to this problem is one, if you like, of Cartesian rationality with respect to proposals which come to it. It says, "Ah ha! There is a problem here", when someone has brought to its attention an inequity in the tax system, which tax system is just chock full of absurdities, anomalies and inequities. The government moves back and forth in trying to slap a tax on here, or slap a tax on there. The minister's department has created more loopholes and anomalies than we will ever be able to talk about or discuss in the

time which has been so kindly and gracefully allocated to us over the next day and one-half by the government.

However, I do want to say to the minister that our approach is to look at what is really happening in the country and in the communities of this country; it is not to look out from the fifteenth floor of the Bell Canada building down on Elgin Street to determine, from some kind of abstract rational assessment, what the answer to this particular problem will be. Our approach is to see what is actually happening in the community newspapers and in the human economy of this country represented by people in all parts of this House. We will ask what the effect of that tax will be on the lives of those communities. The minister might say that we are just special pleaders and are only pleading for whatever interest comes before this House. I will use the exact words of the hon. member for Ottawa Centre (Mr. Evans) when he said that in a good many of the amendments which we are putting forward we are just trying to feather the nest of some particular interest group which has come before us.

I want to tell the minister that we have been very particular. We have responded not simply to whatever pressure group has happened to put on an effective lobby, but to what we have actually seen happening in communities.

This last Easter I happened to be visiting the south shore of Nova Scotia where I was doing some politicking and some resting. I happened to go into the offices of a community newspaper in the town of Liverpool. This newspaper is owned by one individual. It is not part of any kind of chain, it is not part of some multinational enterprise, nor is it a part of an association of chains in one province or one region of Canada. It is a newspaper which is owned locally and which services an entire area. It provides community news for the entire community of Liverpool and the surrounding area.

As I walked in to say hello to the publisher of that newspaper, the very first questions he asked me were, "What is going on with the excise tax, and what is going on with the taxation of our advertising? Why is the government picking on us?" We went through his costs, we went through his problems, we went through the cost of material which has gone up, we went through the whole range of problems which that newspaper was facing. We looked at what the potential effect would be if the government, willy-nilly, decided to go after all insert and supplementary advertising and taxed them as they have never been taxed in North America since the time of the Stamp Act in the 70s.

Mr. Crosby: That's what socialists are like.

Mr. Rae: It has nothing to do with socialism. The hon. member for Halifax West would not know what socialism was if he ran into it with a truck.

However, I want to say to the minister that socialism has to do with looking at what is actually going on in the human economy and dealing with the problems of people as they really exist. I want to say to the minister that it is when one talks to people in this kind of a situation that the policies of the government make no sense because the definitions are, by their very nature, arbitrary. When it is 75 per cent, people start complaining and want to make it 80 per cent. One could just as well have said 85 per cent, 95 per cent, 50 per cent or 25 per cent. There is no law that the minister has been following; it is just a rule chosen by a civil servant after pressure here or a knuckle here from a minister, saying, "We are getting a lot of heat on 75. Could you put it up to 80?"

What we have attempted to do with our amendments, and what the hon. member for Kamloops-Shuswap has attempted to do with our amendments, is to say, "All right. There is a problem." There is a problem, because many of the large commercial chains have used the circulation of newspapers as a cover for the distribution of their catalogues in order to avoid the excise tax that falls on all commercial advertising done outside the context of the newspaper.

• (1700)

We have defined catalogues, Mr. Speaker. We do not think that our definition is necessarily the source of all truth but we think that it is at least an attempt to make this point clear. If the minister is concerned with dealing with an abuse, he should do so and not offer legislation that will have a detrimental effect on the cost, the integrity and, indeed, the very life of hundreds of community newspapers in the country.

The government has never learned the importance of following the politics of experience rather than simply the politics of abstract rationality. If it looked at the politics of experience, which is what our social philosophy is about, and if it looked at the effect of this legislation on the viability of the community newspaper, it would learn something. I see the minister shaking his head. Mr. Speaker, I have never seen a study of the community in newspaper industry issued by the Department of Finance which would indicate what the effect of this will be on that industry. We have not been provided with any indication of the effect that this will have on their revenues or on the behaviour of advertisers. The government needs to consider the policies of experience, the politics of fact, the politics of looking at what the actual effect will be.

Yesterday the government was prepared to say that beer and wine have just as deleterious an effect on the health of the consumer as have distilled spirits. Mr. Speaker, one's normal experience does not usually show that a glass of scotch has the same effect on someone as a glass of beer. The experience of the average consumer would show that to be nonsense. The same thing applies to the experience, not of the powerful lobbies or of those seeking to avoid any kind of taxation—and I agree with the minister that we have to be firm when dealing with those people—but to the experience of institutions and people and the effect this legislation could have on them.

The minister asks what our social philosophy is based on. Mr. Speaker, it is based on experience, on what the life of these communities is and on the importance of recognizing the contribution that these newspapers make to the life of a community, and not simply to the profitability of a chain or the growth of a monopoly. The communities are important to

us and I am sure the maintenance of life in the community is what has driven many of us into public life.

In effect, the government says "If you are opposed to this tax, then you have to show us why we should not impose it." That is the burden that the minister puts on us. It shows how far this government has gone when it says that we, somehow, have to prove to it why a tax should not be imposed. It has the wrong notion of where the burden lies. If the government wants to change the system of taxation on community newspapers, if it wants to establish a definition of what is a newspaper and what is not, if it wants to tax all supplements produced for two or more newspapers, then it has an obligation to tell us why it wants to do this and the precise effect it will have on the economy and the life of community newspapers.

It is incredible that the minister should suggest to the House that every time that the government imposes a tax, those opposed to it or affected by it have to give the government an explanation of why it should not be imposed.

I should like hon. members opposite to suggest that in the next election campaign. I should like to see them put in their leaflets, "Vote Liberal and tell us why you should not be taxed". I wonder how far the average Canadian would let them go on a platform like that, yet that is the attitude the Liberal government brings to this House.

The reason we are opposed to this particular suggestion is that the definition of a newspaper is arbitrary.

Mr. Evans: And your definition of a catalogue is not?

Mr. Rae: The problem is that the government is using a sledgehammer to attack the fly. If it wants to deal with the issue of supplements and catalogues, I suggest it do so by dealing specifically with the question of catalogue and not by issuing a blanket ukase which will increase the cost of living, the cost of production and, in many cases, will threaten the existence of newspapers which provide an important service.

What will the ultimate effect of this legislation be? It may increase concentration. If the newspapers of Liverpool, the South Shore of Nova Scotia, northern Ontario, the towns and villages of southern Ontario, the towns and villages of Quebec, of Manitoba, Saskatchewan, Alberta, British Columbia or any province have difficulties, then the chains will come in and take them up. They will say, "We will solve your problems. We will cover the cost. We have the tax accountants and lawyers who can get around the problem. We will buy you out." The effect of the legislation will be to punish the small businessman, the small newspapers and the community newspapers. The tendency will not be to hit the *Toronto Star*, or the Trudeau Star as some circles call it—

Mr. Cullen: You have to be kidding!

Mr. Blais: Oh, come on!

Mr. Rae: —or the largest newspaper chains in Canada. I touched a chord there, Mr. Speaker. The effect will be to hurt the small community newspapers that are truly independent and are providing the social basis for the freedom of speech which we as social democrats are concerned about and which all Canadians should be concerned about.

That is why we are opposed to this particular piece of legislation, Mr. Speaker, and that is why we have put forward these amendments today.

• (1710)

Hon. Bud Cullen (Sarnia-Lambton): Mr. Speaker, after hearing the hon. member for St. John's West (Mr. Crosbie) yesterday, it is hard to get the riding straight for the hon. member for Broadview-Greenwood (Mr. Rae) because the hon. member for St. John's West fiddled around with it yesterday. It is always interesting to hear from the hon. member for Broadview-Greenwood. He now seems to be suggesting what we should put in our pamphlets next time. But after listening to what the NDP has suggested on more than one occasion, I wonder whether they would put this slogan in their pamphlets: "Vote for us and we will double the deficit" because that is really what it would amount to.

Some hon. Members: Hear, hear!

Mr. Cullen: This is a serious subject and one which has received extensive and comprehensive coverage. Certainly anyone who has a newspaper or a weekly newspaper published in his riding, has been a recipient of lobbies and representations. I use the word lobby in the good sense. Personally I do not think there is anything wrong with that kind of representation. Surely having the opportunity to hear from people who are knowledgeable in the field gives us an opportunity to learn. How we sort it out and how we apply it is something we have to bring to the House to discuss.

In my riding, I have a Thomson newspaper, the Sarnia *Observer*, which is a daily newspaper. Also there is an independent weekly paper called the *Sarnia Gazette*. Representatives from both papers made representations to me on this subject. As a result of that, I did a fair amount of studying of the subject matter to determine whether what was being suggested in this legislation was unfair and whether changes should be made or, for that matter, if the provision in this bill should be dropped altogether.

I was surprised to find—maybe I should not have been surprised—that no other advertising appearing in newspapers is in fact taxed. In other words, if a person places an ad in a newspaper, the person is not taxed for that ad. What we have in dispute, however, is not the advertising in the newspaper but the inserts. If an insert goes into a newspaper, whether it is published by that newspaper or whether it is published elsewhere and brought to the newspaper for distribution, that insert at the present time is not taxed.

In endeavouring to get all the information we could bring before the Standing Committee on Finance, Trade and Economic Affairs, we had no fewer than three groups from the newspaper industry making representations, the Hebdos from the province of Quebec, the daily newspaper association and the weekly newspaper association outside of Quebec. Having

heard all of their representations and having heard the representation of the publisher of the Sarnia *Observer*, I wanted to determine if what is taking place in this particular instance would be unfair, particularly to weekly papers, and particularly to the smaller papers. It has been my experience in dealing with the larger industries, be they newspapers, petrochemical companies or whatever, that they can usually cope with increases or deal with issues as they see them because they do have, as the hon. member for Broadview-Greenwood mentioned, the expertise of the lawyers or the know-how to either get around the problem or to find a way to at least lessen the impact of a particular tax.

When you look at the provision as it is presently constituted, it says that if more than 90 per cent of the space in any single issue of a newspaper is devoted to advertising, it is going to be subject to the tax. I point out, it says more than 90 per cent. It seems to me that any newspaper worth being called by that name will have no difficulty with that particular section.

Looking at the second part—and in this connection the minister's department has moved an amendment—we find that it says that all issues of a newspaper in any calendar quarter will be subject to the tax if more than 75 per cent—that is going to be changed to 80 per cent—of the space per issue in more than 50 per cent of the issues of the newspaper in that calendar quarter is devoted to advertising.

Here again, I do not see that as having a significant impact or causing difficulty for the legitimate newspapers to cope with. It will prevent people who would like to be classified as newspapers but are really nothing more than advertising circulars from abusing the regulation. In other words, people who are trying to classify themselves as newspapers and are not will be subject to this tax.

I have mentioned to the Minister of State for Finance (Mr. Bussières) and to the Minister of Finance (Mr. MacEachen) that I intend to watch what impact this will have. I will be following it up with my local daily and with local newspapers to determine whether this tax will have a detrimental impact on them, not only from the standpoint of business, as mentioned by the previous speaker, but also as to how they put their newspapers together.

It has been suggested to me by the publisher of the Sarnia *Observer* that these changes will have an impact on the way he puts his newspaper together, for instance, what he puts on the front page or how much editorial content he can have. When I read these clauses, however, I am not sure that the point has been made. I am prepared to listen, however. Nor will I let this subject drop if I see that it is having the kind of impact which the publisher of the Sarnia *Observer* suggests. The publisher of the *Observer* wrote to me on May 1, 1981. In part, his letter reads:

> To say I am quite upset over this would be an understatement, as I feel the effects of this will be a definite threat to the continuing financial success of this newspaper.

That is a bit of hyperbole. I do not think the Sarnia *Observer*, which serves an area of some 150,000 people and is a member of the Thomson newspaper chain, will be put out of business or will suffer that significantly. What does concern me is how he feels, and I shall quote again from his letter as follows:

> How Mr. MacEachen can say that the tax on inserts is not an interference or infringement on the freedom of the press is beyond me.

What he is suggesting is that these taxes will dictate to him the manner in which he will have to put his newspaper together. Personally I do not see that at this time, given the 90 per cent figure and given the 80 per cent figure per issue in more than 50 per cent of the issues, how it will have that kind of impact.

One of the greater disappointments to me as chairman of the finance committee was the representation made by the Canadian Daily Newspaper Publishers Association by Mr. O'Callaghan, I believe with some reputation with the *Edmonton Journal*. During a committee hearing when questioning Mr. O'Callaghan to find out what his real feelings were on the subject, we asked him whether, if he had a four-page weekly, which is not an unusual thing with newspapers that are starting out, and a Sears catalogue of some 200 pages placed in that four-page weekly, he would still consider that part of the newspaper? Mr. O'Callaghan answered yes. He then wondered why members of the committee were aghast that he would make that kind of representation. Surely if you are making a representation to a committee, you should be honest enough to make a presentation so that members can have some kind of a dialogue. That was an area that concerned me because Mr. O'Callaghan who was representing the daily newspapers association, did not seem to be prepared to compromise. He made the point that he was responsible as a newspaper publisher for what was contained in the ads in the catalogue and, therefore, that was "part of the newspaper". I could not buy that argument.

Another area of concern to me came about as a result of a circular sent out by the Department of National Revenue, and it concerns interpretation. It seems to me, and I think the point was in part being made by the hon. member for Broadview-Greenwood, that some other newspapers will be able to get around this definition of an insert. It will not be an insert. Instead, the document will be preprinted and those inserts will contain some editorial comments or comments about travel, perhaps a description of the local community, as well as some editorial comment or newspaper comment. It will be open to them not to call that an insert. They will use numbered pages so that it will look as though it were part of the newspaper. Larger newspapers will be able to do that. I am not so sure that the weeklies will because most of them, I suspect, do not print the matter in their own shops. It is something brought in by the kinds of groups which the hon. member for Edmonton West (Mr. Lambert) was suggesting. Therefore, they will not be in a position to number pages or to put anything on those pages which comes from Canadian Tire or whatever is brought to them. If that works to the disadvantage of the weeklies, it is something we should be looking out for.

As the bill is now drafted, with the amendment from the 75 per cent to the 80 per cent, I do not think it will have the dire

consequences suggested to me by the publisher of the Sarnia *Observer*. It will probably make him a little more conscious of the amount of editorial content that goes into his newspaper. But given these large figures of 90 per cent and 80 per cent, I do not see a restriction being put on him in the way he puts his newspaper together. After he has seen the legislation and heard the debate in the House maybe he will be prepared to agree that it will not have the detrimental effect he suggests.

At one time newspapers had no advertising in them whatsoever. They relied solely on the charge for the newspaper. Moving away from that, and in the interest of supporting newspapers, advertising was allowed to be put into a newspaper without any tax. I do not think anybody objected to that. Some of these inserts now going into the newspapers are a further evolution of the advertising being done in that newspaper. We all agree with Mr. O'Callaghan that some of the inserts might contain editorial comment, and the publisher and editor of that newspaper might very well be held responsible for it.

• (1720)

If this is one more evolution of advertising in the newspaper, maybe we will need to look at this. The Minister of Finance indicated that he is going to bring down a budget in the fall—I believe he said October. If that is the case, this may be another area he will have to look at to see if it is having a detrimental effect or if changes should be made so we do not prevent what I might call legitimate inserts from appearing. I have not defined them by moving an amendment to this clause. If this is something that will hurt newspapers and put weeklies out of business and concentrate newspapers in the hands of too few people, it deserves a second look.

Mr. Gordon Taylor (Bow River): Mr. Speaker, the debate today should indicate to the government that this tax is not necessary, that it will interfere with freedom of the press and will put a number of newspapers out of business. The minister said he had to choose a figure; 75, 80, 85 or 90 per cent. Why did he have to choose a figure? As far as I can determine, this tax has never been levied before in North America; it is a new tax.

I wish to state some reasons why the government is making another error by imposing this type of tax on newspapers. It may think it will just be applied to newspapers, but the tax will be paid by the people of this country, something the government seems to forget. The fact that the figure is raised from 75 to 80 per cent indicates that the members of the committee who raised Cain about it being 75 per cent were bought off by the Minister of Finance (Mr. MacEachen) or the Prime Minister (Mr. Trudeau) for 5 per cent. The principle has not changed. The government simply raised it 5 per cent to keep its members quiet. It may have bought off its own members for 5 per cent, but it will not buy off the people of Canada for 5 per cent. Canadians will resent this tax.

We heard a considerable amount from the hon. member for Kamloops-Shuswap (Mr. Riis), the hon. member for Broadview-Greenwood (Mr. Rae) and others with regard to the effect on the dailies. I have the highest regard for the editor of the *Edmonton Journal,* Mr. O'Callaghan who was referred to a few moments ago. The statement was attributed to him that if someone wanted to have a catalogue included with a newspaper, it would be considered part of that press.

If it is only a case of trying to stop catalogues from being included as newspaper inserts, why not say that cannot be done? Why not do away with the catalogues? Why penalize everyone?

There are 18 or 20 weeklies in my constituency, some small some big. It is necessary for them to carry advertising. It is their only means of staying in business. Some are so small they are referred to as an advertising sheet. Many newspapers started out as an advertising sheet. I know of one that started as a one page advertising sheet with the odd bit of news. It was welcomed by the people. I have even seen sheets in restaurants which contain some news and very important advertising. It is a service to the people.

If the government is going to put these small weeklies out of business, there will be more bankruptcies.I do not know why the government is so intent on hurting small business. These weeklies carry the advertising for a week, in particular Saturday sales.

If we are not going to allow these inserts, the tax the newspapers will have to pay will be more than they are earning, or they will have to say to some people that they cannot accept their advertising. In what kind of position will that put our newspapers? They will be able to accept the advertising from one store but not another. The government is putting on a limit. The editor will be the scapegoat. He will have to decide what to accept and what not to accept. That is a questionable way of asking the newspapers to do business.

If this part of the bill passes, I hope that at the time of the next election the editors of these newspapers will not accept inserts from Liberal candidates because they voted in favour of this provision. That might teach them a lesson. The only way they learn is if it affects their pocketbook.

I have had newspaper inserts during an election. I felt they were valuable. Whether the people voted for or against me, they found out what I stood for and did not stand for. They were valuable to the newspapers because they were paid for them. Maybe I lost some votes, maybe I gained some, that is immaterial. The newspaper carried that information into every home in the area. It was a service to the community. Other candidates did the same. Often in the week or so before an election, inserts will be placed by three or four candidates.

The editor will be placed in the position of having to choose what to accept and what to reject. The reason is the newspapers will be taxed if it goes beyond the figure the minister pulled out of a hat, the figure that was increased to 80 per cent to buy off the Liberal members. The Liberals would not go for 75 per cent but they are quiet at 80 per cent.

Many of our newspapers are struggling. For many years the Canmore *Miner* was printed by a man who worked in the bosom of the earth. He printed the paper in his spare time.

The mine is now closed and he is trying to make his living from printing the paper. It is a small paper and he needs the advertising and the inserts. The government wants to limit his advertising. It is a good paper and I hope he can stay in business, but that is questionable. Why hurt a small business which provides a service to the community only to provide another pound of flesh for the government? This is the first time such a tax has been levied on the newspapers of this country.

• (1730)

The Drumheller *Mail* is an excellent weekly. Sometimes it is very thick because there are so many advertising inserts. There are several stores in Drumheller. It is a large business area. The *Mail* is the only newspaper in that area. Everyone wants to advertise bargains for people shopping on Fridays and Saturdays. If the government proceeds in this way, these inserts will cost a lot of money. Every newspaper is going to experience the same difficulty. There are other newer newspapers, such as the *Five Village Weekly* at Irricana, which has just started up in the last two or three years. I believe it is doing all right. I do not know how it is doing financially, but I think it is keeping its head above water. Now we are going to make it difficult. That small paper will not be able to carry inserts. The same will be the case with the Nanton *News*, the Claresholm *Local Press* and several others I could mention. The percentage they will be taxed is an injustice to consumers as well because consumers have to know what the bargains are, and the newspapers will have to say they cannot carry this advertising because it will cost too much because of increased taxation. They may be put out of business, and consumers will be losers as well. The country will be the loser. When any business goes bankrupt, this country loses. It is a tragedy. This country loses whenever business goes bankrupt, and here we are laying out the cards for a number of our newspapers across the country to join the bankruptcy file which is building up. Consumers will lose because they will lose their opportunity of knowing what all the bargains are. They will not be able to go to the places where they can make their dollars go furthest.

When the minister spoke about taxes on liquor and tobacco, I did not hear one member on this side of the House say we are against taxes on liquor and tobacco. As a matter of fact, I have always said that those taxes are some of the better ones because people have a choice. They do not have to smoke, they do not have to chew and they do not have to drink. What we are saying is that we oppose the indexing of that tax. It is completely unfair. In addition, the government should remember that even in the tobacco business many people make their living by growing tobacco, packaging it and so forth.

Many farmers are earning good money from the malting of barley for beer. The same is the case with grapes used to make wine. These are Canadian industries, and we do not seem to look beyond our noses in relation to what this tax will do to the country, as the hon. member for Broadview-Greenwood (Mr. Rae) said a few moments ago.

This taxation will not stop the large dailies of Canada from publishing, but it may very well stop many of our small weeklies from going on. In order to stay in business they have to make profits, and this is just another expense which might well put a number of newspapers into bankruptcy. I wish government members would look at their own weekly newspapers and see what is happening before they are bought off for 5 per cent.

Mr. John Evans (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Mr. Speaker, I was very interested in what the hon. member for Bow River (Mr. Taylor) was just saying because it again indicates that he has not read the provision. I do not think he really understands the nature of the amendment brought forward by the government to modify this provision.

As the minister indicated earlier, there are two different and separate provisions with respect to this tax. First, there is the tax as it would apply to newspapers. If, as the hon. member for Sarnia (Mr. Cullen) so correctly pointed out, a newspaper—let us call it a publication—is more than 90 per cent advertising, then it would be in a taxable category. If more than 50 per cent of the issues in any quarter are more than 80 per cent advertising, it would fall into a taxable category. When this was before the committee and then before the Senate committee, Les Hebdos du Québec came before the Senate committee with the concern that their publications would be taxable, and the Senate committee looked at all the publications which were brought forward. I think ten different newspapers were brought forward. They were selected by Les Hebdos, and none of them would have been taxable under the previous 75 per cent rule, let alone the 80 per cent rule or 90 per cent rule we now propose. It is a red herring. It is highly unlikely that any of those small weekly newspapers will ever fall into a taxable category under this particular provision.

The other part of the tax deals with inserts. There is an important distinction to be made here because the creation of advertising—the printing of advertising—has always been taxable under the manufacturers' excise tax, which is what we are talking about here. It has always been taxable unless it has been distributed by newspapers.

One of the reasons this particular provision was brought forward—and the reason the tax change was considered in the first place—was that a number of independent distributors of advertising brochures are small companies. I heard the hon. member for Broadview-Greenwood (Mr. Rae) say he was in favour of small business and that we should look at the effects on small business. This tax change was considered in the first place precisely for that reason.

There were small businesses whose job it was and whose business it was to distribute house to house advertising flyers for other business firms. These business firms were being put into an unfair competitive position vis-à-vis newspapers because if anyone printed material and it was distributed by one of these small, independent distributors, the cost of printing and producing the advertising material was taxable under the manufacturers' excise tax. However, if the company doing

the advertising were to take that same thing down the street to a newspaper and have it included in the newspaper for distribution, it was not taxable.

If we are talking about tax equity, it seems to me that surely, if we are going to tax this material when it is distributed by one group of people, then either we should tax it when it is distributed by all groups of people or we should not tax it at all. That is a totally different argument, but what we said was that the tax as it was being applied was putting small business at a competitive disadvantage compared with large newspaper chains as well as with weekly newspapers, and that that should be rectified as there should be equity. So the correction was made. The fact of the matter was that many of the small companies which contacted us with regard to this inequity which was facing them as door to door distributors of material were forced out of business before this change could be made. There are still such companies in existence, but they will not be in existence much longer unless this change is brought forward. So we are talking about equity in the tax system.

The hon. member for Broadview-Greenwood said the 80 per cent figure and the 90 per cent are arbitrary figures picked out of a hat, that they have no meaning but that the New Democratic Party has put forward a rational way of responding to this problem. "We are going to define a catalogue". What is a catalogue? Is it 20 pages, is it 10 pages, is it 8½ by 11, is it 7 by 14 or is it 12 by 20? What is a catalogue? If the definition of a catalogue can be so objectively determined, then why does the hon. member accuse the government of being subjective in the definition of 80 per cent or 90 per cent, or in the definition of what shall, for the purposes of this tax, be a newspaper? That kind of inconsistency is typical of the New Democratic Party. Its definitions are objective; everyone else's are subjective. The concern of members of the New Democratic Party for a certain class of small business is fair and equitable, but our concern for small business is inequitable because we are not looking after the same class they happen to be looking after or at the same time.

• (1740)

The problem is, of course, they did not understand the rationale or logic for the change in the tax in the first place. We tried to explain it in committee but apparently we did not get across. The point is that this tax has been in place for a very long time. It is the manufacturers' excise tax, a tax which applies to printed material, and the question that was put to us was: if a newspaper expands into another field using its tax free status to make additional profits through the distribution system where it can be non-taxable, is that equitable to other non-newspaper firms which compete in the same field? We say, no. That is why we have brought forward the change, to retain equity in the tax system. The overwhelming evidence, Mr. Speaker, is that the weeklies will not be affected by this as a result of the 80-90 per cent definition. The inserts are taxable now in all places except when they are distributed by a newspaper, and we believe they should be taxed.

If the hon. members want to say all advertising should be tax free, that would be a proposal they could put forward. However, unless they are willing to do that, we say advertising that is printed and taxable in the hands of anybody should be taxable in the hands of everybody. That is equity, that is equality. That is what this party stands for, and that is what is in this particular amendment.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Blaker): The question is on motion No. 14. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): All those in favour of the said motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Blaker): Pursuant to section 11 of Standing Order 75, the recorded division on the proposed motion stands deferred.

The question now is on motion No. 15. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): All those in favour of the said motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion, the nays have it.

And more than five members having risen:

Excise Tax

The Acting Speaker (Mr. Blaker): Pursuant to section 11 of Standing Order 75, the recorded division on the proposed motion stands deferred.

We will not need to deal with motion No. 16 standing in the name of the hon. member for Edmonton West (Mr. Lambert) (for Mr. Blenkarn). That is deferred automatically as a result of previous dispositions of the House.

Now we have to deal with motion Nos. 17 and 18 separately.

The question is on motion No. 17. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): All those in favour of the said motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion, the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Blaker): Pursuant to section 11 of Standing Order 75, the recorded division on the proposed motion stands deferred.

That takes care of motion No. 18 which is also deferred.

The question now is on motion No 19. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): All those in favour of the said motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion, the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Blaker): Pursuant to section 11 of Standing Order 75, the recorded division on the proposed motion stands deferred.

The question is now on motion No. 20. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): All those in favour of the said motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion, the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Blaker): Pursuant to section 11 of Standing Order 75, the recorded division on the proposed motion stands deferred.

That takes care of motion No. 22 as well, which now stands deferred.

The question now is on motion No. 21. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): All those in favour of the said motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion, the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Blaker): Pursuant to section 11 of Standing Order 75, the recorded division on the proposed motion stands deferred.

We have dealt with motion No. 22 already. We will now deal with motion No. 23. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): All those in favour of the said motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion, the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Blaker): Pursuant to section 11 of Standing Order 75, the recorded division on the proposed motion stands deferred.

The question is now on motion No. 24. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Blaker): All those in favour of the said motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion, the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Blaker): Pursuant to section 11 of Standing Order 75, the recorded division on the proposed motion stands deferred.

That automatically defers motions Nos. 25 and 26.

I would ordinarily move next to motions Nos. 27 and 28, but I have had the opportunity, as I promised the hon. member for Kamloops-Shuswap (Mr. Riis) to examine the Speaker's ruling with respect to motion No. 10 and I find that he is quite correct. Madam Speaker seems to have indicated in her ruling that he should be encouraged, if he sees fit, to make procedural arguments on his motion. It might be more convenient for everyone if the hon. member would give that argument now, if he is prepared to do so, and then, on the next day Bill C-57 is debated, the Chair would be prepared to give a ruling immediately.

The hon. member for Edmonton West (Mr. Lambert) rises on a point of order?

Mr. Lambert: Just a question of timing, Mr. Speaker. Even if the hon. member finishes his argument, you would not call motions Nos. 27 or 28 tonight? The reason I ask is that I am 45 minutes late on a very pressing engagement and if I have to wait 15 minutes until six o'clock, it just makes it worse. I am just asking whether we are going to get to motion No. 27. If not, then will we defer it until the following day?

The Acting Speaker (Mr. Blaker): Well, as the House knows, the Speaker has invited all hon. members to attend a party this evening. I cannot make a ruling as to when it is six o'clock, but if hon. members want to accommodate the hon. member for Edmonton West, what we can do is to hear the point of order on motion No. 10 and then perhaps the Chair can seek consent of the House to call it six o'clock.

Some hon. Members: Agreed.

Mr. Collenette: Mr. Speaker, I am somewhat confused because as I understand it, Madam Speaker was talking about the grouping of these amendments and she said that motion No. 10 standing in the name of the hon. member for Kamloops-Shuswap (Mr. Riis) seeks to import a new proposition and offends the royal recommendation attached to the bill. Then she went on to quote citations 437(1), 773(7) and 516(2) of Beauchesne's fifth edition, and then she went on to say that the hon. member may wish to offer arguments on the acceptability of his motion, and if so, he can do that the next time the bill is before the House.

● (1750)

I seek guidance from the Chair. Is this a ruling? If so, one should not argue about it and the motion should be stricken. Or, is this a suggestion that there are doubts? Certainly the language used seeks to import a new proposition and offends the royal recommendation; that is very clear.

The Acting Speaker (Mr. Blaker): I have interpreted Madam Speaker's ruling in favour of the wider rights of the hon. member. If I were to disregard the words, "the hon. member may wish to offer argument on the procedural acceptability", then in effect I would make those words useless and deny the hon. member any right he may have had under Madam Speaker's ruling. The fact that these words exist leads me to believe that the hon. member now has a right to make procedural argument.

Mr. Riis: Thank you, Mr. Speaker, I appreciate this opportunity. I recall clearly that the intent of Madam Speaker's ruling was that one would have an opportunity to raise the issue at the appropriate time in the proceedings. In an effort to convince the Chair that in fact it is procedurally appropriate, I will begin by referring to the background which led me to bring forward this motion at the encouragement of my colleagues.

If one were to look at the manner in which the government has supported the Canadian small business sector, it would be anything but impressive.

The Acting Speaker (Mr. Blaker): Order, please. I ask the hon. member to restrict himself as narrowly as possible to the point of order on the acceptability of the motion.

Mr. Riis: Mr. Speaker, I appreciate your point. A number of delegations brought this point to our attention in the Standing Committee on Finance, Trade and Economic Affairs, that is, that we were asking the business community to collect taxes on behalf of the federal government. We felt we would bring the matter forward on their behalf at this particular time

because they raised it when they appeared before the committee.

If raising this matter as a member of the opposition were inappropriate, surely there would be an opportunity for the Minister of Finance (Mr. MacEachen) to bring forward an amendment worded in a similar manner to reflect the intent of motion No. 10 which is being proposed by our party. Of course the intent was to recognize the work being done by individual entrepreneurs in collecting taxes for the federal government and to recognize the approach of provincial governments, with the exception of the province of Alberta which does not collect a provincial sales tax.

Therefore, I ask the minister to consider the principle behind this particular motion and to bring it forward as a gesture to the small business community of Canada that the government in fact appreciates their valuable service.

The Acting Speaker (Mr. Blaker): The hon. member has used a considerable amount of his time to make a suggestion as to how to reorganize his motion so that it will be in order. In any event, the Chair appreciates his comments. On the next day Bill C-57 is debated, the Chair will be prepared to give a ruling on it.

[*Translation*]

Mr. Bussières: Mr. Speaker, on the point of order raised by the hon. member for Kamloops-Shuswap (Mr. Riis), I would like to point out to him that he is sending the ball back to the government side. His colleague for Broadview-Greenwood (Mr. Rae) raised a number of points concerning current distortions in the tax system. What I would like to stress is that he is indeed creating a new disparity, a new inequity, a new distortion by giving someone a tax break or rewarding someone who has to pay tax. Why not reward also the individual who has to file his income tax return? I submit that what he proposes to introduce in the tax system is basically wrong, because while supporting a proposal to create a tax burden, he says in the same breath: on the other hand, I will reward you for being a good Canadian citizen and paying your taxes. I submit his proposal is basically inconsistent. Second, it would introduce inequity and perversion into the tax system. I therefore suggest he did not fully consider the repercussions of his amendment, because instead of helping one group of individuals or businesses, he would firstly introduce a flaw in our tax system and second he would thwart his colleague from Broadview-Greenwood who expressed the desire to see a tax system without distortion, inequity or inconsistencies.

Therefore, I prefer to support the views of his colleague from Broadview-Greenwood, of the Minister of Finance (Mr. MacEachen) and of members on this side of the House and reject such a proposal in order to maintain greater consistency within our tax system.

[*English*]

Mr. Collenette: Mr. Speaker, as I heard the argument of the hon. member for Kamloops-Shuswap (Mr. Riis), he seemed to admit that the motion was out of order by making a representation and beseeching the government to bring in the motion. Therefore, notwithstanding the fact that Madam Speaker outlined the case rather clearly and, with all due respect, the Chair should find it completely out of order on procedural grounds.

The Acting Speaker (Mr. Blaker): No, I will not do that. The arguments of the hon. member in this case were virtually an admission that the motion might be out of order, and he asked the government to take responsibility for the motion. Once an individual member has acquired for some reason the right to raise a point of order, I still think it is the duty of the Chair to protect the individual member's right.

Certainly I can indicate that my impression right now is that I will probably find it out of order, but I will protect that member's right until such time as I or others have done our homework to ensure that the motion is, in fact, out of order.

There were earlier indications that hon. members might want to call it six o'clock. May I call it six o'clock?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): It being six o'clock, I do now leave the chair until two o'clock tomorrow afternoon.

At 6 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, June 11, 1981

The House met at 2 p.m.

● (1405)

ROUTINE PROCEEDINGS

[*English*]

PIPELINES

NORMAN WELLS-ZAMA LAKE—GOVERNMENTAL DELAY—MOTION UNDER S.O. 43

Mr. Dave Nickerson (Western Arctic): Madam Speaker, pursuant to the provisions of Standing Order 43 I wish to introduce the following motion. Whereas the National Energy Board report dated March, 1981, publicly released in April, recommended the construction of the Norman Wells-Zama Lake oil pipeline, finding it to be in the public interest of Canadians, and whereas the Minister of Indian Affairs and Northern Development (Mr. Munro) some time ago completed his consultations, which were his previous excuse for inaction, I move, seconded by the hon. member for Surrey-White Rock-North Delta (Mr. Friesen):

That this House deplores the continuing foot-dragging of the Liberal government on this and other energy issues, and reminds the government that, if it is incapable of making decisions, there are 101 Conservative members of the House who are ready, willing and able to take over at a moment's notice.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

REGIONAL ECONOMIC EXPANSION

EXTENSION OF DREE ZONE TO INCLUDE THORHILD COUNTY, ALTA.—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, whereas the Chamber of Commerce of Newbrook, Alberta, has made representations to government and various members of Parliament that the municipal district of Thorhild is very much in need of economic development assistance, and whereas this district already borders on an area designated for assistance by the Department of Regional Economic Expansion, I move, seconded by the hon. member for Pembina (Mr. Elzinga):

That the government give immediate consideration to extending the DREE zone in northeastern Alberta to include the county of Thorhild which has demonstrated a significant need for economic stimulus.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CAPITAL PUNISHMENT

QUESTION OF NON-CONFIDENCE VOTE—MOTION UNDER S.O. 43

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I rise under the provisions of Standing Order 43 on a motion relating to the motion standing in the name of the Right Hon. Leader of the Official Opposition (Mr. Clark) for debate later this day, with respect to capital punishment.

In keeping with the precedent set by a previous Liberal Prime Minister, and to enable everyone to vote on the substance of today's motion without having to consider the issue of confidence in the government, I would seek the unanimous consent of all hon. members to move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That, notwithstanding the provisions of Standing Order 58, this House does not regard the vote scheduled for 9.45 p.m. this day, in connection with a proposed reference of the question of capital punishment to the Standing Committee on Justice and Legal Affairs, as a vote of non-confidence in the government.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Trudeau: Madam Speaker, we might agree to that, if it should be a permanent change.

Some hon. Members: Sit down.

* * *

NATIONAL SECURITY

PRIVY COUNCIL OATH OF SECRECY—MOTION UNDER S.O. 43

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, whereas every Privy Councillor takes an oath of secrecy with

respect to matters of state security, I move, seconded by the hon. member for Hamilton Mountain (Mr. Deans):

That the Leader of the Opposition make a public statement indicating whether he considers himself and other members of his party to be bound by the Privy Councillor's oath.

And, further, that the matter of statements made by the hon. member for Durham-Northumberland be referred to the Standing Committee on Privileges and Elections to determine whether they were made in breach of his oath as a Privy Councillor.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE ENVIRONMENT

GARRISON DIVERSION PROJECT—STATEMENT BY PREMIER LYON OF MANITOBA—MOTION UNDER S.O 43

Mr. Robert Bockstael (St. Boniface): Madam Speaker, I rise on an important matter under the provisions of Standing Order 43. Whereas the Premier of Manitoba, the Hon. Sterling Lyon, in a recent radio interview reportedly declared that, pursuant to the negotiations carried out by the Prime Minister (Mr. Trudeau) and President Reagan over the Garrison Diversion project, he wanted to express the highest regard for the action of the federal government in the handling of this international matter, I move, seconded by the hon. member for Gatineau (Mr. Cousineau):

That this House unanimously agree to echo the sentiments expressed by Premier Lyon.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CAPITAL PUNISHMENT

QUESTION OF NON-CONFIDENCE VOTE—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of some importance. A motion will be placed before the House later today dealing not directly with the issue of capital punishment, but rather with the right of Parliament to debate the issue. The motion will request that hon. members of the House approve presentation of the matter to the Standing Committee on Justice and Legal Affairs for examination in depth and detail. This motion must not be considered as a vote on the reinstatement of capital punishment.

Some hon. Members: Oh, oh!

Mr. Darling: Such a motion might be brought to the House at the conclusion of the deliberations of the committee. Therefore I move, seconded by the hon. member for Durham-Northumberland (Mr. Lawrence):

That this House affirms its belief that the motion to be put to the House at 9.45 p.m. this evening, pursuant to Standing Order 58, relates to the right of members of Parliament to discuss all issues of public importance and refer them to standing committees for investigation and report, and does not at this stage involve a decision on the question of capital punishment or of confidence in the government.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1410)

CANADIAN BROADCASTING CORPORATION

PROGRAMS ON AGRICULTURE—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas the publicly funded body, the CBC, has a responsibility to incorporate the highest levels of journalistic integrity and unbiased reporting in its programming, and in view of the fact that the program "The Monopoly Game" aired last night on television completely failed to present a balanced and honest appraisal of the Canadian Wheat Board, I move, seconded by the hon. member for Humboldt-Lake Centre (Mr. Althouse):

That this House condemns the agriculture and resources section of CBC Television for its consistently biased and reactionary programs on agriculture; ; and, furthermore, that this House calls upon Al Johnson, the President of CBC, to dismiss the producer of "The Monopoly Game", Doug Lower, and others responsible for the program, and replace them with people who are prepared to present unbiased programming on agriculture.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CAPITAL PUNISHMENT

DEBATE ON NON-CONFIDENCE MOTION—MOTION UNDER S.O. 43

Mr. Peter Lang (Kitchener): Madam Speaker, I rise under the provisions of Standing Order 43. Given that the Conservative party has put forward a motion on the important issue of capital punishment, and tied that motion to supply proceedings so that we have a non-confidence motion resulting in the farcical situation that even if the motion is passed the issue of capital punishment—

Some hon. Members: Oh, oh!

Mr. Lang: —would not be dealt with as there would be a general election, I move, seconded by the hon. member for Guelph (Mr. Schroder):

That the House request the Conservative caucus to stop wasting the time of the House and the taxpayers' money with its attempts to denigrate the important issue of capital punishment by using it as a political tool to embarrass their own leader.

Some hon. Members: Hear, hear!

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

SUGGESTED STATEMENT BY MINISTER—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that no announcement has been made as to whether or not a payment has been triggered under the provisions of the western grain stabilization plan, notwithstanding the fact that the minister in charge of the Canadian Wheat Board, when originally proposing the plan, stated that such decisions would be made early in each calendar year; and in view of the fact that no announcement has been made with respect to compensation to grain producers arising out of the Russian embargo, I move, seconded by the hon. member for Assiniboia (Mr. Gustafson):

That the Minister of Agriculture make a statement on motions with respect to both these matters to indicate that he still retains some interest in agriculture in western Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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ROYAL CANADIAN MOUNTED POLICE

MINISTER'S STATEMENT ON POSSIBLE REDUCTION IN COMPLEMENT—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, I rise under the provisions of Standing Order 43. Since the Solicitor General has indicated that he would have to reduce the size of the RCMP force by 3,000 if they decided to organize, I move, seconded by the hon. member for Fraser Valley West (Mr. Wenman):

That the Solicitor General explain to the House in a statement on motions which part of the force would be reduced, or which part of the country would

have reduction of services, and to what extent he has consulted with the provinces' attorneys general regarding his plan to reduce the size of the force.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FISHERIES

SALMON FISHING ON RESTIGOUCHE RESERVE IN QUEBEC—MOTION UNDER S.O. 43

Mr. Mel Gass (Malpeque): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The natives of Restigouche Reserve in Quebec were instructed to cease all salmon fishing by midnight last night or suffer the consequences. As of 11 a.m. this morning, 300 Quebec Provincial Police and fisheries officers have the reserve surrounded and under siege. Therefore I move, seconded by the hon. member for Fundy-Royal (Mr. Corbett):

That this House instruct the Minister of Fisheries and Oceans to contact his provincial counterpart, urging him to intervene so that a peaceful solution can be found before this crisis situation gets further out of hand.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENVIRONMENTAL AFFAIRS

POLLUTION OF NIAGARA RIVER—MOTION UNDER S.O. 43

Mr. Joe Reid (St. Catharines): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas the Minister of the Environment has told the press that the pollution of the Niagara River is a top priority concern to his department, and whereas it has now been reported that levels of cancer-causing PCBs have jumped from 153 to 266, and the Lindane compound is now at 26 when it had not previously been detected, and whereas four million gallons of untreated industrial and domestic waste continue to be dumped into the Niagara River from Niagara Falls, New York, I move, seconded by the hon. member for Simcoe South (Mr. Stewart):

That this House instruct the minister that the people of Niagara want more action on the Niagara River problem and a good deal less time spent on consuming and unproductive talk with the press about his department's top priorities.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1415)

ORAL QUESTION PERIOD

[*English*]

HOUSING

INCREASE IN NUMBER OF EVICTIONS FOR NON-PAYMENT OF RENT

Hon. David Crombie (Rosedale): Madam Speaker, my question is for the Minister of Finance. Yesterday the Minister of Finance advised home owners and farmers who face foreclosure to talk to the banks about their situation. Whatever the merits of that particular policy, the minister avoided saying anything whatsoever about tenants. Even the minister must be aware that evictions are radically increasing across the country. In Toronto, alone, during the first four months of 1981, people in 1,081 units were evicted. What advice does the Minister of Finance have for those people?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member totally misunderstood the nature of my remarks yesterday on the subject of the impact of high interest rates on various groups in the community. I stated that I had a meeting with the representatives of The Canadian Bankers' Association, and they assured me that the banking institutions would lean over backwards in attempting to assist hardship cases in the present circumstances. That is quite different from his comment to the effect that I had given advice to various people to go to see the bankers. That was not the nature of my comment.

QUERY RESPECTING INTRODUCTION OF SHELTER ALLOWANCE PROGRAM

Hon. David Crombie (Rosedale): Madam Speaker, the Minister of Finance may then recall that on March 6, 1981, his colleague, the minister responsible for housing, said:

> The time had clearly come for all of those truly interested in the meeting of people's housing needs to seriously consider the idea of a shelter allowance.

That was stated many months ago. There has been no talk of a shelter allowance since that time. It is clear that the Minister of Finance does not agree with the minister responsible for housing, because it is somewhere close to the bottom in the government's list of priorities. I would like to ask the Minister of Finance if he would reconsider his policy and put shelter allowances back up in a top priority, where it belongs.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has referred to a comment made by the minister responsible for housing that a shelter allowance is something which ought to be considered. I agree with him on that matter, and it has been considered. When it comes to the point where financial circumstances would permit the Government of Canada to finance a shelter allowance, I will, of course, be pleased to make an announcement in the House; but at the present time, in view of the constant—

Mr. Clark: Money you are spending on Petrofina.

Mr. MacEachen: —exhortations that I am being given by his colleagues on the other side to restrain government expenditures, I would not want to go against that overwhelming advice from the other side.

Mr. Clark: Maybe Maurice Strong would contribute.

Mr. Crosbie: The record is getting worn out, Allan.

Mr. MacEachen: So are the questions.

INCREASE IN HOUSE PRICES

Hon. David Crombie (Rosedale): The minister may be happy with that response, but I can assure him that tenants are not. I would also like to remind the minister that everyone in this country knows that low income people are being hurt by his policies. What the minister must also know is that middle income people are increasingly feeling the squeeze, and they are feeling it hard. The average price for a home in Vancouver is now $135,000. For a single mortgage—

An hon. Member: One hundred and sixty.

Mr. Crombie: —on an average home in Toronto one needs $36,000. Middle income people are renegotiating mortgages at a current record rate. People are now paying $300 and $400 more every month. I would like to ask the minister whether the best he can say to the middle-income Canadians is, "Go see the banks." Is that it? Is that the government's policy?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker, that is the hon. member's rhetoric.

Some hon. Members: Hear, hear!

* * *

● (1420)

AGRICULTURE

INCREASE IN FARM BANKRUPTCIES IN ONTARIO

Hon. John Wise (Elgin): Madam Speaker, my question is in the same general subject area and it is directed to my friend, the Minister of Agriculture. It refers to farm bankruptcies, foreclosures, and forced sales. Farm bankruptcies in Ontario have increased by 90 per cent, year over year and foreclosures and forfeit sales have increased ten times. The minister gives commitments, and the minister does not fulfil commitments; he gives promises and he breaks promises. When can we expect at least one single piece of legislation before it is too late?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member knows that there is some legislation that may help farmers. For instance, the meat import bill is before the Standing Committee on Agriculture at the present time. If it received speedy passage and came back to the House before the end of June, it could be law before many days pass. It is up to members of the committee to deal with the legislation that is before them in committee.

MINISTERIAL SPEECHES

Hon. John Wise (Elgin): Madam Speaker, the farmers of Canada have a very descriptive term for the minister's words, but I think it is unparliamentary so I shall simply refer his answer as sheer and utter nonsense. The minister travels across the country and when in one province he is going to amend the Bank Act; in another he is going to amend the Income Tax Act; then he is going to bring in amendments to the Small Business Development Bond to include the unincorporated farmer; in the next place he speaks he is going to bring in amendments immediately to the Farm Credit Act. When is the minister going to stop talking and do something?

Some hon. Members: Hear, hear!

Mr. Wise: When is the minister going to stop misleading farmers or leading them down the garden path? Again, I give the minister the opportunity to tell us when he is going to do one single thing that will help farmers with this problem of high interest rates?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member asks when we are going to do something. I find it very strange that his party says that the economics of the nation is so important, yet they take one of their opposition days and waste it in the House of Commons, not even talking about economics. Who is the biggest hypocrite in this House? They have talked about legislation, but all they have to do is get rid of some of those foolish opposition days, and give us one of those days and we will bring some legislation forward.

* * *

BANKS AND BANKING

MINISTER'S MEETING WITH BANKERS

Mr. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Minister of Finance. After his interesting meeting with the bankers association the other day, the bankers emerged saying that the impact of high interest rates on farmers and home owners was not as black as it had been painted. It certainly is not bad for the banks which are having record level profits.

Considering that the banks did not come up with one specific suggestion to help either home owners or farmers, could the minister tell the House whether he took a specific proposal to the bankers that they could act upon?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the purpose of the meeting was to seek the co-operation of financial institutions in helping individuals who may be in real difficulty in the present circumstances. I believe that was a very important request and a very important subject to discuss with the representatives of the banks. They have assured me that in present circumstances they will do everything they can to avoid the kind of tragedy that was mentioned yesterday in the question period, namely, the possibility of foreclosure.

The hon. member may realize that a year ago, at about this time, we had a very rapid run-up of interest rates and people were concerned, as I was, about the possibility of foreclosures. The fact of the matter is that because of the co-operation between the minister responsible for Canada Mortgage and Housing Corporation and the financial institutions, it was possible for home owners who were renegotiating their mortgages in that period of high interest rates to get over the period and to maintain their homes and their payments. That is the objective that I have at the present time in enlisting the co-operation of the financial institutions.

SPREAD BETWEEN INTEREST RATES PAID AND CHARGED

Mr. Edward Broadbent (Oshawa): Madam Speaker, the reality is that 1,000 Canadian families have to abandon their homes every month. The reality is that 100 Canadians go into personal bankruptcy every day. That is the result of this government's continuation of the high interest rate policy. It is time the government changed that policy, instead of coming out with vague expressions of concern.

• (1425)

Since the minister did not propose one thing specifically to help home owners or farmers, did he at least go to the bankers with another question concerning the spread between what the banks pay families who have savings accounts compared to what the banks charge for loans? This spread, as everyone knows, is one of the major reasons for record level profits for the banks. Did the minister at least say to the banks that they should reduce that spread and bring their profits down to reasonable levels?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has put some statistics on the record, which I find to be really quite offensive—

Some hon. Members: Oh, oh!

Mr. MacEachen: —because of their inaccuracy. I believe the hon. member ought, first of all, to produce the statistics which support his claim that 1,000 home owners for a period of time are losing their homes. I think that is totally false.

Some hon. Members: Oh, oh!

Mr. MacEachen: He ought to back up his rhetoric with some facts instead of poisoning the atmosphere in the country by these false statements.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Broadbent: Madam Speaker, I would be happy to take the minister to Halifax, to Montreal, to Toronto or to Vancouver, so he can see the thousands of Canadians who are losing their homes. The minister should go and talk to the people of Canada.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Hees: What about Cuba?

REASON FOR MEETING

Mr. Edward Broadbent (Oshawa): Madam Speaker, I have a supplementary question for the Minister of Finance. Since the minister has acknowledged that he took neither a specific proposal to the banks to help home owners or to help farmers, nor a specific recommendation that the banks reduce their profits, is it any surprise that the banks came up with no specific commitment at all? What was the point of the meeting which the minister had?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I asked the hon. member for some firm statistics, but instead he offered me a trip.

Mr. Broadbent: I will send them over to you.

Mr. MacEachen: I do not find that an adequate substitute. I believe I received something much more important from the representatives of the banking institutions not in specific details but a general assurance that under these circumstances they would show the necessary tolerance and humanity in dealing with their clients. I believe that is very important, and it was that same attitude we succeeded in bringing to bear on a similar problem a year ago. The hon. member believes in different techniques. I believe in techniques that work.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Miss MacDonald: Show us one that does.

AVIATION SAFETY

COMPOSITION OF ADVISORY COMMITTEE TO REVIEW DUBIN REPORT

Hon. Don Mazankowski (Vegreville): Madam Speaker, I have a question for the Minister of Transport. There are now nine associations connected with all aspects of aviation in Canada which have denounced both the composition of the minister's advisory committee as well as the review process with respect to the implementation of the Dubin recommendations on aviation safety. The composition of the review board and the process, which the minister has outlined, are being perceived as an effort to discredit the very good work of the Dubin inquiry. Yesterday the minister met with representatives of the nine associations who appealed to him for changes both in the composition of that committee and in the process. Is the minister seriously considering the suggestions and recommendations which were advanced by this group yesterday? If not, why not?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, we did meet yesterday. As a matter of fact, I had given consideration to the arguments which were presented by the group of nine yesterday. They had wanted me to appoint representatives of these different groups to this committee. I thought that this would not wash because we would simply have had a repeat of the Dubin inquiry. I suggested very strongly that appointing knowledgeable people who were connected with the industry in the past to give me advice was the right approach.

The most difficult problem is the presence of Mr. McLeish, the air administrator, on that committee. My hon. friend has mentioned that repeatedly. My reason for having him there is simply the fact that the air administration will have to implement the decisions that I make on the recommendations of the advisory committee. He will have to do that. He will also have to provide, as he is entitled to do, his opinion to the advisory committee. If he does not do that, the advisory committee will lose a lot of essential information. I was interested in the fact that the group, and ATAC in particular, recommended that Mr. McLeish should be there in an ex officio position. I fail to see the difference between him being a member of the advisory committee as a full-fledged member or as an ex officio member.

● (1430)

IMPLEMENTATION OF REPORT'S RECOMMENDATIONS

Hon. Don Mazankowski (Vegreville): The minister should know that, unless he alters the course he is presently following, the continuing confrontation will undermine the credibility of the Dubin report. It will also impair the objectivity and indeed the independence necessary to ensure that the implementation process is orderly and smooth. In short, it is casting serious doubt upon the government's intentions as to whether it is serious about implementing the major recommendations of this report. What steps does the minister propose to take to restore confidence within the aviation industry? What steps is

he proposing to assure the Canadian public that indeed the recommendations of the Dubin report will be implemented and not diluted?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I suggest that common sense will prevail very soon. If you have a series of regulations and measures that have to be implemented by your department, the least you can have is representation of your department on the committee which advises you to do that. If Mr. McLeish were not on the committee, I would be faced with the difficulty of having to receive advice from the committee and then having to check the advice with my department. I thought it made sense to have my department represented on the committee. I repeat, common sense will prevail very soon.

Mr. Mazankowski: The minister is suggesting common sense will provide the solution.

REQUEST FOR STATEMENT BY MINISTER

Hon. Don Mazankowski (Vegreville): Will the minister make a clear statement on behalf of his government and his department in particular on whether he accepts the principle and the major recommendations of the Dubin report? If he were to do that, it would move the process along. It may provide the initial start toward ensuring that confidence is once again restored in the aviation sector.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, if the hon. member is referring to the main recommendations in the first volume of the Dubin report, I have already done that. It is in *Hansard*. Some of the press have acknowledged that. For example, here is a headline, "Pepin Pledges Impartial Air Board". What else can I do? I have done that repeatedly.

The department readily accepts the necessity of having an independent air aviation safety board. This is clear. The problem is how to go about it. Should we accept the whole of the Dubin recommendations? My position on that is simple. Instead of accepting the report without discussion, I suggested we look at it and see whether we will accept 89, 90, 95, 99 or 100 per cent of it. That is what we are now doing.

* * *

ENERGY

FUTURE OF COLD LAKE, ALTA. MEGAPROJECTS

Mr. Jack Shields (Athabasca): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. A few weeks ago the minister told this House that he would be able to give assurances to Alsands and Imperial at Cold Lake that a pricing regime would be ready in time to avert the cancellation of these two megaprojects in northeastern Alberta. Will the minister tell this House why he is so certain that these plants will not be cancelled in light of his failure to reach an energy agreement with Alberta yesterday? Also, what assurance is he prepared to give to the developers of these two megaprojects today so that they will proceed on schedule this summer?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the hon. member started with a reference to a statement I allegedly made. I would like him to quote the statement so that I can judge its source and content.

Mr. Shields: The minister knows full well that he said in this House that he would be prepared to give assurances to the two companies.

GOVERNMENT LOAN TO IMPERIAL OIL

Mr. Jack Shields (Athabasca): Last fall the government took Imperial Oil's threat to cancel its oil sands project at Cold Lake significantly serious enough that it loaned Imperial Oil $40 million of the taxpayers' money. After what date does Imperial Oil have no further obligation to repay this loan, if indeed it is forced to cancel because of the lack of an energy agreement with Alberta?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the hon. member did not give the exact reference he was attributing to me. I invite him to do so. As far as his question is concerned, we have an agreement with Imperial Oil that it would be given the loan, that the advance would not lapse for at least a year after the expiration of a particular date in June—I believe around June 20. If the project is approved or proceeded with within the next year, the obligation of Imperial remains.

* * *

RAILWAYS

TRANSPORTATION OF URANIUM CONCENTRATE

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, my question is to the Minister of Transport. This week while the Minister of Finance was offering the ailing nuclear industry his love but no more money, and I congratulate him for that, a Canadian Pacific trainload of Australian yellow cake uranium concentrate has been travelling from the west coast through the major population centres to Eldorado Nuclear refineries in Port Hope, posing a radiation threat to men, women and children.

Mr. Blenkarn: Nonsense.

Mr. Rose: The U.S. nuclear regulatory committee has termed a yellow cake spill in a populated area as the worst conceivable accident that can happen in the front end of the fuel cycle. So much for nonsense! Why has the minister allowed this potentially lethal foreign cargo, which if spilled would pose considerable risk to humans and the environment, to be transshipped by rail across our country?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, dangerous goods will be transported in Canada for a

long time to come. This is part of the Canadian economy, as it is part of the economy of any industrial country. The question is whether we are taking all precautionary measures which should be taken in such circumstances. In this instance, yes we are. The Atomic Energy Control Board's regulations as well as the regulations on packaging of the Canadian Transport Commission are being implemented as they should. The transportation of dangerous goods section of my department is monitoring the operation. All precautionary measures are being taken. I suggest that is all that can be done unless you want to stop the economy, a great amount of which is based on the transportation of dangerous goods.

Mr. Rose: I would like to see a cost benefit study on that one.

CONTINGENCY PLANS TO COPE WITH POSSIBLE DISASTER

Mr. Mark Rose (Mission-Port Moody): This country does not have a clean-up team such as the private clean-up teams offered by the Western Sherwood Mining company in the state of Washington. The minister knows that a derailment in the Fraser canyon could wipe out fish stocks for years to come, salmon stocks in particular. He also knows that a derailment in a populated area could contaminate it for years to come. Since this insanity is being permitted, and this is not the first time, I have two questions for the minister. First, will he outline to the House briefly what contingency plans he has other than just labelling the boxcars or flatcars, to prevent another Mississauga, a nuclear Mississauga? Second, will he assure the House that this kind of Australian "nuclear special" will not be permitted any reruns?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I explained at some length that the regulations of the Atomic Energy Control Board and the CTC are being implemented in this case. I went to some length to explain that my department is keeping a watchful eye on the situation. What else can be done? I do not deny that there is a danger. I am just saying that if one takes as a postulate that you should not carry dangerous goods, you would have to stop a good percentage of the Canadian economy. That is what I am saying.

● (1440)

On the subject of transportation of dangerous goods, this House passed legislation recently, about a year ago, which is being implemented now, and regulations are being developed. We have also had an inquiry, the Grange inquiry, into the transportation of dangerous goods, and nine of the 15 recommendations of Justice Grange are already being implemented, and the other six are being discussed before the CTC. I am just saying the problem is a real one and we are taking the necessary measures to cope with it.

[*Translation*]

TRANSPORT

CONSULTATION BETWEEN FEDERAL GOVERNMENT AND PORT OF MONTREAL—GOVERNMENT POSITION

Mr. Jean-Claude Malépart (Montreal-Sainte-Marie): Madam Speaker, could the Minister of Transport tell us whether the statement made by the Quebec Minister of Transport to the effect that there had been no consultation between the federal government and the port of Montreal is true or not?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I must say that the difficulty lies in the fact that the statement was made by the Quebec Minister of Economic Development rather than by the Quebec Minister of Transport. Now we are not in a position to decide to whom we should report; in this case, we are reporting to the Quebec Minister of Transport. The new port policy was discussed at length at least twice with department officials. The minister received the publicity, the press release, the booklet, along with the announcement. So we do not think that Mr. Landry has any cause for complaint. He might have cause for complaint because his colleague the Minister of Transport failed to tell him about his exchange of correspondence with us on the matter.

* * *

[*English*]

CONSUMER AFFAIRS

UREA FORMALDEHYDE FOAM INSULATION—COMPENSATION FOR HOME OWNERS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, will the Minister of Consumer and Corporate Affairs tell the House if the government has decided to pay compensation to those people who installed urea formaldehyde foam insulation in their homes? The minister indicated that the cabinet was to consider the terms of an assistance package today.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, I thank the hon. member for his question for it enables me to tell the House that the government has authorized the immediate establishment of an action and co-ordination centre in my department in Ottawa to help Canadians who are facing this problem. Second, all Canadians anxious to contact this action and information centre will have access to a toll-free telephone service. Third, a national program will be launched in the coming months to monitor some 2,400 houses throughout Canada with a view to meeting the needs of those who feel most affected and most concerned by this question. Fourth, special monitoring and research units will be set up in Toronto, Montreal and Vancouver. Finally, Madam Speaker, pursuant

to the Hazardous Products Act, the board of review will be created and will hold its first hearing at the end of this month.

[*English*]

HOME OWNERS' ASSOCIATIONS

Mr. Geoff Scott (Hamilton-Wentworth): Mr. Speaker, I might say that I am pleased to note that there is some indication of concern on the government's part for these people who have installed UFFI, but I did not hear any mention about dollars and cents, or anything about compensation for those people who were given formal approval by the government to put this stuff in their homes. Is the minister aware of a number of groups forming across the country, the latest one in Toronto last night, well organized, responsible and voluble groups who are threatening massive class actions if the government does not consider some form of compensation for those who have put this material in their homes?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, I find it somewhat puzzling and irresponsible that the hon. member should make such remarks. The government is assuming its responsibilities and will spend a few million dollars to make this house study and monitoring program available to Canadians. To my mind, it is a very significant first step, and the hon. member should commend us for this initiative instead of giving the impression he wants to solve this issue even before the board of review established under the Hazardous Products Act has had a chance to hold public hearings and submit its report. I am aware of the hon. member's interest in matters within the purview of my department. He ought to be familiar with the Hazardous Products Act and know that we cannot speak of really hazardous products as long as that board has not presented its report.

[*English*]

EXPOSURE TO FORMALDEHYDE GAS

Hon. James A. McGrath (St. John's East): This question is directed to the Minister of National Health and Welfare, Madam Speaker. Now that the government has assumed a degree of responsibility on this urea formaldehyde question, and my question to the minister concerns the health of Canadians who may have been exposed to urea formaldehyde gas, what is she doing to check on those people who may have been exposed to the gas? Is she prepared to follow the example established by her colleague, and set up, in co-ordination with the provinces, action centres across the country to do a check on the health of Canadians who may have been exposed to this gas?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, I would like to say that the co-ordination committee will give top priority to all men and women who have health problems. One of the cabinet instructions was to make sure that this co-ordination committee will give priority to men and women whose health is affected or who believe that they are affected by this product.

* * *

[*English*]

NATIONAL ENERGY PROGRAM

AVAILABILITY OF FUNDS FOR EXTENSION OF NATURAL GAS SERVICE

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources who will recall that in a letter to me, dated January of this year, he stated that under the National Energy Program provision has been made for federal-provincial assistance for the extension of natural gas service into communities where such service would otherwise be economically prohibitive. I have been informed that the Hon. Robert Welch, the minister's provincial counterpart in Ontario, has given approval for the construction of a natural gas line into the town of Parry Sound but has been informed by the federal ministry that funds for such a project are not available this year. Will the minister tell this House if, as he stated, there are funds for such projects and, if so, when such funds will be available?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the announcement made in the National Energy Program, indeed, provides for several hundred million dollars to be allocated over the next ten years for this particular purpose. The first priority we have set up, however, for this year has been the establishment of the Home Conservation and Oil Substitution Program, which means subsidizing individual citizens to the tune of $800 for conversion away from oil. We want to set this program in operation and have it fully going this year. Next year we will start the program concerning help for distribution systems.

As far as the particular project of concern to the hon. member is concerned, I might say that even if Mr. Welch had approved this project, that does not necessarily mean it would be eligible for a grant. This would have to be studied in terms of whether or not the project is viable on its own or needs help and support. That program will have funds available starting next year.

PROVINCIAL ROLE

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I was certainly informed by the minister, and certainly misled as a great many others were, that it was up to the province of Ontario, that there was $300 million plus in there and the federal government was willing, able, and ready to hand that money over. That was the impression you gave me in January. You said to go to your provincial counterparts; they are the ones who make the decision. Now you have changed the rules. What are your comments on that, Mr. Minister?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, my suggestion to the hon. member would be that he take a course in either quick or slow reading. To go back to my letter, I never said what he attributed to me.

* * *

● (1450)

[*Translation*]

CANADIAN BROADCASTING CORPORATION

REQUEST THAT JOURNALISTS AND TECHNICIANS BE GIVEN SAME ADVANTAGES

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, my question is directed to the minister responsible for the Canadian Broadcasting Corporation. An agreement in principle has been reached between the corporation and its technicians in Montreal. After a three-week long strike, both parties have agreed to a 10 per cent raise over the first year and a 10.5 per cent raise over the second year plus a 3.5 per cent raise resulting from the restructuring of the pay scale, which adds up to raises of 10 and 14 per cent respectively. That is the new national standard for the CBC. Does the minister intend to ask the corporation to offer similar raises to its journalists who have been striking for over seven months? Also, could not this agreement serve as a basis for the settlement of the other current conflicts?

Hon. Francis Fox (Secretary of State and Minister of Communications): Madam Speaker, the hon. member is mentioning the fact that the union leaders have agreed to recommend to their members acceptance of the offers the Canadian Broadcasting Corporation has made to its technicians and on which they will be called to vote today. Needless to say, Madam Speaker, I would be pleased to convey the hon. member's suggestion to the president of the CBC. I should like to mention, however, that that union has also agreed to an increase in the number of working hours every week.

SETTLEMENT OF DISPUTE BEFORE HOLDING OF ECONOMIC SUMMIT

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, in view of the fact that the CBC has negotiated and apparently nearly concluded a contract with its technicians in Montreal before doing so with its technicians in Toronto, which is something of a novelty, and in view of the fact that its journalists in Montreal and its technicians on the English network would be happy to receive the same offers before the economic summit, would the minister prevail upon the corporation to negotiate and settle these conflicts before the summit, or would he prefer to let these conflicts deteriorate until September, now that the corporation can use its transcoding installations in Montreal to broadcast the proceedings of this summit to the world without having to settle with its employees who are still on strike?

Hon. Francis Fox (Secretary of State and Minister of Communications): In view of the way the CBC has been bargaining this week, Madam Speaker, it is clear that it is anxious to get agreements from all its working units as soon as possible. There are some 24 or 25 of these units, and the CBC has already signed agreements with 16 or 17 of them. Which means that it still has to get agreements from 5 or 6 of them, and we hope that the parties will be able to sign new working contracts as soon as possible.

* * *

[*English*]

AGRICULTURE

HERD MAINTENANCE PROGRAM—DELAY IN PAYMENTS

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, my question is for the Minister of Agriculture. Final settlement for many beef, dairy and sheep producers under the Herd Maintenance Program is being delayed while the minister in charge of DREE travels in Africa. Producers are frustrated and angry at still having to wait two months after their appeals have come to Ottawa for his attention, and in the meantime prices have continued to go down. They need the money now.

Is the minister impressing upon his colleague, the Minister of Regional Economic Expansion, the need to deal quickly with these appeals, and when will the funds be forwarded to the producers who have waited almost a year for them?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the hon. member said they waited almost a year on the appeals. A lot of these applications were not submitted until after the deadline, which was the end of December, 1980. So the appeals have been here, and a committee of ministers will meet later this afternoon to discuss them further, and hopefully we can come to an early settlement.

COST SHARING OF DROUGHT RELIEF PROGRAMS

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, it is interesting to note that the deadline has been extended to December 31. Most of our producers did not know about that one.

In March the province of Saskatchewan announced a continuing program of assistance should drought continue into this season. Does the minister intend to inform Saskatchewan and other provinces as to his intentions regarding cost sharing of such programs, and when is the government going to make an announcement in that regard for 1981?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, we are more optimistic than is the hon. member. We

hope no announcement has to be made of any kind. As we said earlier, we are monitoring the situation very closely and we will be meeting with provincial ministers in early July for further discussions.

Our reports show that there are probably at the present time much better moisture conditions than last year in most areas of western Canada. We know there is one area in particular in Saskatchewan in need of moisture, but the crops planted have in most areas germinated quite well, and if they do get moisture within the next week or ten days we could still have a very good crop in those areas.

* * *

NATIONAL REVENUE

SAINT JOHN, NEW BRUNSWICK—CUSTOMS SERVICE

Mr. Mike Landers (Saint John): Madam Speaker, my question is for the Minister of National Revenue. Is the minister in a position to put to rest rumours of customs personnel reductions at the Saint John, New Brunswick, airport?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker, I thank the hon. member for his question. I can assure him there will be no reduction of services in the city of Saint John. There has been a review, with regard to the most efficient and effective use of manpower, but I can assure him there will be no reduction of the services of my department in that city.

* * *

INDIAN AFFAIRS

FISHING DISPUTE AT RESTIGOUCHE RESERVE, QUE.

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, my question is for the Minister of Indian Affairs and Northern Development. I have been in touch with the chief of the Indian band at Restigouche and he tells me that about 200 QPP officers have surrounded the reserve. The dispute is over fishing. The children are blocked from school and his band office is surrounded.

I am wondering if the minister could state whether he has some officials there attempting to solve this situation, and if he could bring us up to date as to what has happened in order to alleviate this situation.

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I would tell the hon. member that I have just been advised the police have left the Restigouche reserve and the band chief has been in touch with the appropriate officials from Quebec and the deputy minister there, Mr. Gourdeau, and the band is resuming negotiations. The dispute is over the number of fishing days. The Indians wish to fish six days, the Quebec government which administers the Fisheries Act there wants three days, and the dispute is over the remaining three days. They have agreed to resume negotiations.

FEDERAL INVOLVEMENT

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, as a short supplementary, does the minister have any officials on hand in order to keep the situation under control, and have there been any other federal officials involved such as members of the RCMP or federal fisheries people, in order that the band chief can have some indication of what has happened?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I do not believe the RCMP have been involved at all. It is the Quebec Provincial Police. I think the matter just broke out this morning. My director general in the Quebec region has been in touch and is keeping a very close watch and is ready to assist in the negotiations.

* * *

EMERGENCY MEASURES

TAX ON MATERIALS USED TO REPAIR DAMAGE CAUSED BY NATURAL DISASTERS

Mr. Bruce Halliday (Oxford): Madam Speaker, my question is for the President of the Privy Council in his capacity as the minister responsible for Emergency Planning Canada. At the June 5 conference of federal and provincial ministers and officials responsible for emergency planning, we are told that the participants addressed, among other topics, "more equitable arrangements for sharing the financial costs of large-scale natural disasters."

Since one of the government's stated aims in this area is the "mitigation of human suffering", and since the government has undertaken to consult with the provinces on arrangements for measures to alleviate hardship to individuals arising from disasters, I ask the minister if he raised with his provincial colleagues the possibility of remitting excise taxes levied on materials used in the course of repairing and/or replacing buildings and other losses as a result of major disasters? And if not, could he explain why?

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, indeed, on Friday last I had the honour of chairing a federal-provincial conference on Emergency Planning Canada which was attended by my provincial counterparts. The spirit that prevailed was most encouraging. Indeed there was an obvious willingness to co-operate even further to ensure that every region in Canada is able to cope more efficiently, more significantly and more constructively in the various emergency situations that may occur. With regard to the specific and quite restrictive suggestion made by the hon. member, no provincial minister brought it up at the conference, at least not to my knowledge and I was at the meeting all

day. Be that as it may, I shall take note of the hon. member's suggestion since we are in permanent consultation, and I shall certainly take it under advisement.

● (1500)

[*English*]

Mr. Halliday: Madam Speaker, I asked his colleague, the Minister of Finance, a few months ago if he would bring this matter to their attention. Obviously they forgot it, or just ignored doing it.

PARTICIPATION OF MUNICIPAL REPRESENTATIVES IN PLANNING CONFERENCE

Mr. Bruce Halliday (Oxford): Madam Speaker, I have a supplementary question. In peacetime emergencies the government has indicated that it "recognizes and reaffirms that the initial responsibility for meeting emergencies normally rests with those directly affected". To this end, in part, the government sponsors courses on emergency planning at the Federal Study Centre in Arnprior. However, why does the government itself not seek important feedback from the private sector, from citizens who have been directly involved with peacetime emergencies and natural disasters?

At the recent conference last Friday on emergency planning, convened by the federal minister, why were those individuals, who have local experience in their own communities with natural disasters, not invited to attend? Finally, will the minister tell the House whether he will invite experienced private citizens to attend any future conferences on emergency planning?

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, that conference was a first at the ministerial level and we considered it an important step toward a better planning of emergency measures in Canada. What the hon. member is suggesting surely makes sense. Should the individual and the private sector become more involved? I fully agree with his suggestion, and because they were not invited to attend the first meeting is no reason why we should not be interested in the views they may wish to express. I can assure the hon. member that, through our regional directors, the responsible provincial ministers and our own federal ministers who are responsible for emergency measures in their respective departments, we are quite willing to consult the private sector, as we have always done in the past and will continue to do. We did not invite them to this first federal-provincial conference because it was a ministers' meeting; but there is no saying that, in the future, when other meetings are held, whether it be at the provincial, regional or federal levels, here in Ottawa, we may not have the opportunity of having discussions with all parties interested in emergency planning in Canada.

[*English*]

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Nepean-Carleton): Madam Speaker, I wonder if I might direct a question to the government House leader with respect to business of the House tomorrow and into next week.

Mr. Pinard: Madam Speaker, tomorrow there is an agreement among representatives of the parties that we dispose of all stages of Bill S-7, an act to provide for the prohibition of certain international air services, standing in the name of the hon. Secretary of State for External Affairs. The agreement was to the effect that one speaker per party will participate, and then the bill will be voted through all stages. I understand that if a recorded division is required any time tomorrow, it will be postponed until next week.

Following Bill S-7, we will deal with report stage and third reading stage of Bill S-4, an act to amend the Department of Labour Act. Finally, we will deal with Bill S-10, an act to amend the Corporations and Labour Unions Returns Act.

Those are the three bills for tomorrow, S-7, S-4 and S-10, in that order.

[*Translation*]

Concerning the business for next week, we will later on be giving notice of a motion on behalf of the government to debate the important issue of the North-South dialogue and international affairs in general. The government therefore will be debating this motion, of which notice will be given later today, on Monday. Technically, we could wait until tomorrow to give this notice, but as a courtesy to the opposition and at their request, I will make sure that they can have the text of this motion, which will be introduced on behalf of the Secretary of State for External Affairs (Mr. MacGuigan), later today.

Tuesday will be an allotted day set aside for the New Democratic Party, and we understand that they will keep the promise they made in this House to the effect that, if the government agreed to set aside a day to debate the important issue of the North-South dialogue, they would word the motion for their allotted day in such a way as to allow the House to debate the same subject. We therefore expect that Tuesday's debate will also deal with the North-South dialogue, which means that to all intents and purposes, we shall probably be dealing with international affairs and the North-South dialogue in the House of Commons next Monday and Tuesday.

Finally, many amendments to Bill C-57 have been moved. They should be disposed of next week. We are now having discussions in order to decide when we should have our second day of debate at the report stage. Whatever day we choose, at the end of it, we should be expected to vote on several dozens of amendments, and we have tentatively agreed that the votes should not take quite as long as they could. In theory, Madam

Speaker, if we were to vote 46 times, which is possible, members of the House would spend six hours yo-yoing and I believe no one here is interested in this type of exercise.

At a meeting this morning, we agreed that we could perhaps make arrangements to vote for a maximum of two or three hours if this debate were held on Thursday. In any event, we shall be completing the report stage of Bill C-57, on Thursday probably, but this remains to be confirmed. If such were the case, we would proceed to third reading on Friday, and if a recorded division is required, it would be deferred to the following week, once again depending on when we have the report stage of Bill C-57. If this were to occur Thursday, as I have just stated, Wednesday will be considered more or less like a Friday, and I shall then make arrangements with my colleagues, the other House leaders, to choose bills on which there is agreement to try to clean up the Order Paper, which is still rather crowded for this time of the year. Madam Speaker, that is essentially what we shall deal with tomorrow and next week.

[*English*]

Mr. Baker (Nepean-Carleton): Madam Speaker, with respect to the understanding of the government House leader concerning Bill S-7, that we would deal with it in all stages with one speaker each tomorrow, that is agreeable to us. If there were to be a House order in that regard, there would be no difficulty.

Also, we concur with respect to the question of the divisions. I will have a discussion with my colleagues with respect to the procedure on the voting on Bill C-57, but it seems generally acceptable; we can work out the details later.

I realize the government House leader is not in a position this week to give consideration to the legislative program for the balance of this session, but does he feel that he might be in a position next week to discuss the matter? Would that be possible?

Before sitting down, I want to say that we are very grateful for the indication of the debate on Monday regarding the motion standing in the name of the Hon. Secretary of State for External Affairs, and the fact the New Democratic Party has forfeited a day. This will allow a two-day debate generally in the field of foreign affairs, which is consistent with the time we used in 1977 when the motion was in the name of the government.

Mr. Pinard: Madam Speaker, I will try to answer the question raised by the hon. member. I think I will be in a better position to provide the hon. member with the details of the program for the balance of the month of June, and perhaps part of July, hopefully next week. I told him that this morning, and I will try to live by that suggestion.

In so far as the debate on Monday and Tuesday is concerned, I am grateful to the NDP.

Mr. Baker (Nepean-Carleton): If the government feels it necessary, we would be prepared to agree to a House order now with respect to Bill S-7.

Mr. Knowles: It is not necessary.

Mr. Pinard: Madam Speaker, it is not necessary. I take the word of my hon. colleague, as I always do, and I never regret it.

Mr. Knowles: Madam Speaker, the program announced for tomorrow seems quite reasonable. I do not think we need a House order with respect to Bill S-7.

● (1510)

With respect to Monday and Tuesday, I wonder where both of my friends have been. They speak as though, because the government has offered to spend a day on external affairs, particularly on North-South, they are glad that we are willing to do the same. The record will show that it started the other way around. We proposed that there be such a debate. We suggested that it be a three-day debate. A few days ago I indicated that, whether or not the other parties offered a day, we would use our day next week for external affairs, with particular emphasis on North-South. So I thank the government House leader for adding a government day to discuss the same subject. I am sorry that I cannot extend the same thanks to the members of the Progressive Conservative party. They have so many opposition days surely they could have given one to this subject as well.

Some hon. Members: Hear, hear!

Mr. Knowles: Madam Speaker, with respect to Bill C-57, we, too, have already set in motion possible discussions so that we do not have to vote for five or six hours, requiring the Clerks at the Table to call out several thousand names while we vote 30 or 40 times. I trust that the negotiations with respect to that matter will be successful.

Madam Speaker, all of that is preliminary. I come now to an important question. As the government House leader knows, hardly a week in this session has gone by in which I have not pressed the need for amendments which will take care of the veterans' widows who were left out of last summer's Bill C-40. I want to say to the minister that his answers have been very helpful and encouraging and have led most of us who are interested in this subject to believe that there will be such legislation in this session, even to believe that it will come before us in the month of June. Can the minister now say whether that legislation is ready to be placed on the order paper, or, if not, can he say whether we can count on it in June?

I might ask a supplementary question. Is it time that we started to make arrangements for a short debate so that once we have the legislation we can get it through and those who are the beneficiaries of it will know that that legislation is on the statute books?

Mr. Pinard: Madam Speaker, the legislation my hon. colleague is talking about is actually under consideration by cabinet. When it has received final approval it will be introduced in due course. Whether that will be in this session and whether it will be before the end of June, I regret to say I am not in a position to confirm or deny at this time. I can tell the hon. member that since he has been confident, polite and optimistic in the past, there is no reason he should change.

Mr. Waddell: On a point of order, Madam Speaker. On Monday, June 8, as reported at page 10350 of *Hansard*, I asked a question of the President of the Privy Council with respect to the government's intentions on Bill C-48, the oil and gas bill. He replied that he would be in a position to give me a more detailed answer on Thursday.

This being Thursday, I wonder if the minister is in the position to answer my question, which specifically dealt with the request that the government not proceed with Bill C-48 in this session. It is in committee now and people in the north, specifically native people, have expressed the wish that they be given more time to make their representations on this bill. Is the minister now in a position to tell this House that it is the government's intention not to deal with this bill in this session of Parliament but to wait until the fall to deal with Bill C-48?

Mr. Pinard: No, Madam Speaker, I am not in a position to give that assurance to the hon. member. However, I have been told that the minister responsible for energy is talking to the energy critics of both opposition parties with a view to coming to some arrangement to dispose of the committee stage of this bill. Obviously, depending on the results of his negotiations, I cannot at this time state what will be done with that bill. Whether it is reported before the end of June or before the summer adjournment, or whether he will deal with it in third reading in the House or at report stage, which is what the hon. member is asking, I prefer to wait for the results of the negotiations between the minister, the hon. member himself and the hon. member for Etobicoke Centre (Mr. Wilson). I will then be in a better position to give some clear indications to the hon. member with respect to this bill. But at this stage I prefer to leave the matter to the minister of energy, who is trying to come to some agreement to dispose of this bill.

* * *

PRIVILEGE

MR. KAPLAN—S.O. 43 MOTION OF MR. FRIESEN

Hon. Bob Kaplan (Solicitor General): Madam Speaker, I rise on a question of privilege which arises out of a motion proposed under the provisions of Standing Order 43 by the hon. member for Surrey-White Rock-North Delta (Mr. Friesen). In that motion, statements were attributed to me which I did not make. I would like to set the record straight.

It was suggested by the hon. member that I had threatened that if the RCMP unionized I would reduce their size by 3,000 men—

Mr. Elzinga: He never said "unionized".

Mr. Kaplan: The hon. member asked whether I had spoken to the provincial attorneys general about this matter. In fact, I did not threaten that the RCMP would be reduced by 3,000 men.

Some hon. Members: Order!

Mr. Kaplan: I did indicate that if the RCMP did organize, their mandate would have to be reconsidered.

Madam Speaker: Order, please. The minister does not have a question of privilege. He is obviously trying to set the record straight, but there are other opportunities to do that.

Mr. Friesen: I rise on a point of order, Madam Speaker. I feel I must correct the record. I did not use the word "unionize". I think the Solicitor General—

Madam Speaker: Order, please. This is exactly what happens when hon. members start to correct the record.

ROUTINE PROCEEDINGS

[*Translation*]

FISHERIES AND FORESTRY

Fifth report of Standing Committee on Fisheries and Forestry—Miss Campbell.

[*Editor's Note: For text of above report, see today's Votes and Proceedings.*]

* * *

[*English*]

PETITION

MR. DARLING—REINSTATEMENT OF CAPITAL PUNISHMENT

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, at this time I have the privilege to present a petition containing some 30,000 names which have been gathered together by the wives of the Ontario Provincial Police at the Huntsville, Ontario detachment. The wives are sitting in the gallery at this time.

Some hon. Members: Hear, hear!

Mr. Darling: There are names on the petition representing people from one coast to the other and, particularly, there are a great many names from the provinces of British Columbia and Quebec. The petition states that the undersigned are firmly convinced that capital punishment constitutes a reasonable and effective deterrent to criminal homicide of police

officers and other persons in Canada. The petitioners support the reinstatement of capital punishment as a deterrent.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,601 and 2,436.

[*Text*]

PRIME MINISTER'S OFFICE

Question No. 1,601—**Mr. Cossitt:**

With reference to the answer to question No. 74, what are the names and the salaries of all those earning $20,000 or more employed, attached to, under contract to etc., with the Prime Minister's Office that were not included in the answer?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council):

Name	Level	Salary Range
Caron, Christina	CR-6	$19,707—$21,566
Langill, Michael	AS-4	$22,480—$25,015
O'Brian, George	PM-7	$33,600—$41,500
Brockington, Bruce	AS-2	$19,527—$21,858
Nadeau, M. E.	AS-2	$19,527—$21,858
Thomson, Eleanor	AS-3	$20,812—$23,221
Secondment		
Coleman, Major R. E.	Major (DND)	$20,045—$31,045
Sénécal, Nicole	FS-2 (EA)	$28,733—$41,540
Contract		
Beauchamp, Clément—preparation of four reports at $5,000 each		

PICKERING AND MIRABEL AIRPORTS EXPENDITURES

Question No. 2,436—**Mr. Corbett:**

1. What amount did the government spend on the Pickering Airport development between 1970 and 1980?

2. What amount did the government spend on the Mirabel Airport between 1970 and 1980 and what is the yearly operating deficit for the airport?

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport):

1. For the fiscal years 1969/70 through 1979/80: $190.2 million.

2. (a) For the fiscal years 1969/70 through 1979/80: $520 million.

(b) The deficit at Mirabel International Airport since it opened in November 1975 was $192.6 million. This represents all aspects of the excess operating and maintenance expenses, including interest and depreciation, over revenues. The deficit before providing for interest and depreciation for the period was $10.2 million.

Order Paper Questions

Fiscal Years	Deficit
1975/76	$ 18.4 million
1976/77	49.8 million
1977/78	51.6 million
1978/79	52.4 million
1979/80	20.4 million
	$192.6 million

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 2,177 could be made an order for return, such return would be tabled immediately.

Madam Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Is it the pleasure of the House that question No. 2,177 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

GRANTS FOR EPIDEMIOLOGY AND OPERATIONAL RESEARCH

Question No. 2,177—**Mr. Herbert:**

1. During the last year, did the government contribute to epidemiology and operational research and, if so (a) in what amount (b) who received such grants and in what amount in each case?

2. What amount is the budget for next year?

Return tabled.

[*Translation*]

Mr. Collenette: I ask, Madam Speaker, that the remaining questions be allowed to stand.

Madam Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

● (1520)

[*English*]

Mr. Beatty: I bring to Your Honour's attention question No. 1,852, which has sat on the Order Paper for more than six months. When I rose in my place a couple of days ago to bring this question to the parliamentary secretary's attention, I received yet again the assurance of the parliamentary secretary that some action would be taken. The Minister of Communications intervened with a very irrelevant interjection, to suggest that he had the information and was ready to provide it before an estimates committee. I am wondering whether I am to infer from the intervention of the Minister of Communications that he is not prepared to answer questions which have sat on the Order Paper for over six months, and which

information was made available to him several months ago, according to the chairman of the Canadian Film Development Corporation. I would like to know the reason for the delay in view of the fact that the chairman's term has expired since this question was put on the Order Paper.

Mr. Collenette: It would be helpful if the hon. member would refer to my previous answers to his six previous interventions on this subject; but I would like to say that the government has never refused to answer any particular question put on the Order Paper.

Some hon. Members: Oh, oh!

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—NON-CONFIDENCE MOTION—CAPITAL PUNISHMENT

Right Hon. Joe Clark (Leader of the Opposition) moved:

That this House calls on the government to send a reference to the Standing Committee on Justice and Legal Affairs authorizing it to hear arguments for and against the reintroduction of capital punishment as the penalty for some classes of murder, and, requiring the committee to report its conclusions by December 18, 1981; and

That this House further expresses its view that a free vote should be permitted by all parties on a motion to concur in the report of the committee.

He said: Mr. Speaker, this is a debate about democracy, about the—

Some hon. Members: Oh, oh!

Mr. Clark: I am surprised that the very utterance of the word "democracy" should evoke from the Liberal benchers howls of protest. Certainly they have not practised democracy in their time as a government. We give them the opportunity to do so today.

Some hon. Members: Hear, hear!

Mr. Clark: What we are proposing here today in this motion is an opportunity to give to the people of Canada a right, through their elected representatives, through their elected Parliament, to discuss and decide questions which the Canadian people believe to be important. For some time members of this House of Commons have talked about rights. We have talked about unity. We have talked about national institutions. Today we offer the opportunity to members of Parliament to act on the right of the people to be heard on an issue which is national in importance, through the only institution which can speak for all of Canada. We propose today to let Parliament discuss the question of capital punishment.

The vote tonight is on the simple issue of whether Parliament is free to discuss important national questions. Some months from now, there would be a vote on capital punishment, after the evidence for and against the death penalty has been heard in public committee meetings of the people's Parliament. That vote would come later. The vote tonight is on the question whether Parliament has the right to debate what it chooses; whether this institution, which exists to express the public's will, will refuse the public's right to have an important question considered.

Some hon. Members: Hear, hear!

Mr. Clark: The question tonight is whether Parliament is free to consider a matter in which the view of the people may differ from the view of the government; whether Parliament is the people's institution or the government's instrument.

[*Translation*]

Since the government does not see to it that the House makes more time available to private members, it is almost impossible for them to raise issues that their constituents consider most important, capital punishment being one of them. Millions of Canadians are now seriously asking themselves whether it should not be reinstated. We are asking in this motion that the committee conduct an objective study on the matter and report back to Parliament in order to allay the concerns of so many Canadians on this issue.

[*English*]

Through nine years as a member of Parliament, and through two election campaigns as a party leader, I have put on record two consistent beliefs. One of those is personal, a matter of conscience, about the death penalty. I oppose the death penalty. I have spoken against it, I have voted against it, and I believe the evidence proves that the threat of execution does not stop potential murderers from murdering.

The other principle is that the rules of Parliament and the views of party leaders must not be allowed to frustrate and to limit from expression the strong views of other members of Parliament who were elected by their constituents.

Some hon. Members: Hear, hear!

Mr. Clark: The principle is quite clear. On a question of conscience, I should have a vote as a member of Parliament, but I should not have a veto as a party leader, nor should any other party leader in this House.

Some hon. Members: Hear, hear!

Mr. Clark: Holding those views, as I do, I am pleased with the present law against capital punishment, but I am not proud of the way it was achieved. Without reflecting on the vote of private members, I believe that the government's procedure in introducing the resolution as a government measure prevented a truly free vote, at least—I say, at least—among cabinet members. But that vote is behind us. The question now is whether the matter of capital punishment will be closed forever from debate and decision in this House.

Each year we change laws regarding taxes, pensions, and even regarding constitutions. The tradition of Parliament is clear. No Parliament is bound by the action of its predecessors. Every Parliament is free to consider any question. Is capital punishment to be the exception to that tradition? Is the Constitution to be open to discussion but capital punishment closed? If we make that exception, we open the way to other exceptions and we erode both the power and the reputation of Parliament.

That question of reputation is important. If we are to build a sense of national community in this country, we must build respect for the institutions that serve the whole community; and Parliament is paramount among them. All of us who serve here must share the concern that Parliament does not command the respect in the country it deserves. I believe that is because Parliament is known to have too little power over the executive, and the government I led sought to bring much more power to ordinary members of Parliament.

But if we trace the causes of cynicism about Parliament, I think it is clear to all of us, whether we are abolitionists or retentionists, that one of the most basic and most dramatic causes is that, on the question of capital punishment, where most Canadians have strong views, Parliament went one way and the public went the other. That sense of wrong was compounded by the belief that the last vote was not in fact free.

An hon. Member: It was rigged.

Mr. Clark: It will be compounded again if the government uses its majority to stop the question from even being considered by a committee of this House of Commons.

Mr. Collenette: Forty-one Liberals voted for retention.

[*Translation*]

Mr. Clark: Why would government deprive members of the opportunity to express their views and vote on this issue that their constituents consider most important? How can we get the public, which already has misgivings about our parliamentary system, to change its views if the government refuses to have the matter studied objectively and in a non-partisan manner? How can the government stand in the way of a free vote on such a crucial issue without harming our democratic traditions?

[*English*]

The government may argue that this motion is, technically, a question of confidence. I would hope they would not make that argument as they have not made it in the past on occasions I will cite. But they may seek to hide behind a technicality rather than take the opportunity to let Parliament deal with an important public question.

There are three answers to the technical argument that they may raise. The first is that we, as the proposer and as the opposition in this Parliament, do not regard the question as a matter of confidence.

• (1530)

The second is that a predecessor of this government, under the leadership of the late Mr. Pearson, when defeated on a budgetary matter, did not treat that as a question of confidence. A party which treats a budget vote as not involving confidence cannot in conscience argue that it loses its right to govern by referring a question to committee.

Finally, in June, 1978, in an allotted day concerning the Indian Act, the government treated our motion on its merits, not contesting our explicit statement that confidence was not in question. Again, in February, 1978, concerning sunset laws and other reforms to reduce government spending, the responding minister welcomed the debate and did not raise questions of confidence. This matter, too, deserves to be dealt with on its merits, and not run away from on the basis of some technicality.

What is at issue here is whether Parliament has any control at all over its own agenda. We are using one of the few allotted days available to the opposition to allow this whole Parliament to consider a question in which the great majority of Canadians are interested. We have been careful to remove any tone of partisanship—any question of confidence—any bias in the subject matter we want referred to a committee. Clearly, this motion does not involve a vote of confidence in the government. It does, however, involve a vote of confidence in Parliament. To vote against this motion is to vote against the right of Parliament to inquire into an important public question.

I have spoken of the right of the Canadian public to have their Parliament consider a question of public interest, and the importance that it can have for the role, the reputation and in time the reform of Parliament, a reform that would give more power to individual members, not power to the executive.

There are two other reasons why I introduce this motion. One is educational. Violence and murder are matters about which the Canadian public has more fears than information. A public study can improve public understanding of the issues and the options involved.

We in this Parliament have just concluded a long experiment in public hearings on the Constitution, and there is no question that public opinion was informed and changed as a result of that process. Public discussion is the way a democracy becomes informed about public issues. If we want a democracy that decides on the basis of facts rather than on the basis of fears, public discussion of public issues is essential.

My other reason for proposing this motion is that I personally believe that a close study of the facts will cause more people to oppose capital punishment. The most recent statistics on homicides were released yesterday. They indicated that, for at least the fourth year in a row, the rate of homicide is going down, and the rate of murder is going down dramatically—a 17 per cent drop last year. Obviously other factors are also at work, but the fact remains that homicide and murder rates have gone down in Canada since the abolition of capital punishment.

I believe an honest, open inquiry would introduce other evidence to demonstrate that, if we are interested in making society more safe, we should look to remedies other than having the state kill people. But as one member of Parliament, I am prepared to take my chances with the facts, and I would hope that all other members who respect Parliament and have faith in their views will do the same, will support this motion and will allow the objective study by Parliament that we propose.

Some hon. Members: Hear, hear!

Mr. Bob Ogle (Saskatoon East): Mr. Speaker, I am privileged today to represent this party in responding to the motion proposed by the Leader of the Opposition (Mr. Clark) to send the question of the death penalty to a committee. The last time I know of when that happened was when Pontius Pilate did it.

I am very sorry that the Progressive Conservative party was not able to come to terms with what is going on in this country and the world. I am very sorry that the Progressive Conservative party did not see fit to give a day to debating the world's problems. I am very sorry that the Conservative party did not see fit to speak about Canada's problems, to speak about the economy that is going to pieces, to speak about the fact—

An hon. Member: Where have you been?

Mr. Ogle: —that this government is not standing up to the questions that affect the lives of everyone in this country.

Some hon. Members: Oh, oh!

Mr. Ogle: I am surprised that the party to my right was able to face the fact that what is taking place now is not a question of capital punishment but a question of having old people live a life that is worse than capital punishment. What is happening to the old people in this country because of what the government is doing to them is making them less than human.

I am sorry that the Progressive Conservative party was not able to prepare a motion that would enable us at least to speak about what is happening this summer as it effects the whole North-South question. Rather, they turned around with a direct attack on their leader who had to get up today and, I am sure, humbly stand before this House and the country and say: "The leader of this party is being hanged by his own party."

Some hon. Members: Hear, hear!

Mr. Ogle: The Leader of the Opposition (Mr. Clark) stood here and explained to the people of Canada that it is against his conscience to have capital punishment. He has been forced to this by his party, and everybody knows that he has been forced by his party. He has been hanged by his party.

Some hon. Members: Hear, hear!

Mr. Ogle: The Leader of the Opposition is not speaking about a committee, he is speaking about the fact that he can no longer control his party. He is speaking about the fact that he has been hanged and that the Conservatives have decided that there will be a new leader. That, I feel, is a very distressing thing for Canada. It is capital punishment all right, Mr. Speaker; it is the hanging of the leader of the Progressive Conservative party.

Some hon. Members: Shame!

Some hon. Members: Hear, hear!

Mr. Ogle: At the same time that this is happening to the leader of the Progressive Conservative party, the party on the other side of the House is smugly glad that another day is going by that they do not have to come to terms, face to face, with the problems that are basically affecting every Canadian, the real problems of this country.

Mr. Corbett: Tell us why you are going to vote against it.

Mr. Ogle: I am going to vote against this proposition this afternoon because we are dealing basically with the principle of life and death. What is being covered up here is that this is a way of sneaking back to the act of killing people. That is what it is about.

Mr. Siddon: Speak about abortion, then.

Mr. Ogle: I will speak about abortion.

Mr. Elzinga: Tell the truth.

Mr. Ogle: I have been asked to tell the truth.

Mr. Deputy Speaker: The hon. member for Winnipeg North Centre (Mr. Knowles) rises on a point of order.

Mr. Knowles: Mr. Speaker, I would remind you that we listened quietly and attentively while the Leader of the Opposition (Mr. Clark) was speaking.

An hon. Member: He told the truth.

Mr. Knowles: I submit that the hon. member for Saskatoon East (Mr. Ogle) deserves the same courtesy.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: The hon. member's point is well taken. The hon. member for Saskatoon East (Mr. Ogle).

● (1540)

Mr. Ogle: Mr. Speaker, I have been asked to speak the truth. The simple fact that that has been asked of me would indicate that I do not speak the truth. I do not know how to take that in this House of Commons. In a situation like this, I speak the truth.

In the election, I ran on this issue of life and death. I said that if elected I would defend human life from its conception until its natural end. Last November 18 I spoke on the first part of my principle, which is against my party's position, and today I speak on capital punishment, the second part.

Mr. Clarke: It is not the debate.

Mr. Ogle: The debate is on capital punishment.

Mr. Clarke: Read the motion.

Mr. Ogle: The debate is on the motion to bring again to this House the question of capital punishment. The position of the New Democratic Party, which every member of our caucus supports, is that clearly and unequivocally we are against capital punishment, against corporal punishment of any kind.

Mr. Corbin: Be consistent.

Mr. Ogle: A committee would not bring anything more to the people of Canada than what the Leader of the Opposition has already stated.

Since capital punishment was abolished in this country, the incidence of murder has decreased. I do not believe that any more information could be found except that found in transcripts of committee hearings. I have before me part of the debates which took place in 1976. I think probably the clearest and fullest argument on this subject was presented by the then solicitor general, the hon. member for Notre-Dame-de-Grâce (Mr. Allmand).

I shall read into the record a speech given on June 7, 1976, as found in *Hansard* at page 14215:

> In my examination of the evidence—and, like other members of the House, I have made it my business to look at the evidence as it relates to the deterrent effect of capital punishment—it has been my judgment that capital punishment does not function as a deterrent in the case of those peculiar people who commit murder.

Those are the words of the Leader of the Opposition.

I have here material which was presented to me, and to members of this House, by Amnesty International. It states that all cruel punishment at this time, the death of people, be taken out of our country.

An hon. Member: What about murder?

Mr. Ogle: Also I have documents from the Canadian churches. The Catholic church, all branches of the Protestant faith and the Jewish communities all speak morally against capital punishment.

I want to tell a personal story about what murder and capital punishment is all about. After I had been nominated as a candidate to run in the new riding of Saskatoon East, and several months before we believed was going to be the time of the election, a mounted policeman by the name of Brian King was viciously murdered by two young teenagers from our city. The next day, people were angry. They were crying out, "kill them."

My background teaches me that when there is trouble, one should get to the people in trouble. It just happened that I knew all three families involved in this crime. I knew the mountie who had been murdered, I knew his wife and I knew his children. They were parishioners of mine. I knew the two youths and both of their families. Those two boys had walked out in the morning as two 17-year-olds. They never came home again. They were arrested that night after a vicious crime. I am not in any way trying to cover for the crime. During the course of the next few days I acted as an intermediary for the three families. Two families were distressed because of what their children had done. The other family was distressed because of the loss of a father, a husband and a son.

My story is about three mothers, the mothers of the two young boys and the mother of the policeman. It was hard to console the mothers of the two young boys. It was difficult to console the mother of the policeman. She said to me, and I remember this so well, that killing their two sons would not bring back her son. If there is a question of humanity in the hearts of human beings, she said it clearly.

That is not the whole story. This murder caused a rise in human emotion. Several weeks later, in the same district, two grade five boys from a local school came home to play during lunch hour at the home of one of the boys whose parents happened to be away. They found an old 22 rifle and started to play cops and robbers. One of the boys shot his friend, who fell seriously wounded. The boy who had shot his friend ran home, went into the basement, took a rope and hanged himself. He hanged himself because he thought that would be the punishment for someone who had shot a human being. People who permit the idea that capital punishment will decrease violence are wrong.

If today we had been able to have a motion on capital punishment, I would have been proud to support the Progressive Conservative party in their move had it been a clear motion to support what the Amnesty International people are asking our country to do. That is to remove the provision of taking the life of someone else for the crime of treason, and join the 20 other civilized democratic countries in the world who have removed that provision from their code.

Our party will be voting against this motion.

Hon. Bob Kaplan (Solicitor General): Mr. Speaker, like members opposite, I intend to address the merits of this motion and the appropriateness of debating the question of capital punishment at this time either here in the House or in committee. Before doing so, I must say that we are dealing with a question of confidence in the government—

Mr. Clark: No.

Mr. Kaplan: —however the Leader of the Opposition (Mr. Clark) tries to disguise it. We are debating a question under Standing Order 58(9) of our rules. The rules clearly indicate that this is a question of non-confidence, and our party views it as such. The Leader of the Opposition refers to his willingness, as an individual, together with some of the members of his party, to change the rules. He referred to a precedent of the Pearson government which took place under other rules. We see ourselves in the position of following the rules and being obliged to do so.

● (1550)

Mr. Clark: On a point of order, Mr. Speaker, in my remarks in relation to the subject matter of capital punishment I was

naturally expressing my views as an individual. When I was speaking on the question of confidence, I was speaking as the leader of Her Majesty's Loyal Opposition and indicating that Her Majesty's Loyal Opposition in this House does not consider this to be a question of confidence and will not so treat it. I simply say that to correct the record.

Mr. Kaplan: I hear the Leader of the Opposition but I also see the rule. It is clear. The members on this side of the House are bound to view it as a question of no confidence and will be voting accordingly.

The Leader of the Opposition also indicated that the position that the government and members on this side might take on the matter could only be interpreted to mean they were against Parliament's having the right to deal with this issue over which there is a great deal of public concern. Certainly there is a good deal of public concern and I want to talk about that.

I want to indicate to the Leader of the Opposition that this is not the right rule or the right type of debate for this kind of issue. Given the evidence of the last five years, which I want to describe, this is not the right time for this debate. I concede that Parliament has the right to change a decision made in the past, to open the question of capital punishment and consider it. However, it is the view of the government that this is not the House rule, and given the history of the past five years, this is not the time to reconsider and perhaps reverse the decision which was taken in a free vote five years ago.

I reject the notion that there ought to be a six-month consideration of this question by the Standing Committee on Justice and Legal Affairs. It is a wonderful issue, a very attractive one for debate. However, from my experience of having watched four parliamentary debates on this question, another debate on this question would inevitably be futile and inconclusive.

The same statistics are used by both sides to prove opposite points. Our moral traditions—the Jewish tradition, Christian tradition and others—are referred to in order to prove the opposite side of the argument. Logic is used in different ways to prove completely different results. What it boils down to is an excellent subject for debate, but one in which very firmly held views by all those who generally participate in it are simply confirmed.

When one looks at the important work the justice committee has before it, one must recognize and agree that the committee should not be used for six months as a debating society. It has before it the access to information bill, a bill which will give additional rights to Canadians to require and demand information from the government. There is before that committee a very lengthy bill completely revising the criminal justice system for young offenders, one to which I hope it will turn its attention on an urgent basis. I expect it will shortly have before it amendments to the RCMP Act giving additional rights to members of the force to grieve within the system and giving additional rights to the Canadian people to have their complaints heard by an independent tribunal. With all of this business before the committee, a six-month debate which we know in advance will change very few minds, if any, and will raise very little new evidence, if any, is a very unproductive use of the time of a parliamentary committee under the circumstances.

Capital punishment is a matter of public concern. That is obvious from the number of times the House has addressed this subject in recent years and from the number of private members' hours that have been allocated to it.

Mr. Lawrence: What about the public?

Mr. Kaplan: Public opinion has also been very lively on this subject. I also recognize and respect the desire of every member of this House to do that which his conscience tells him is right. We are all concerned with the reality of crime. We are especially determined to protect the physically weaker members of our society who most often are the victims of murder; women, young people, defenceless older people. There are particular concerns for the safety of those who risk their lives in order to protect the rest of us; I am thinking of our police, our correctional officers and members of our security forces.

Each member brings to this House a reflection of his own deep and personal sense of justice. Each of us has wrestled with the question of what is the appropriate punishment for someone who has killed one or more innocent persons. We all share in the frustration that crime is an evil and apparently intractable component of human society. But the issue has not changed since we last explored this territory in 1976. As the Prime Minister (Mr. Trudeau) stated in that debate, it is not the goal of protecting innocent people from the ultimate violence which divides us. He further stated:

> It is a goal we all share. What divides us is the question of the appropriateness of state execution of murderers as a means of achieving that goal.

In my view, and as I will show, there is nothing new in the way of evidence to justify changing the decision that was taken deliberately and freely in 1976. In my remarks today, I will not argue that capital punishment is not a deterrent to murder. I think it is. It is not evident, however, that capital punishment is any more effective than the sanctions which have been put in place. At best, if there were to be a six-month debate and a fair view of it by an objective outsider, if one could find an objective analyst, one could only concur with the conclusions of Albert Blumstein and Daniel Nagin of Carnegie Mellon University that:

> The deterrent effect of capital punishment is definitely not a settled matter and this is the strongest social-scientific conclusion that can be made at this time.

It would be so much more straightforward if there were conclusive evidence on the subject one way or the other, or even a reasonable prospect of conclusive evidence; but this is simply not the case.

There is something which is new, however, and I want to refer to that for the balance of my time. That is the experience since 1976 and I will turn to it in a moment. Before doing so, I want to remind the House about the predictions which were made by members of Parliament in 1976 during the very

debate that hon. members now seek to resume. The hon. member for Esquimalt-Saanich (Mr. Munro) said then:

If we remove that ultimate penalty, we will have filleted our nation. We will have removed its backbone and removed from our citizens the will to stand up and defend our way of life.

Has that happened? The hon. member for Red Deer (Mr. Towers) said that "Canada will become a haven for criminal activity". The hon. member for Lisgar (Mr. Murta) said that "Capital punishment is necessary if we are to prevent civilization from becoming more brutal and lawless". The hon. member for Brandon-Souris (Mr. Dinsdale) said:

Communities of senior citizens (could be) forced to surround themselves with electrified barbed wire fences patrolled 24 hours a day by security guards in order to keep out marauders and potential criminals.

I recently opened a senior citizens' home in Edmonton in the constituency of the hon. member for Edmonton West (Mr. Lambert), who also had fiery words on the subject five years ago. There are no barbed wire fences around that senior citizens' home or guard dogs, even though they had advance warning that I was coming. On another line, an important point made by several members but perhaps most emphatically by Arnold Malone—

Mr. Clark: "The member for Crowfoot".

Mr. Kaplan: He is not in the House now.

Mr. Clark: He certainly is.

Mr. Crosby: It was Horner who was defeated.

● (1600)

Mr. Kaplan: He said this:

If you weaken the protection afforded to the police forces of this country, it goes without saying that when policemen act under duress, people will be killed. Policemen will obviously want to feel secure and, not having the protection of the law, will shoot first and ask questions afterwards.

Later he said:

If this amendment is not passed, capital punishment will not be done away with. It will be simply a case of the due course of law not being followed. Police officers and prison guards in this country will, in more rapid succession, be using their weapons in self-defence. The result will be capital punishment without trial.

The available evidence indicates that the words of the prophets in this case were widely mistaken. The trend in homicides, as the Leader of the Opposition (Mr. Clark) indicated, since 1975 has undoubtedly been downward. The actual over-all homicide rate over that period has declined from 3.07 per 100,000 to 2.48 today. Even more encouraging, however, is the information on murders committed during that same interval. In 1975 the murder rate in Canada had reached an all-time high of 2.79 per 100,000. Today that rate has fallen by about 25 per cent to 2.06. Yesterday, as was mentioned, data for 1980 were released by Statistics Canada, and last year alone the decline in the murder rate was equal to 17 per cent.

Let me interject because I want to speculate without being able to demonstrate. I hope that an analysis will be able to show that the tough gun control legislation we introduced a few years ago, and which is now in its second year of operation, had something to do with that rapid decline in the murder rate last year.

Some hon. Members: Hear, hear!

Mr. Kaplan: I know that gun control law is hard to live with, that it has a lot of red tape associated with it, and that it has a lot of nuisance associated with it, but even with that I hope the trend we are seeing toward less lives being lost will be taken by hon. members to justify it.

This trend toward reduced homicides can be seen everywhere. In our three major metropolitan centres, for example, between 1975 and 1978 the murder rate fell from five to 2.4 in Montreal, from 2.2 to 1.8 in Toronto, and from 4 to 3.2 per 100,000 in Vancouver. In every single province except British Columbia both the 1980 homicide rate and the 1980 murder rate were below 1975 levels. These figures are encouraging signs and they are good news for all Canadians. They stand in stark contrast to many of the intemperate predictions that were made in this House five years ago.

The Canadian experience over the past few years argues eloquently against the reintroduction of capital punishment in the absence of any decisive evidence. Given that deterrence is a moot point, is there anyone who, in the face of this data, can stand and state unequivocally that the law as it now stands has served Canada badly? What so many feared has not happened; what so many predicted has not taken place. Even if we only focus on murders of policemen, where numbers are so small that the statistics are unsteady, the average rate over the past five years is lower than in the preceding five-year period. The facts tell us that in all categories of homicide, not only have the rates of the crime fallen, but the absolute number of incidents has dropped as well.

I do not want to leave the members of this House with the impression that there are no problems related to the status quo. There are problems relating to the managing of the 25-year "lifer" population who refer to themselves, recognizing the statute of 1976, as the "C-84s". We currently have 148 prisoners serving first degree sentences and an additional seven with second degree convictions with a minimum parole eligibility term of 25 years. At this point, after a year as Solicitor General, I have met most of these individuals and I have had an opportunity to talk with them. There are 20 who are women, and in the male population, as well as the women, it is settled that they are far from necessarily being the most dangerous inmates. The problems guards have in maintaining order and security are directed to some of this group, but certainly not to all of them, and their elimination from the prison population would not significantly alter the problems of security and order that exist in our penitentiaries. They include some of the most dangerous, but they are not all the most dangerous and far from it. Many of them, nearly half, are individuals who have had no association with crime before having committed their murders. Their murders involved individuals they loved, hated or worked with, and their appear-

ance in the criminal community in prison for that very significant number was the first association with a criminal lifestyle.

Among the first degree group, all but six of whom are still being held in maximum security, there has been a relatively small number of incidents. Of 51 hostage-takings since July, 1976, first degree murderers have been involved in fewer than ten. There has been only one single report of an assault on a staff member by a "C-84" inmate, and four assaults on other prisoners. Four have escaped, of whom all but one have been recaptured, while there have been four escape attempts, three others involved in a plot to escape with violence, and another involved in a separate escape plot. Other relatively minor incidents have included two offences of contraband possession, a cell fire, one brief hunger strike, and five found to be participants in a minor disturbance. There has been less manifestation of severe psychological stress due to the length of sentences than some had expected. We have had a single incident each of attempted suicide self-inflicted injury, but there have been no suicides.

This population does present program problems to the correctional service of Canada. Despair is an issue. They are matters which concern my department and they are getting attention in the context of the over-all management of our penitentiary system and the maintenance of a satisfactory prison environment; but this experience of these inmates and the problems we have with them should not, in my view, since we can handle those problems, bear heavily on the subject of the debate before us.

I am conscious of public opinion, and some members opposite have referred to it more than once while I have been speaking. I think public opinion is important. But on this important subject of capital punishment I would only observe that public opinion is very much more influenced by sensational incidents, by a tragic killing which I would speculate is inevitable in any society or in any community, than by the underlying trends which I have described, trends which indicate that we are coping well in the criminal justice system with the problems of crime.

I challenge members who support this motion to come up with anything new in the experience of the last five years, with any argument that was not put forward, that was not answered or that was not considered which would justify a reconsideration of capital punishment. In all, I agree with the spokesman for the NDP who indicated that there are better ways the House could have spent this day, and better ways that the justice committee could spend six months.

● (1610)

Mr. Bill Domm (Peterborough): Mr. Speaker, before getting into some of the reasons I am pleased to have this motion before the House today, I would first like to say how pleased I am personally to be able to have this opportunity to second the motion presented by the leader of our party.

I would also like to remind the previous speaker, the minister responsible, that he has a very short memory. Just a few months ago—I have a copy of *Hansard* here for October 14, 1980—I asked this very minister:

> Will the minister give the opportunity to members of this House to vote on capital punishment?

And what was the minister's answer? He said:

> I could remind hon. members opposite that this is an opposition day and they could have chosen any subject—

Including capital punishment.

An hon. Member: Hypocrisy.

Mr. Domm: Bear in mind, Mr. Speaker, that I was asking at that time for a free vote, a vote free from political pressure, free from having a leader telling his frontbenchers how to vote. I asked if he would allow a private member's bill to come to a free vote in the House. His response was that it was none of his business, that it was the House leader's business. I went to the House leader and I got jockeyed back to the minister. So what we are getting is a deferral, a postponement, a failure for every member in this House to at least be honest with the people of Canada and to give them the opportunity to respond to a committee on how they feel about capital punishment.

Some hon. Members: Hear, hear!

Mr. Domm: Mr. Speaker, we had some 30,000 signatures presented to this House today. Is that not indication enough to the members opposite? What problem creates more of an issue in the province of Quebec than the issue of capital punishment? What province has a higher percentage of people who would like to have a free vote in this House than the province of Quebec? Where are the 75 members of the backbenches? I do not see them in the House. Are they going to stand up here and give the people of the province of Quebec the opportunity to come before the committee?

The Solicitor General (Mr. Kaplan) stands up in this House today and has the gall to tell us that gun control has caused a reduction in the murder rate—

Mr. Kaplan: I said I hope it has.

Mr. Domm: —or there has been a reduction in the number of homicides. He is defeating his own argument. He has new information that might give strength to us to abolish capital punishment if we were convinced as retentionists that there is some justification. He flies that in the face of statistics showing that never in the history of this country have we had more homicides caused during the act of committing a criminal offence than we have had in the past year. Does this minister realize that 14.5 per cent of homicides today occur during the commission of a criminal offence? That is in Statistics Canada records. That is proof to me that there is a reason to review his facts in comparison with some facts from police associations who are involved in this process on a daily basis. Do they not have something to contribute? Do members to my left not have constituents who feel there is a need to review capital punishment?

I challenge the members of the NDP. There is not one NDP member in this House.

Some hon. Members: Order.

Mr. Domm: Here comes one lone abolitionist. In 1976 11 NDP members voted for abolition. How many Liberals voted for retention in 1976? Thirty-seven. Where are they now? Have they betrayed their constituents?

An hon. Member: Yes.

Mr. Domm: Have they flown off to their ridings? They are not in the House; where are they?

An hon. Member: Shame.

Mr. Domm: What about the front bench over here? One minister is in the front row and the other one has just spoken.

An hon. Member: Oh, come off it.

Mr. Domm: I am stating facts that can go into *Hansard*. This is an issue. Whether you realize it or not, since 1953—just listen. You do not want to hear the facts.

An hon. Member: Here come the ministers.

Mr. Domm: The ministers are flocking in now. I am surprised their leader is not in front of them.

An hon. Member: You are putting on a show for the gallery.

Mr. Domm: How many ministers in 1976, Mr. Speaker, are on the record in *Hansard* as supporting retention of capital punishment when they campaigned in their ridings? They are not in the House today because they lost their seats. The whole Liberal front row voted for abolition in 1976, and we considered that a free vote! Six votes made the difference. Had three votes gone the other way on the government side or in the NDP, we would still have capital punishment today.

An hon. Member: Eighteen Tories voted for abolition, including Joe.

Mr. Domm: The Leader of the Opposition (Mr. Clark), our leader, made it plain—

An hon. Member: Are you sure he is your leader?

An hon. Member: You bet he is our leader.

Mr. Domm: They do not want to face up to responsible parliamentary government.

An hon. Member: Eighteen Tories.

Mr. Clark: Is that your I.Q.?

Mr. Domm: I would remind this House that leadership involves the quality of directing by example. I would think that putting Parliament above the decisions of any one man is an example that many in this House could well profit from. Let me repeat, whether a society endorsing the abolition of capital punishment is a valid barometer of civilized behaviour or not is beside the point. What is to the point is whether the government and members of this House are willing to accept in practice the democratic principle of truly reflecting the wishes of the people to whom they are ultimately responsible.

Some hon. Members: Hear, hear!

Mr. Domm: Every capital punishment opinion poll taken in Canada since 1953 has demonstrated that the majority support is for capital punishment. Let us examine what the public have said since 1953 on capital punishment, keeping this point in mind. In 1953, 71 per cent of Canadians believed in the death penalty. In 1975, according to Gallup, virtually the same number of people felt the same way. Since 1966, according to four separate surveys, a growing number of Canadians—72 per cent in 1975, up from 43 per cent in 1966—feel that we do not deal harshly enough with criminals.

As to what we are doing today about it, to the question asked in April, 1978, "Would you be in favour or opposed to a vote being held on the issue of capital punishment?", 82 per cent of Canadians surveyed nationally favoured such a vote. My own constituents were polled. There were 7,000 responses to the question: "Would you support capital punishment for first-degree murder?"; 87.2 per cent responded in favour, and those responses were tabled in this House.

Another revealing figure from the StatsCan report shows that the number of murders committed during the course of another crime, which I mentioned earlier, has remarkably increased since the abolition of capital punishment. Perhaps the most crucial statistic is the murder rate as a proportion of population. In 1961, the year before the last person was hanged in Canada, the murder rate per 100,000 people was 0.94. Since then, as I have pointed out, it has increased two and a half times, and murder is increasing everywhere.

Canada's homicide rate is far worse than that of France, Germany, Japan, England, Sweden and Italy, to name but a few countries. There is far less chance of citizens being murdered in those countries where, in some cases, they have retained capital punishment, than there is here in Canada.

In conclusion, I would say that the principle of democratic representation is a much greater principle than that of any single cause—whether or not, for the best of reasons, members are convinced of the rightness of their action which is contrary to the clear opinion of their constituents. What I seek to defend is the right of the people to exert their will, which I feel should supersede the right of government—within the limits of order—to exert its will if that is contrary to the people's.

• (1620)

Finally, the principle of a free vote is far preferable to the muzzle which has been imposed upon certain sections of seats in the House when it suits the purpose of certain interests. I view the free vote practice as serving democracy, the best interests of the people and the country, and endorsing a leadership which is flexible, honest and sensitive. I urge the

House to subscribe to those principles and refer this matter to committee in order that Canadians will have some say in the actions of the government.

We will not settle, as members of the opposition, for the point made by the Solicitor General (Mr. Kaplan), that this is a non-confidence motion. This is a motion requesting the opportunity for the majority of Canadians to have some say in the decisions of members of Parliament.

Some hon. Members: Hear, hear!

[*Translation*]

Mrs. Céline Hervieux-Payette (Parliamentary Secretary to Solicitor General): Mr. Speaker, it is both as a member of the Committee on Justice and Legal Affairs and, of course, as a citizen and elected representative from Quebec that I welcome this opportunity to rise in this House this afternoon on the motion introduced by the Leader of the Opposition (Mr. Clark). For the benefit of my constituents, I would like to recall some facts that led to the free vote held on July 14, 1976, when Bill C-84, to abolish capital punishment, was approved by 134 yeas to 124 nays.

In support of the government bill, the Leader of the Opposition, Mr. Clark, had this to say at the time on capital punishment, and I quote:

> ... it has been my judgment that capital punishment does not function as a deterrent in the case of those peculiar people who commit murder.

This, Mr. Speaker, is taken from *Hansard* for June 7, 1976, page 14215. He went on to say:

> ... What we have to do is determine whether the threat of capital punishment would stop those people who are likely to take human life, or likely to commit murder, from undertaking that act. I have seen no firm evidence to suggest that the threat of capital punishment is a deterrent.

This is on the same page, Mr. Speaker.

A week later, the hon. member for Oshawa (Mr. Broadbent) Leader of the New Democratic Party, stated the following, as reported on pages 14496 and 14498 of *Hansard*:

> ... I am not persuaded that capital punishment can be supported by reason or moral argument ... the solicitor general and others have shown that the evidence—and I shall not put it stronger than this—is simply not persuasive.

Capital punishment therefore was abolished for all offences in the Criminal Code, with the support of the leaders of the three major political parties in this House.

Historically, Mr. Speaker, I submit that we should look back on the past in order to find out what types of crimes, according to the tradition of our British law, of course, deserved capital punishment. In the 18th century, England dealt out capital punishment for 250 offences. However, there is no evidence that so many executions had any incidence on the crime rate at that time. Quite the opposite, a study of offences committed in Britain three years after executions were suspended for a number of property crimes shows that their number had significantly decreased.

Mr. Speaker, at the time it was abolished capital punishment applied to a specific type of murder, namely the first degree murder of police officers or of people working inside prisons. I contend that murder will always be murder and that we cannot consider the death of one individual as having a greater significance than that of another. In this regard, if we had to reconsider this issue, we would have to examine what other types of murders could be subject to this penalty. I must say that I am really shocked when I think that thousands of deaths in car accidents each year will never be subject to this kind of penalty, nor will the numerous deaths occurring through neglect because companies or business owners decide to reduce safety measures on work sites or in the manufacture of certain appliances. I believe, Mr. Speaker, that you cannot put a price on any life and that it is not by reinstating capital punishment that we shall bring back to life those who will die because of the carelessness of other people.

The paradox that should be noted concerning the death penalty is that if it is dealt out too often, it forgoes its frightful nature, and if it is seldom applied, the risk of being sentenced to death gets blurred in the minds of criminals. I believe that this was the conclusion arrived at when Bill C-84 was passed in 1976. Its proponents have never shown that it can be a deterrent or that it is more of a deterrent than life imprisonment. In Canada, capital punishment seems to have been a deterrent less for the murderers than for jury members, Crown attorneys, judges and members of the Privy Council. Thus, many of the accused have been acquitted, or found guilty of lesser crimes, or have been declared temporarily insane or had their sentence commuted.

According to available data, the annual rate of convictions for murder has varied in Canada between 33 per cent and 46 per cent during the period extending from 1880 to 1960. Between 1960 and 1974, the total rate of convictions following an original indictment for first degree murder has been less than 10 per cent. However, the percentage of murderers tried under the original indictment for first degree murder and sentenced for a lesser crime has been 64.5 per cent, and this brings the total rate of convictions to 74.2 per cent. We can therefore conclude, Mr. Speaker, that Canadian jurors are reluctant to indict an accused for first degree murder, but will rather find him guilty of a lesser crime which does not put his life in jeopardy.

Statistics also show that shortly before 1962, a murderer had one chance in ten of being hanged in Canada because many jurors were reluctant to bring in verdicts of guilty for fear of seeing the death penalty imposed. Therefore, before that year, not only were murderers not condemned to death, but they had also a better chance of being sentenced only to a short prison term or of being acquitted. After the last hanging in Canada on December 11, 1962, successive governments, both Liberal and Progressive Conservative, on the basis of the evidence including minutes of proceedings, commuted death

sentences to life imprisonment according to the merits of each case.

In 1976, when it was faced with the arduous task of reviewing ten death sentences, and in a strong position because of the knowledge it had gained over the years through the study of death penalty cases, the government of the day came to the conclusion that the law was indeed prescribing a cruel and barbarous punishment which stood in the way of a new approach and of legislative and operational amendments likely to guarantee a better protection for society. Neither the judges nor the jurors would voice their opinion on the sentence since all they were required to do under the law was to decide whether the accused was guilty or not guilty. The sentence is spelled out in the law.

Mr. Speaker, the parliamentary decision to do away with the death penalty was not taken on the spur of the moment. Briefly, here are some of the major aspects which the parliamentarians had in mind. First, the only rational justification for the death penalty would be evidence that it is indeed a deterrent against murder. Such evidence cannot be deduced from the figures that have been gathered thus far. That is why repeating the action of killing can only contribute to the violence which our society is trying to prevent through every kind of alternate legislative and civic measures. Indeed, the mere fact that a sentence is even more likely to be handed down is one of the most effective deterrents against any kind of criminal action, even murder. Jurors are more inclined to come up with a verdict of guilty when they know that the sentence will not automatically call for capital punishment.

For that reason, the death penalty had seriously undermined the probability of a sentence, which is essential for the effective application of a deterrent measure. Besides, studies have shown that, as a rule, in those countries or states where the death penalty has been abolished there has not been an abnormal increase in the number of murders. Nor did the reinstatement of capital punishment significantly contribute to lower the murder rate. Proof positive is that our American neighbours have a criminal code which is applied differently in 51 states.

● (1630)

Furthermore, the number of police officers or prison guards who are murdered fluctuates greatly from year to year. Therefore, there is no connection whatsoever between this type of murder and the death penalty. In fact, experience in Britain shows that the abolition of capital punishment has had no effect on the murder rate of police officers. The abolition of capital punishment was but one of the reforms the government undertook with a view to protect society more adequately and remedy the problem of violent crimes. Because they were completely revamped, the firearms provisions contained in the Criminal Code are now better suited to meeting the needs of police forces and the public in that they prohibit the dangerous and criminal use of firearms. To ensure that criminals are convicted and placed under custody in detention centres, the government has set strict sentences for murder. For instance, premeditated murder, including murders committed by hired killers, is considered first degree murder and leads to a 25-year prison term before which time the National Parole Board will not consider granting parole. The killing of police officers and prison staff is also considered first degree murder. Let us take for example the case of someone who commits such a crime at age 20. His sentence could not be reduced nor could parole be considered before he has reached the age of 45. That means, Mr. Speaker, that the accused would spend more than half his adult life in prison, based on life expectancy in Canada today. I believe, Mr. Speaker, that such a sentence is much more civilized albeit very strict.

I have met inmates in some of our federal penitentiaries who are serving a 25-year prison term, and let me tell you that they are experiencing terrible mortal distress which I found absolutely wrenching. If this House, by a motion other than the one now before us, proposed to reconsider this 25-year sentence with a view to shortening it to a more human scale, I would be the first to support it.

Individuals guilty of a second degree murder are not eligible for parole until they have served a 10-year jail sentence. Once again, Mr. Speaker, since most murderers are generally young, it means that they will spend a good part of their adulthood in prison.

Those strict provisions will establish a system whereby the criminal will have to bear the brunt of the law and suffer the rejection of society. The courts can now impose a jail sentence for an indefinite period on dangerous delinquents who are likely to wound or harm other people, because they may be unable to control their feelings. I think of some individuals, Mr. Speaker, who could be described as mentally ill but who are really dangerous criminals and about whom it is quite difficult to determine whether they might again resort to violence.

The adoption by Canada of more sensible and effective measures to control violent crimes is in keeping with a worldwide movement. I would like to remind my colleague opposite, who a while ago referred to countries such as France, that in a special interview granted by government officials at the Élysée Palace, the new President of the French Republic, Mr. François Mitterrand, publicly stated that he was against capital punishment and that when in office, he would act in a way consistent with his view on this matter.

Moreover, Mr. Speaker, I can say that the President of the Republic intends to introduce a bill in the French National Assembly in the fall to repeal capital punishment. The spokesman for Mr. Mitterrand's government said he felt that justice must constantly be concerned with the fight against crime but that, for his part, he could not accept a justice that kills. To

my mind, that reflects very well indeed the reasons and motivations of the new French government.

On the other hand, Mr. Speaker, I would remind the House that when an attempt was made on the life of His Holiness Pope John Paul II, he certainly did not call for either the death penalty or severe punishment against his assailant. Instead, he asked forgiveness for the culprit in whom he saw a poor, unfortunate and despondent creature who could not possibly have been very happy.

Mr. Speaker, the same can be said of President Reagan who was also the victim of an attempt on his life. Had it succeeded, it would have meant that a president of the United States had been murdered once again. I believe President Reagan's first reaction was one of sympathy for the family of his assailant, the parents of the young man who, to put it briefly, committed a senseless act.

The abolition of capital punishment is actively sought by the United Nations. In that regard, Mr. Speaker, may I say that, last September, I took part in the international conference on the treatment of prisoners, held in Caracas, and this subject was fully discussed at that time. Most Western countries agree that the death penalty should be abolished, but I must say that, internationally, some countries have not yet reached that stage of social maturity where they can face the question of collective violence versus individual violence. Capital punishment was abolished in Great Britain in 1969. In Italy, recent legislation passed to repress terrorist activity does not, however, go so far as to impose the death penalty. Finally, I trust that through the United Nations social development committee, we can do away with the death penalty worldwide.

Even though, according to the official report, the Leader of the Opposition is in favour of the abolition of capital punishment, he said recently that if he were elected leader of the next government, he would let members introduce a bill on hanging. Not only would the Leader of the Opposition not follow the example of the Prime Minister (Mr. Trudeau) who launched the debate by introducing a government bill and making sure that he had the support of all his ministers on the matter, but he would also proceed by a roundabout way and let one of his members carry on the fight. We can only question the new style of leadership the Leader of the Opposition intends to adopt, even though he claims it is a new form of leadership. It is especially hard for us not to believe that the Leader of the Opposition takes that approach because he is afraid of not being able to get the support of his cabinet, if he had one, to introduce such a bill.

Consequently, Mr. Speaker, I think it is completely useless and inappropriate to discuss this matter, since the Committee on Justice and Legal Affairs, as indicated by the Solicitor General of Canada (Mr. Kaplan), has many other pieces of legislation and important bills to deal with, such as the access to information bill and the Young Offenders Act, instead of considering a bill which does not require any study in the short term.

• (1640)

[*English*]

Mr. Tom McMillan (Hillsborough): Mr. Speaker, I rise to participate in this debate as a convinced and unrepentant opponent of capital punishment. Five years ago, after a lengthy debate, the Parliament of Canada voted to abolish capital punishment from the Criminal Code. During the debate at that time Gordon Fairweather, who is now Chairman of the Canadian Human Rights Commission and who sat then as the hon. member for Fundy-Royal, in a truly eloquent speech in the House of Commons, stated:

> I want capital punishment removed from the national agenda. I believe that for far too long it has absorbed the mind, the heart and the spirit of this place.

Mr. Fairweather went on to say:

> The discussion has gone on endlessly. Surely it is time for Canada to take its place among the civilized nations of the world which possess certain intrinsic values which tell us that the time has come to abolish capital punishment.

Canada did abolish capital punishment in 1976, a half decade ago. But, despite Mr. Fairweather's plea, the issue has not been removed from the national agenda. Nor, in my mind, will the issue be put to rest until a majority of members of Parliament on all sides of the House and most Canadians are satisfied that Parliament has disposed of the question, not only with thoroughness, but also with total freedom from the shackles of party discipline.

Some hon. Members: Hear, hear!

Mr. McMillan: Members of Parliament were not free to vote as they wanted when capital punishment was finally abolished in Canada in 1976 following a partial ban on a trial basis in 1967 and, I think, 1973. In 1976, the government of the day, a predecessor government to this one, insisted that all members of Parliament were at liberty to follow their consciences in voting on its abolition legislation, Bill C-84. But in a manner as dishonest as it was hypocritical, the Prime Minister (Mr. Trudeau) used the full force of his office to whip into line dissenters in his own party, including ministers of the Crown.

Some hon. Members: Shame!

Mr. McMillan: Can any reasonable person in this House or in the country believe that in a 32-member cabinet there was not a single retentionist? Certainly there were. In fact, there were several. I knew one or two personally. Yet they were browbeaten into submission by a prime minister hell-bent on getting his own way; and the bill passed with only six votes to spare. Is it, then, any wonder that many members of Parliament and many other Canadians still question the legitimacy of the process which led to the abolition of capital punishment, and therefore, the law itself?

Speaking as an abolitionist and as a Canadian who strongly believes that the subject has long occupied too high a place on the national agenda, I think we must rid Parliament and the

country of this obsession with capital punishment as a panacea for every evil in society. I wish the matter were already well behind us. However, I know the thinking of many of my colleagues on all sides of the House, not just my colleagues in the Progressive Conservative party but colleagues on the government side and in the NDP as well. For them, the issue will not go away until they have been allowed to deal with it in an unfettered manner. Only then will everyone be content to live with the decision, whatever it might be.

Let us, as the motion suggests, refer the matter to the Standing Committee on Justice and Legal Affairs. Let that committee discuss all sides of the question. Let that committee investigate every available piece of evidence. Let us have a short debate in Parliament; a short one, I stress that, based on the committee's consensus. Let us have a free vote on an all-party bill or motion, whatever may be the procedure, and then forever hold our peace.

Since Canada's last hanging in 1962, there have been at least four full-scale debates in Parliament on the question of capital punishment. The Solicitor General (Mr. Kaplan) said there were four. I defer to his good judgment in that respect. There have been dozens of private members' bills. There have been private members' motions, questions in the oral question period day after day, and other motions. To my mind, there will be many more until both Houses of Parliament, the House of Commons and the Senate, finally have the one debate to end all debates on the issue.

I am hopeful that this motion today will give rise to just such a final debate. Surely, with interest rates at 20 per cent, inflation near 13 per cent—12.6 to be exact, I think—with at least one million Canadians unemployed, with the country torn asunder over energy and the Constitution, we could then turn to such urgent matters unencumbered by consideration as to whether capital punishment should be restored. As much as many Canadians would recoil at the prospect of hearing the same old tired and hackneyed arguments rehashed to a crisp, the alternative of allowing the question to simmer indefinitely would doubtless be even more repugnant.

Frankly, in any such free investigation and free vote on the matter of capital punishment, I am confident that reasonable men and women in Parliament will again repudiate the death penalty as a barbarous instrument of public policy for a civilized society like our own.

A few moments ago, the Leader of the Opposition (Mr. Clark) said that he was prepared to take his chances with the evidence, with the truth and with the facts. I share that view. I, too, am prepared to take my chances with the facts.

I myself can lay no claim to original arguments for opposing capital punishment other than a deeply-held conviction that it is morally wrong. The taking of human life by the state betrays everything I know to be right and just by the standards of Judeo-Christian civilization.

Is there a shred of evidence that capital punishment has ever deterred or will ever deter a single person, anywhere in Canada, from committing a single crime? In those jurisdictions where capital punishment has been abolished, including Canada, Belgium, Holland, England and other countries which could be mentioned, there has been no discernible impact whatsoever on the crime rate. Indeed, experts have demonstrated that capital punishment may actually encourage violent crimes by triggering brutal tendencies in some people, including psychopaths in society who may subconsciously desire to be arrested and punished at the hands of the hangman.

In any event, capital punishment can only serve to further brutalize our society, which is already too inured to brutality, partly because of violence in the mass media. If we are genuinely concerned about the prevention of crime, and I think everyone in this House is, let us deal with the root causes of crime. These include poverty, ignorance, economic inequality and social injustice. As a maritimer, I would also stress regional disparity.

Lately, a lot has been said about public opinion polls. Already today a number of speakers have mentioned public opinion sampling with respect to capital punishment. It may well be that two thirds of people questioned do favour the death penalty, at least for some offences. However, I personally doubt that many who express support for capital punishment hold strongly to their views. Some do, but speaking as a political scientist, rather than as a parliamentarian, I suspect that very few hold strongly to the views which they express to public opinion samplers. When asked, in separate polls, to list the issues of major concern to them, most people do not even mention capital punishment, let alone put it at the top of the list.

● (1650)

Whatever may be public opinion on the subject, surely we members of Parliament have an obligation not to delegate to our constituents our duty to employ personal judgment on a moral issue of such basic importance. Edmund Burke's advice is perhaps too often quoted, but it is wise nevertheless and remains relevant to this debate. He said:

> Your representative owes you, not his industry only, but his judgment; and he betrays, instead of serving you, if he sacrifices to your opinion.

I think we politicians place too much stress on public opinion polls. Certainly the present government stresses them beyond what is reasonable. If we paid as much attention to serving the public as we do to courting their favour, we would likely be more successful on both counts.

Forgive me for concluding on a personal note, Mr. Speaker. My father was a medical doctor who devoted his life to enhancing and often saving the life of others. Although he was a surgeon and a specialist, few people on Prince Edward Island, the province I have the honour and privilege to represent, had not, at one time or another, received his medical attention, frequently following emergency calls to our home in the middle of the night. A marathon nine-hour operation to save the life of one such patient probably provoked the heart attack that killed him nine years ago at the still young age of 63.

He was affectionately known by everyone as "Dr. Joe". But there are hundreds, even thousands, of Dr. Joes in our society—men and women, doctors and nurses and paramedics, as well as individuals in walks of life entirely different from medicine—passionately devoted to the enhancement and preservation of human life. That is because deep in the soul of every civilized person is a belief in the fundamental sanctity of human life. Seen in that light, the death penalty is a dehumanizing punishment that does violence not only to the life of the offender but, indeed, to the sacredness of human life itself.

The eloquent Irish voice, now stilled, of the late Grattan O'Leary said it best shortly before he died. He said:

> Capital punishment is a moral wrong—A crime against humanity—Nearing Jordan myself, I frankly do not want to face my God with the sin on my soul of having been a party to condemning a fellow human being to facing the throne of God's judgment.

Unless every one of us in this Chamber could, with a good conscience, prepare the scaffold, tighten the noose or, as some would have it, inject the needle or dispense the pill to end the life of a fellow human being, let us put an end, instead, to this odious preoccupation with capital punishment.

Some hon. Members: Hear, hear!

Mr. Russell MacLellan (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, first of all I should like to read the motion presented by hon. members opposite. It reads as follows:

> That this House calls on the government to send a reference to the Standing Committee on Justice and Legal Affairs authorizing it to hear arguments for and against the reintroduction of capital punishment as the penalty for some classes of murder, and, requiring the committee to report its conclusions by December 18, 1981; and
>
> That this House further expresses its view that a free vote should be permitted by all parties on a motion to concur in the report of the committee.

This motion is in the name of the Leader of the Opposition (Mr. Clark) who, as we heard earlier, is an avowed abolitionist. Although we have had some very strange motions from the official opposition, in my opinion this is the most ridiculous they have ever put forward.

In 1976, Parliament decided this question on a free vote although hon. members of the official opposition have declared it was not a free vote. We are dealing with something that they make extremely subjective. They say it was not a free vote in 1976 but, if it happens again, it will be a free vote. They do not say, however, that we should vote on it now; they say we should refer it to the Standing Committee on Justice and Legal Affairs for debate, so that the views of all Canadians may be had by December 18. This is the same committee that at the present time is dealing with the bill relating to freedom of information and which will be dealing with the bill relating to young offenders, yet they want it to deal with this question as well.

The hon. member for Nepean-Carleton (Mr. Baker) is not present. He is a strong proponent of the bill relating to freedom of information and I wonder if he would be prepared to put that aside in order to have this question debated.

If this motion were brought before the committee and debated until December 18, what would be accomplished even if all the witnesses who appeared were in favour of bringing back the death penalty? Would that be the end of the matter? It would not, because it would have to come back to Parliament and we would be back where we were when the question was presented to Parliament in 1976.

Members of the official opposition claim that they want to find out what the people of Canada think about this question, yet they say they have a petition with 30,000 signatures giving the point of view of some people of Canada. This is nothing more than a cop-out. It is a ridiculous point of view and it is a waste of the time of Parliament.

This is not to say that I do not sympathize with the point of view of people who are struggling with the question of life and death and capital offences. It is a very serious question for anyone; it is an emotional question and a moral question, a question which bothers many people.

Personally, I am not in favour of bringing back the death penalty, but that is my own opinion. I do not think it would serve any particular purpose.

I feel very sympathetic and understand the tragedy which affects people when a member of their family or a neighbour dies as the result of a violent crime. Believe me, Mr. Speaker, if I thought that bringing back the death penalty would have any effect or would reduce those crimes, I would have to think about it very conscientiously, particularly in regard to police officers and prison guards. Usually the men in these occupations who die violently are not older men, but young men. The older men are likely the sergeants and corporals and not in the position that the younger ones are. It may be that by being more experienced they avoid putting themselves in the predicament of having to deal with a crazed mind.

The people the victims leave behind are in a very difficult situation—the young mothers, the young children and, in some cases, the parents who are still alive. I am sure members on both sides of the House can relate to them with a great deal of sympathy and regret.

Would it help to bring back the death penalty? The hon. Leader of the Opposition put it as well as any of us could when, using the statistics, he said that homicides and murders have been reduced in each year successively, for the last four years. This year, as compared to the year before, murder decreased 17 per cent. This has occurred since Parliament abolished the death penalty in 1976.

● (1700)

We could get into the question of capital punishment and why there should not be capital punishment. However, these points have been debated over and over again. Of course, we must consider that the wrong person could be executed for the crime with which he or she has been charged. This is not a moot point; it has happened. Each of us who deals with this question and debates this point of view has to decide how important it is to him or to her that one person or more has died unjustly for a crime.

There is also the point of view that capital punishment is a deterrent to crime. I think the statistics speak for themselves. The number of people who have died through violent crime has decreased each year successively over the last four years. Why do we say that bringing back the death penalty would be a deterrent? The problem seems to be the social instability which this country and to a greater extent our friends south of the border face at the present time. This is true of all countries in the western world who advocate a free society. If we are to hold up people who carry guns, who run their cars across gorges, who brutalize and assault people with whom they come in contact as fashionable, we are going to have a much higher homicide rate in this society than we would like.

There are other points. Suppose someone is in death row awaiting execution. We have read countless articles of situations like that in the United States. They have not happened all that much, but each case seems to bring with it an avalanche of literature and editorials. One would think after reading these editorials for a few days that the person concerned really deserved an order of merit rather than to be facing the death penalty. There is no way we can challenge what people are going to write about concerning those who are sentenced to death for violent crimes. However, we do not have to accentuate it by bringing back the death penalty and allowing this to go on unfettered.

There are cases within the criminal justice system itself. Undoubtedly there are juries who have brought in verdicts of manslaughter because they did not want to see the death penalty imposed. We can say to juries that they must be completely objective in these specific cases, but human beings are human beings and because they are serving on juries cannot divorce themselves from their personal feelings. There are judges who supposedly have not tried a case involving first degree murder because they did not feel they could in good conscience sentence that particular person to death.

Are these particular incidents—the reluctance of judges and juries to bring back the stiffest penalty in cases of violent crime and people who are waiting execution being exalted for what they are going through—things that promote a strong retribution to someone who has just committed a violent crime? I suggest they are not. The death penalty primarily does one thing above all others, and that is it prevents the reforms necessary to increase the effectiveness of the criminal justice system.

Certainly the question of capital punishment is the most glamorous and easily debated one. It has been debated for years from the time that students are old enough to know what debates are. Why are we just debating the question of capital punishment? Our criminal justice system is not perfect; it never will be. We try to make it as good as possible, but it will never be perfect.

There are many things on which we could be concentrating rather than concentrating on the question of capital punishment. The best social defence and hope for general respect of the law and for law enforcement in our society is to proceed with the reforms necessary to increase the effectiveness of the criminal justice system. We should not be dealing with questions upon which we cannot have an answer which will satisfy the proponents. These people, including those in the official opposition, will not be satisfied with another free vote because the next free vote cannot be any different from the last free vote.

Some hon. Members: No!

Mr. MacLellan: I am sure that any fair-minded, rational human being would agree with that point of view.

I want to deal with one of the points raised by the hon. member for Saskatoon East (Mr. Ogle), that of treason. The penalty for treason has been left on the books for a very good reason. Treason is a crime against the state. It is something about which we have no knowledge as to its seriousness or its frequency in the future. International terrorism in the western world in recent years has been extracting a very serious price. People who commit acts of terrorism and treason against their own country and other countries have to be dealt with in a way completely different from the justice system.

An hon. Member: Why?

Mr. MacLellan: Because of the safety of other people who are not involved in the particular action. If we do not deal with this type of crime in an unique way, then we may be faced with the problem of having terrorism spread. The experience of recent years is that other terrorists commit other acts of terrorism in order to get the release of the first group. This is a problem with tremendous international ramifications. Hopefully this type of crime is on the wane, but at this early juncture I am not that confident. There are other problems concerning early trials, which we are not discussing here today.

I personally do not feel that bringing back the death penalty will have any merit in our criminal justice system. In fact, I think it will only cloud other things that we should be looking at. Bringing back the death penalty will be a step backward in time. It will be a regression as far as society is concerned. It will be a regression that is needless and which will be harmful and will push us back from what we have all been trying to accomplish, namely a better and more just society.

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, previous speakers, but particularly the hon. member for Hillsborough (Mr. McMillan) and the hon. member for Cape Breton-The Sydneys (Mr. MacLellan) have called for evidence on this subject. Later I will present some of the evidence which is not being presented by the Solicitor General (Mr. Kaplan) or by the officials who prepare his speeches.

• (1710)

Mr. Speaker, citizens in a free society must accept responsibility for their actions. Canadians also believe that society and Parliament have a responsibility to implement laws and set penalties which provide some deterrent against crimes perpetrated against humanity. During the Trudeau reign, the "just society" that was just referred to, the incidence of violent

crimes has multiplied astronomically. Later I will give some proof of that and the reasons for it. The crimes of theft, murder, rape, particularly drug related crimes, parenting of unwanted children and a number of lesser problems of family decay, have all been initiated with the coming of the "just society" and the advent of the Trudeau government.

Just as humans in society must account for their actions, governments also must account for theirs. I charge here today that the government of the present Prime Minister (Mr. Trudeau) has perpetrated a major crime against Canadian society. Be that as it may, if in its wisdom a government chooses to disregard the wishes of the majority, that government at least has the responsibility to persuade public opinion to accept that wisdom which contradicts the views of the majority. It is not only a responsibility but an obligation.

In the case of abolition of the death penalty, the Liberal government has suppressed public debate. Instead of using the power of public persuasion to convince people that the Liberal caucus is right and over 80 per cent of Canadians are wrong, this government hides behind cabinet decrees and denies the opportunity to Canadians within their democratic institutions to discuss this important subject. I will come to these statistics and to the evidence upon which I charge this government and the Solicitor General of being intellectually dishonest with Canadians. I can produce the facts to prove that.

Getting back to the democratic accountability aspect for a moment, we have all sent out questionnaires. My questionnaire produced several thousand returns and indicated that over 86 per cent of the people in my constituency favour a return to capital punishment in cases of premeditated murder in the first degree. That statistic is reflected in all constituencies across Canada of which I am aware. Where is the democratic accountability or at least the responsibility to persuade public opinion to conform to the wisdom that the government follows on capital punishment? I have always taken the position on this question that privately I hate to see us dispensing with human life as a means of punishment. But on the moral question, we owe society a moral obligation to do what is right, for the whole population, not merely the murderers.

I now want to give some statistics to which the Solicitor General and the government never refer. They were obtained from historical statistics of Canada and show the incidence of murder for the census years 1921, 1931, 1941, 1951 and 1961, and how that ties in with current murder statistics. In 1921 there were 77 murders in Canada. There were 49 in 1931, 40 in 1941, and 52 in 1951. By 1961, with a doubling of the population, there were only 172 instances of first degree murder in Canada.

The rate of murder per 100,000 population all through the twenties, thirties, forties and fifties was less than one murder per 100,000. In fact, the murder incidence rate was .5 in 1931, .4 in 1941, .35 in 1951 and, as my colleague noted earlier, .94 in 1961. With the coming of the "just society" and the Trudeau era, the rate of murder in 1966 was 1.03 persons murdered per 100,000. By 1971 it had jumped to 1.66. By 1972, after the Le Dain ruling, it had jumped to 1.9 murders per 100,000 population. After that ruling, the Prime Minister told the young people he would relax the drug laws in this country. They were going to create a whole new Liberal society and be more permissive toward our young people. However, the laws were left as tough as they were before, and so they should have been.

We tell young people they can get involved with drugs, and that the law will be changed one day. Therefore, in 1972 with 1.9 murders per 100,000, we found that many of those crimes were drug related. By 1976 the rate had increased to 2.43 and our most recent statistics show about 2.5 murders per 100,000. Crimes of murder have increased by a factor of ten to one compared with the thirties and forties. Compared with the pre-Trudeau era, murders have increased by a factor of three per 100,000.

When the Solicitor General tries to confuse Canadians by saying there have been marginal declines in the murder rate since 1976, he is dishonestly telling Canadians that the only thing that is reducing the incidence of murder is the abolition of the death penalty. That is dishonest because there are a number of other factors which have contributed to the slight reduction in the murder rate. The minister even admits as much in a letter of which I have a copy.

He says:

—it is not a nationally applicable law—or its absence—that is the primary factor in determining homicide rates—

In other words, he has admitted that it is not the absence or presence of capital punishment which is the primary factor in determining homicide rates. But in the previous paragraph of the same letter the minister alleges that the decline since 1976 is due solely to the abolition of capital punishment. He is in absolute contradiction with himself.

I contend that the implementation of gun control legislation probably has a lot more to do with the marginal decline in the incidence of murder since 1976, and it is only a marginal decline. Any significant decline did not occur until 1978. The minister can contest me on that, but it is in the statistics. The significant decline from 2.7 to 2.5 per 100,000 did not occur until after the implementation of gun control legislation.

If we want to look analytically at the statistics, we can argue that since the advent of the "just society" our moral standards in this society have been in a continual state of deterioration. It is not the abolition of the death penalty that has created the marginal improvement in the last two to three years, it is a combination of several factors. In fact, it is morally and intellectually dishonest to try and persuade the Canadian people otherwise.

Had we retained the death penalty in this country today, I would go so far as to suggest that the rate of crimes of murder might be as low as two per 100,000 or less because of the impact of gun control legislation since 1977. You cannot take the simplistic point of view and suggest that only the abolition of capital punishment influenced the statistics, as the minister implies. In that regard, he and the government are misleading Canadians. This is the reason why it is so important to have a

full public airing of the real import of these statistics. It is just not a simplistic one to one relationship. As the minister has admitted, there is a complex of factors which affects the incidence of murder and violent crime in our society.

A government which passes laws against the wishes of the demonstrated majority of the electorate, yet fails to persuade public attitudes to change, is not a democratic government. Such a government is tyrannical. That is what this government is if it chooses to vote against this motion. They would deny Parliament access to all of the statistics and a complete historical interpretation of those statistics. We would not have the opportunity to summon witnesses, hear expert testimony from people around the world and then make a decision in the forum of Parliament in the setting of democracy. If such a decision does not reflect the wishes of the people, then the government must produce the evidence to persuade the people to change their minds.

This government is taking a dishonest approach because it is fiddling with the figures. The minister will have to admit to that sooner or later. I just hope the government will accept that this is such an important and crucial problem for Canada, that it relates to the whole quesiton of the just society, moral decay, trauma and tragedy imposed on our people, particularly the people of my riding where the rate was six murders per 100,000 people last year.

• (1720)

Of those numbers there were two separate cases of young girls, one 15 and one 12, were left naked, raped and stabbed one of whom was found on a dike a few days before Christmas morning. I could tell many stories involving circumstances of that nature in my riding. The facts prove that 20 years ago we had only 50 murders a year and we now have 500. It is a crime against humanity and society that 450 additional people are being killed each year in this country because of the policies of this government.

Thank you, Mr. Speaker.

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, on a Conservative motion, as is the case today, we notice at this point in the debate that there are about 14 Tory members present out of 112 in the House. That is a remarkable show of support for—

An hon. Member: You can't even count.

Mr. Caccia: I am glad to stand corrected. It is about 14 out of 102 in the House, so 10 per cent of the Tory party members have had the time and conviction to show up this afternoon in support of what I would call this phoney cop-out, the joke of the nation.

An hon. Member: There are only 13 Liberals present.

Mr. Caccia: Mr. Speaker, today is an opposition day. This is a Tory motion, and the hon. member for Bow River (Mr. Taylor) had better learn what an opposition motion is all about on a day which is allocated to the opposition. Such a day is one on which the official opposition has the responsibility of showing it has support for the motion it puts forward. Today we see present in the House less than 12 per cent of the Tory membership.

In a speech earlier this evening the Leader of the Official Opposition (Mr. Clark) implied that the last vote on this matter in the House was not a democratic vote.

An hon. Member: It was rigged.

Mr. Caccia: I will address myself for a moment to that issue because it has been picked up by other members of the official opposition who said it was not democratic; or, to quote from the fine speech by the hon. member for Hillsborough (Mr. McMillan), he referred to the "shackles of discipline having been imposed". I can understand that hon. member making that allegation because he was not here in the House; but the Leader of the Official Opposition was in the House when we held that vote, and he must have seen, unless he is blind, that on that day we had members of the Conservative party who voted for abolition and members of the Liberal party who voted for retention. So much for the lack of democracy!

An hon. Member: Speak to the motion.

Mr. Caccia: I am on the motion. The claim of the opposition is that the vote we took in 1976 was not democratic. How does he then explain that members of the Conservative party voted for abolition and members of the Liberal party voted for retention? There was a display of something I would call democracy. Members may want to call it something different, but that, in my book at least, was a free vote. I do not have precise figures before me, but vaguely from recollection there were some 30 Liberal members or more who voted for retention that day, perhaps even as many as 40, while on the Conservative side some ten, 15 or even 18 Conservative members voted for abolition. You will see, Mr. Speaker, that the whips were not on; it was a free vote and everybody voted according to his own judgment in that very historic vote on second reading.

The Leader of the Official Opposition—and this is the second issue to which I would like to address myself this afternoon—said a couple of hours ago, and I paraphrase him since I do not have the blues, that to vote against this motion is to vote against the right of Parliament to inquire into this matter. If this is not the joke of the month, it is a cop-out, as another colleague of mine said earlier. It is perhaps the phoniest reason I have ever heard during many years in this House for moving such a motion. I will explain why. It is a phony excuse because the leader of the Tory party simply does not have the guts needed to give leadership to his own caucus. He is simply caving in to pressures from his own backbenchers in allowing this kind of motion to come forward here today. That is why the motion is before us today. He trots along a phoney reason in relation to democracy, asking for the right of Parliament to vote on something which has been voted upon. He does not have the strength or the honesty to resist the pressure from his own backbenchers, or the strength to give leadership to his own caucus. What a shame, what a disaster, when we have at this point—

An hon. Member: You are getting more ridiculous all the time; keep going.

Mr. Caccia: Will you please call the House to order, Mr. Speaker. It is the time of the opposition that is being wasted anyway, Mr. Speaker.

For those reasons, inevitably members on this side of the House and the Canadian public have to come to the conclusion that what is before us is a caving in on the part of the Leader of the Official Opposition to pressures within his caucus. He does not believe in this motion and he has said that himself. He does not believe in capital punishment, but he cannot resist the pressures from the Neanderthals in his own backbenches.

Some hon. Members: Hear, hear!

Mr. Caccia: That is a fact. It is a reality.

An hon. Member: He is doing it for the gallery.

Mr. Caccia: As I listened to the speeches this afternoon—

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

The Acting Speaker (Mr. Blaker): Order, please. I recognize the hon. member for Peterborough (Mr. Domm) on a point of order.

Mr. Domm: Mr. Speaker, in fairness to the mover and seconder of the motion, it is totally in error for a speaker on the government side to say that the Leader of the Official Opposition (Mr. Clark) does not believe in his own motion. That is in error.

An hon. Member: That is what he said.

Mr. Caccia: Mr. Speaker, I am grateful to the hon. member for Peterborough (Mr. Domm) for realizing that the position of his party is so frail that a remark by a Liberal backbencher must provoke his intervention to demonstrate to us that his leader really means this.

Let me get on with my remarks. When listening to the speeches this afternoon I was making some quick notes on what would have been an alternative subject for an opposition day of the official opposition. I recall the hon. member for Edmonton South (Mr. Roche) writing a very fine article which appeared in *The Globe and Mail* a few days ago in which he complained about the fact that somehow this Parliament has denied him, and most of us who are interested in international affairs and foreign matters, a debate of several days on the issue. Evidently he was sitting in his seat looking not very enthusiastic or excited about the choice of topic for today's debate. Evidently he would prefer to have another topic for debate, judging from what he wrote in *The Globe and Mail* the other day. We know the hon. member for Edmonton South would prefer to have had a debate on North-South issues, in which he as well as some other of his colleagues and members of all parties in this House are interested. I jotted down the names of a number of other members who would like to have a debate on East-West relations. There are members who would like, for the benefit of Canadians watching us on television, to have a debate on the devastating effect of Washington's monetary policy on Canada and western European nations. Why not have a debate on urea-formaldehyde foam which is affecting the lives of many Canadians?

• (1730)

An hon. Member: Bring it in.

Mr. Caccia: I will go on, Mr. Speaker, with a few more quick draft proposals for the official opposition. Why not have a debate on jobs and the consistent and chronic vacancies in certain industries in this country? Why not have a debate, for the benefit of the official opposition, on nuclear armament and the need to get a handle on this tough issue? Why not have a debate on labour management and government and the desirability of intensifying consultations between these three sectors so as to achieve certain national goals? Why not, Mr. Speaker, have a debate on acid rain, or on food additives and artificial colours and what they do in the long run to the health of Canadians?

An hon. Member: Ask your own caucus.

Mr. Caccia: Mr. Speaker, why not have a debate on propane and methanol and other substitutes that would help reduce our dependance on costly imported oil? Why not have a debate on the spread between interest rates on loans and the rates paid on non-chequing deposits? Why not have a debate on the desirability of covering under social security programs Canadians who have part-time jobs? Why not have a debate on the performance of multinationals in Canada whose policies on world product manufacturing leads to unemployment among our workers who have given, in some cases, over 20 years of their life to their company, as is the case with employees of CGE in Toronto, and that company's decision to stop production of transformers?

Mr. Lawrence: This is quite a condemnation of the government.

Mr. Caccia: Mr. Speaker, why not have a debate on where we are on multiculturalism ten years after the announcement of this policy? Why not have a debate on marketing boards and whether they serve public interests? Mr. Speaker, why does the opposition not choose a debate on the long-term effect on the health of Canadians of the use of pesticides in agriculture? Why not have a debate on the improvement of ground transportation services in Canada, or a debate on how parliamentary reform would help to better serve the interests of Canadians, or a debate on quotas on imports, whether they help the industries concerned and the consumer? How about having a debate on a reduction in the spending on arms, which amounts to something like $500 billion a year?

An hon. Member: Speak to the Russians first.

Mr. Caccia: This would lead to greater development aid to needy countries. Mr. Speaker, why did I make this list?

Some hon. Members: Why?

Mr. Lawrence: Because you cannot think of any arguments.

An hon. Member: Are you going to answer yourself too?

Mr. Caccia: I made this list, Mr. Speaker, to prove a very simple point, that—

Mr. Lawrence: The government is a lousy government.

Mr. Caccia: —the official opposition is bankrupt of ideas.

Some hon. Members: Hear, hear!

Mr. Caccia: And the second point is, Mr. Speaker, that the Leader of the Official Opposition has lost his grip on his caucus.

Some hon. Members: Hear, hear!

Mr. John Gamble (York North): Mr. Speaker, I am—

An hon. Member: Smile, John, you are on TV.

Mr. Gamble: —pleased to have an opportunity to speak on this important motion, a motion which—

An hon. Member: You want to hang Joe Clark.

Mr. Gamble: —requires, if accepted, the submission of the issue of the reinstitution of capital punishment to the Standing Committee on Justice and Legal Affairs where, between the time it is referred and December 18 of this year, a determination may be made and a decision taken which would then be referred back to this House for further debate and vote. In that process it is recommended that members of this House be free to vote on that issue without being chained by party links and party discipline.

The substance of the motion itself, Mr. Speaker, ought to be a topic near and dear to the hearts of every member of this House provided they are prepared to speak their minds freely, because I doubt there is any issue that affects more deeply a new member of Parliament who is still confident that it is within our individual right and power to decide how we should speak and vote on an issue. The issue as to how we should vote is accepted as being fundamental, I should think, in examining and scrutinizing the democratic process with which we are all so familiar. But the fundamental principles behind the motion, if closely examined, are that, given the practice in the House and the freedom of the individual member to debate and vote on this issue, there may well be a direct correlation between what the individual member says and does and what his constituents believe he should do.

Now, Mr. Speaker, that correlation is fundamental to the principles of representative democracy which hold as their basic tenet the concept that members of Parliament represent someone other than themselves. Curiously enough, those "someones" are the people who reside in the riding and who send him or her here for the purpose of reflecting, they believe, their will in this place so that the laws of Canada may be in accord with the desires of Canadians. While that law may be viewed differently in different parts of the country, I doubt that there is a single issue which has had such universal acceptance among Canadians as have their views with respect to the issue of capital punishment for some classes of first-degree murder.

We have had an opportunity to examine the polls and studies on this issue and not one of them has indicated at any time that the majority of Canadians have ever viewed as being acceptable the action of this government and its predecessor of eliminating capital punishment for first-degree murder. Shortly after my election in 1979 I had an opportunity to canvass my constituents with respect to this issue. Of the 2,461 responses from every region of my riding, which consists of the three towns of Markham, Richmond Hill and Vaughan and various small communities therein, a full 82.6 per cent of those responding wished this government—at that time the Conservative government—to reinstate capital punishment. My question was: "Do you favour capital punishment for those who commit premeditated murder or take a life during the commission of an indictable offence?" That is a far more extensive and all embracing question than the usual question simply with respect to premeditated murder. Of those who responded, 14.7 per cent rejected the concept and would have voted in opposition, while a full 2.7 per cent had no opinion.

Surely the issue is not whether it is right or wrong but whether the basic and fundamental principles of democracy are to apply. Everyone of us has varying views. Those views have already been expressed within our party; and it is to our party's credit that within its framework there is enough freedom so that men and women can stand and declare their position.

● (1740)

I know there is a terrible temptation from the outset to say that the motion has built within it the framework of an immediate reimposition of capital punishment and that those who are opposed should vote against it because, in so doing, they stop the first step toward the reimposition of the death penalty. Well, that is true, if indeed members of Parliament respond to the demands of their constituents. Unfortunately we have seen in the past that there is certainly no direct response, no relationship between what the public wants and demands and what it gets. It is not a matter of dealing with a revenue bill where one may say, "If we ask the public whether it wants income taxes reduced, how will it respond?" This is a moral issue with respect to which every Canadian from coast to coast has an equal right to a view.

Let me ask those who would vote in opposition to this motion and who oppose capital punishment: what is your justification? Do you know best? Are you wiser? Are you more prudent? Let me see your IQ qualifications, if it is decided on the basis of wisdom and knowledge—wisdom and knowledge, is that why you say, "I know best"?

I suggest it is appropriate for all those people to tell their constituents: "I, indeed, am better informed than you. I pro-

pose to lead you around by the nose because that is my prerogative. You have elected me, and until the next election you take your chances". This is not the way representative democracy is intended to function. I reject out of hand the "divine right of kings" concept of rulers who adopted it in the belief they could do no wrong. That concept vanished into history, to be resurrected by the Prime Minister (Mr. Trudeau) of the country who directs his caucus as to how its members should respond.

I heard the statistics which were given by the last speaker for the government. He did not mention that there was not one cabinet minister of the entire 30 who would step out of line from under the control of the Prime Minister and, in fact, vote as he or she desired. It is well-known that some of them would have preferred to do so. That is not a free vote, but regardless of whether it is free or shackled, the real issue is whether this House is to be responsive to the public will.

We know the answer. The House has not been responsive in the past, and it will not be again. There is nothing wrong with our party, despite the fact that the views of some of its members vary with respect to this matter. They have the courage to bring it forward, hoping that hon. members over there and to my extreme left may in fact be people who feel similarly and recognize that their fundamental responsibility is to the people of Canada. It is that responsibility we intend to discharge.

We heard some illuminating statistics today which indicate how, since 1976, there has been an apparent decline in the number of murders in Canada. Of course we have not been advised of the rate of murders before the withdrawal of capital punishment as a penalty for first degree murder. The reason is that the statistics show that before capital punishment was removed from the provisions of the Criminal Code, the rate of murder in Canada, per hundred thousand persons, was lower than it is today. In 1963 it was approximately one per hundred thousand, approximately one murderer for every 100,000 people.

All these figures disclose nothing but the people who were not deterred; these are the murderers. The murderers who committed those offences were not deterred either by capital punishment or by a 25-year prison sentence. We need an analysis of those people who might have committed murder but were deterred by either capital punishment or by the fact that they would spend 25 years in jail. From where do we get those statistics? Do we go out and ask the general public, "Sir, have you ever in your lifetime contemplated the commission of first degree murder, and were you ever in fact deterred by the prospect of the grim reaper standing in the shadows with a scythe raised?" Who would respond honestly to such a question; who in fact will? Those are the questions which should be asked if we seek evidence of deterrence.

Mrs. Hervieux-Payette: The Conservatives.

Mr. Gamble: Well, it just so happens that we have a man who, in fact, has given some testimony with respect to that issue. I was rather intrigued by the comments of the Solicitor General (Mr. Kaplan) who said, "There are fully 148 criminals incarcerated in our prisons who are there as a consequence of the commission of first degree murder, and I visited some of them."

Did the Solicitor General have occasion to speak to Mr. Saul Betesh, the gentleman who, together with another by the name of Robert Kribs, was convicted of first degree murder, having raped, drugged, strangled and then drowned a certain Emanuel Jacques in Toronto on July 31, 1977? After having been convicted, Mr. Betesh said that in the event there had been capital punishment, he might well not have committed the offence.

Mr. Kaplan: This is your expert testimony!

Mr. Gamble: He is a man who in fact committed the offence.

Mr. Kaplan: He has a low regard for human life, including his own.

Mr. Gamble: We desire some further clarification of the half-truths given by the Solicitor General this afternoon. He indicated that some of the 148 criminals had been involved in attempted prison escapes. He did not specifically mention a hostage-taking in the British Columbia penitentiary in June, 1975, or the participation therein of three gentlemen, a certain Andrew Bruce and Douglas Lucas, two of the group of three, who held hostage 15 individuals, one of whom was a certain Mary Steinhauser.

Mary Steinhauser was an employee of the prison. In the process of stopping her attempt to assist in that prison escape, she was killed by a guard who rushed the inmates holding the hostages. What significance does this have? Well, Andrew Bruce was convicted in 1970 as a hired killer of a dancer and sent to prison for 25 years. With him was a certain Douglas Lucas, two of the three gentlemen to whom I made reference, who was one of two men sentenced in Winnipeg to life imprisonment on June 27, 1974, for the axe killing of Michael Ray Hurd. He was sentenced to life imprisonment. Had both these gentlemen been subject to capital punishment, the prison break would not have occurred and Mary Steinhauser would not have been killed in an effort to relieve the hostage-taking.

Mr. Dionne (Northumberland-Miramichi): How do you know?

Mr. Gamble: She might well have fallen and broken her neck the day after, but the issue here is whether or not it is the responsibility of the government and of Parliament to protect the innocent.

This is the purpose of the Criminal Code. It is not to punish the guilty; it is to protect the innocent. Unless we assume that a human being is like a tree in the forest that does not think, there is absolutely no doubt that anyone confronted with the prospect of losing his own life will give serious second thoughts to the perpetration of the offence of murder. Anyone who

would suggest otherwise is denying the right and ability of the human being to think.

Some hon. Members: Hear, hear!

Mr. Gamble: Indeed, this may be the reason why we have such opposition on the other side of the House, because the government party assumes the people of Canada cannot think. It assumes that murderers do not think. But its assumption extends to those people who might have, but did not, commit murder because they were deterred, and more deterred in the years gone by when they themselves might have lost their lives.

• (1750)

I submit it is absolutely essential in the interest of furthering the democratic process, as it is absolutely essential in discharging the obligation of this House in protecting the innocent, that regard be given to this definite cause of retarding the growth and development of the mind of man directed toward the commission of these heinous offences. I submit that the discharge of that obligation can only occur in the event that this resolution is passed and the matter is properly dealt with in committee and then referred to the House for further study and vote in the fashion which we hope would occur.

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, in my seven years of sitting in this House seldom have I heard such a piece of absolute sophistry as the one we have just heard. The hon. member who preceded me said that it is not a question of right or wrong but a moral issue. What the hell is he talking about? If it is not a question of right or wrong how can it be a moral issue? He asks whether we are wiser or more prudent than the voters. Of course we are not. But we must study the issue, while the voter does not. The general public does not have to go into the details. When we are elected as representatives of the people, the public expects us to know what the issues are and to vote according to our judgment. That is what they expect. This may be foreign to the minds of hon. members opposite who are out today, as the hon. member for Saskatoon East (Mr. Ogle) said, to hang their own leader. That does not seem to me to be a very good reason for bringing about this debate today.

The hon. member also referred to there being an apparent decline in the number of murders. He obviously does not believe the figures. But, Mr. Speaker, the figures are there. He would rather make a judgment on what a convicted killer has said he might not have done had some other system prevailed at the time. He wants to have the people who might have committed murder interviewed. Well, who will find those people who might have committed murder? If I had to listen to much more of the garbage which we have just heard, I might be tempted to commit the act myself.

Mr. Taylor: Why not sit down?

Mr. Dionne (Northumberland-Miramichi): The hon. member for Bow River (Mr. Taylor) says, "Why not sit down?" We have just heard a lecture from the hon. member for York North (Mr. Gamble) in which he told us that we do not have any freedom over here and that his is the only party in this House which has freedom. Yet as soon as one of the members on this side stands up to express his views, the hon. member for Bow River says, "Why not sit down?" The hon. member for Bow River cannot bear to hear a reasoned argument. He only wants to hear the garbage which we just heard.

Mr. Taylor: You said it was useless, not me.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, following the lead of the hon. member who preceded me, I think it would be fruitful for all of us, since the hon. member said it is a moral issue, if we again reviewed some of the moral issues and arguments which surround the question of capital punishment.

First, I want to refer to the caprice with which the law was applied when capital punishment was on the statute books of Canada. In any given year there are about 450 killings in Canada. The last year in which capital punishment was actually applied there were two convicted killers who were executed. There were approximately 448 killers that same year who were not executed. Where is the justice in that system? Where is the justice in a system in which the wealthy can afford to hire the best lawyers available but the poor must rely on legal counsel whose competence is not known, who are appointed by the court?

Mr. Taylor: You would rather let them all off.

Mr. Dionne (Northumberland-Miramichi): Where is the justice in a law which says that the poor can hang but the rich, who can hire the right lawyers, can go free? That is not the kind of justice for which my constituents elected me to vote.

Mr. Taylor: Why don't you change the law? You are the government. What are you complaining to us about?

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, if you know what the hon. member opposite is babbling about, I would appreciate it if you would inform me. It is certainly beyond my comprehension.

In this country we have a principle known as the right to life. It seems to me that that right is one of our basic premises. For that reason I think that those who are in favour of capital punishment have the burden of proving that this form of killing by the state is justified. I personally do not think that capital punishment can be justified by moral arguments.

The retentionist will argue that society needs a sanction which adequately expresses its moral outrage against both the act of murder itself and the perpetrator of that act. It is argued that capital punishment is the only just or fitting response which society can make to that most awful of crimes—murder. But this supposed just and morally endorsed sanction carries with it the seeds of severing justice through its unequal application on the poor, the ignorant, the uneducated and through the possibility that it might be applied in error. I

wonder how those great proponents of capital punishment opposite can justify the hanging of an innocent person. These seeds of injustice cannot be eliminated, despite the elaborate safeguards which have been built into our system of criminal justice.

Mr. Taylor: What about the innocent victim?

Mr. Dionne (Northumberland-Miramichi): The hon. member for Bow River is squawking again. He wants me to tell him about the innocent victim. Let him tell me about the innocent victim of capital punishment. Let him tell me how hanging someone will bring back the life which has already been taken. Where is his sense of justice? It must be in the backwoods someplace.

Mr. Taylor: I would like to tell you that they will never do it again. They will not be killing three and four like they are now.

[*Translation*]

Mr. Cousineau: Mr. Speaker, out of courtesy for the speakers this afternoon, I refrained from shouting or interfering otherwise. I listened very carefully to the hon. member for York North (Mr. Gamble) and would also like to hear my hon. friend, if only the hon. member for Bow River (Mr. Taylor) would shut his trap.

[*English*]

Mr. Taylor: Tell the hon. member not to ask questions, then.

The Acting Speaker (Mr. Blaker): Order, please. First, any hon. member seeking the floor and who wishes to be recognized by the Chair should wait until he is recognized before he speaks. Second, heckling is not going to disappear and I know of no way to reduce it. Third, it is six o'clock and the House is adjourned until eight o'clock.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, when we adjourned for the dinner hour I was trying to discuss some of the moral issues involved in capital punishment and the uneven application of the law. I will continue by saying that punishment which carries with it such possibilities of injustice in terms of its actual application cannot possibly be defended on principles of justice or morality.

One commonly heard argument is that the punishment must fit the crime, and that the most serious and heinous crime in our society merits the most serious punishment. On the surface, this principle seems logical. It also suits very well as criminological or penological principle. The more serious the crime, the more serious the punishment. However, that principle is not the same as saying that one must punish in exactly the same way the crime was committed, which is the issue before us in terms of capital punishment.

Those in favour of capital punishment say that murder by an individual requires, as punishment, murder by the state. That is erroneous reasoning. The fact that it is erroneous is demonstrated easily enough. For example, there are many instances of assaults and woundings in this country in which the victims are injured, to a greater or lesser extent. If, for example, a victim receives a stab wound, does it necessarily imply that the state must inflict a stab wound on the perpetrator of that crime? Does it mean that if someone commits a robbery, he must, be robbed; or that if he commits rape, he must, in turn, be raped? Of course, it does not. We would think the person who would suggest such a thing to be ridiculous or uncivilized. That kind of reasoning smacks of revenge more than justice.

In this country in the western world, we have evolved a complex system of justice to deal with these matters. It is the purpose of the courts to decide upon the appropriate penalties within the law which are tolerated within Canadian society. Generally speaking, the more serious an offence, the more likely it is that the offender will be given a term of imprisonment, deprivation of freedom being considered a very serious penalty by Canadians. Proponents of capital punishment do not argue that for crimes other than murder the offender must receive the same degree of injury or damage that he inflicted on his victim. Why do they then do so for murder?

I repeat, it is not logical to conclude that murder must be recompensed in kind by a murder by the state. If the state is involved in violence, it seems to me that the state is, in fact, encouraging violence. I think of that old quote from Sir Arthur Conan Doyle: "Violence does in the truth recoil upon the violent, and the schemer falls into the pit he digs for another."

A second type of moral argument which is put forward is that the majority of Canadians want capital punishment, and therefore the government must respect their wishes. I am also sure that a majority of Canadians do not want to pay taxes and they do not want regulations; but no one has suggested that we stop paying taxes or that we stop regulating the activities of the people at large.

An hon. Member: We suggest you reduce them.

Mr. Dionne (Northumberland-Miramichi): That is a totally different argument. The hon. member says, "We are suggesting that you reduce regulations and taxes." That is a totally different argument. However, every town and city in this country has zoning regulations. No one likes them particularly when they run afoul of them, but everyone likes them when someone wants to put a tract beside their houses.

The argument appears to be that if one has a head count on a certain issue, representatives in Parliament must carry out that issue. The hon. member who spoke previously made that very point. This is, in fact, a rather tenuous moral argument but one which is based more on a view of what government is, on what democracy means and what the role of a member of Parliament is. I contend that because polls, seemingly, show

opinion to be in a certain direction, it is not necessarily incumbent upon a member of Parliament to pursue that direction. Decisions must be based on reason and evidence. If a community is small enough, then all may participate in a discussion of an issue. When the community is too large, and now we are talking about Canada, it is the role of the elected representative of the people who elected him to engage in that discussion based on reason and evidence. That is what representative democracy is about. My constituents know my stand on this issue; and I, for one, am quite prepared to defend my position before my constituents and to take the consequences of whatever decision they make when the next election comes.

A third type of moral argument contends that capital punishment is a deterrent to murder. People use the word "deterrence" in two senses.

An hon. Member: Look at the statistics.

Mr. Dionne (Northumberland-Miramichi): The hon. member says to look at the statistics. I would commend him to his own advice.

We speak of general deterrence; that is, to execute a person will prevent other people in society from committing murder. Second, we talk of specific deterrence; that is, executing the murderer will prevent him from committing further murders. That is patently obvious. There is no doubt of the specific deterrence aspect. Once dead, a person cannot commit another murder. However, the line of reasoning for specific deterrence is that a murderer, having once murdered, will murder again. The evidence does not show this. Murderers are the most unlikely group of offenders to repeat their crimes. The general deterrence argument is a much more difficult one; its validity depends in large part on the results of statistical analysis.

If it is not clear that capital punishment is a deterrent, and if it cannot be argued on moral grounds, using moral reasoning, that the killing of a human being can be justified, how do we reach the conclusion that capital punishment is permissible? It is a brutal act of killing. It is wrong to kill, wrong to take a human life, whether it is taken by the individual or by the state. Execution does not erase the crime of murder. It does not bring back the one who has been murdered. It simply repeats it. I do not see how states are exempted from that clear statement which declares the sanctity of human life.

Killing is certainly abhorrent at all times; but when the state sets out to deliberately destroy a human life, perhaps that is one of the most heinous acts of all. When the state indulges in murder, the result is the weakening of the moral fabric of the society, for by such a cruel and vengeful act, the state contributes to the brutalization of society as a whole. If the state demands that its citizens act with moderation and tolerance, it would seem to me that the state cannot sanction the deliberate destruction of life. The state must set the clear example of respect for human life through the tolerant and patient advocation of law which looks to other more effective means of protecting society and discouraging crime.

An hon. Member: What about the 450 extra murders each year?

Mr. Dionne (Northumberland-Miramichi): The hon. member opposite asks, "What about the 450 murders each year?"

An hon. Member: Extra murders.

Mr. Dionne (Northumberland-Miramichi): I do not know what is meant by extra murders. I did not know that any murder was ever an extra one.

An hon. Member: It is extra compared with 50.

Mr. Dionne (Northumberland-Miramichi): The fact is that if 450 people committed murders in Canada in any given year, even when we had capital punishment there were never more than five or six who were executed in any given year. What happened to the other 444 or 445?

• (2010)

Where is the justice in such a system which applies severe punishment with such caprice? How are we going to solve the problem by having the state commit an additional 450 killings? If the state demands that its citizens act with moderation and tolerance, it must exercise some self-control and it must avoid the destruction of life. It is my belief that we are only justified in taking another life when it is the last resort in self-defence, personal self-defence, or national self-defence, as in wartime. To my mind it is very clear that capital punishment is not the last resort in self-defence. Each time the state executes a person, it admits failure, a failure of its family system, a failure of its education system, a failure of its social and economic programs, a failure of its moral and religious institutions, and above all, a failure to cope humanely and optimistically with anti-social behaviour. An execution is an act of despair toward the value of the human person.

Mr. Speaker, I would like to add a word or two to the discussion of the means of execution. There has been much debate over the years as to the "cleanest" and "quickest", most humane method for the state to employ in killing a condemned person. It would appear that as in all things there is a margin for error in the conduct of executions. *Time* magazine has written:

> Even the cleanest execution, and an appalling number are not, is so revolting to see that witnesses commonly vomit and faint. Electrocution is relatively swift, though the victim's flesh sometimes burns while his eyes strain out their sockets. With cyanide and the rope, it sometimes takes five minutes for the dying man to fall totally unconscious, and usually fifteen minutes before he is pronounced dead.

Many people seek to avoid the terrible reality of an execution by concentrating on the supposed swiftness or painlessness of the process. I am very much afraid that the history of executions in Canada, as in all other countries, is filled with grisly tales of botched hangings which have led to decapitation, double hangings and a ghastly host of other suffering inflicted upon the condemned. One should not try to gloss over this fundamental reality, no matter how distasteful it is. I too

find it distasteful that those who propose the various methods of execution always propose them for someone else to carry out. They want someone else to do their dirty work.

If there are no logical, moral reasons why society should execute a person, then it seems to me that there is only one reason that remains why proponents of capital punishment continuously pursue this issue. They are interested in vengeance and retribution. I contend, Mr. Speaker, that we cannot have laws based on vengeance and retribution. I do not think Canadians want laws based on those two qualities. They want reason, and laws that will lead to the ultimate protection of society.

In 1976, Mr. Speaker, I voted against the death penalty. I think this is an unnecessary and wasteful debate and I shall vote against the motion this evening.

Some hon. Members: Hear, hear!

Mr. Lambert: Mr. Speaker—

The Acting Speaker (Mr. Blaker): The hon. member for Edmonton West (Mr. Lambert) on a point of order.

Mr. Lambert: Mr. Speaker, I should like to ask the hon. member for Northumberland-Miramichi (Mr. Dionne) whether he was the author of the document he read to us because, as you know, Mr. Speaker, it is a tradition in this House that hon. members not read speeches that were obviously prepared elsewhere. I studiously observed the hon. member. He tore away page after page which had been stapled to the previous page. I just ask him, quite honourably, whether this is a speech—

Some hon. Members: Oh, oh!

Mr. Lambert: I could not care less what the hon. member from—

The Acting Speaker (Mr. Blaker): Order, please.

Mr. Lambert: On a point of order—

The Acting Speaker (Mr. Blaker): I appreciate the hon. member's point of order and he has made it, but the Chair faces two difficulties. The first is that I know of no regulation, rule or Standing Order which relates to members dealing with or reading speeches prepared by themselves or prepared by anybody else.

Mr. Lambert: Oh, oh!

The Acting Speaker (Mr. Blaker): The only reference that I know of that is made is that by tradition, members are not expected to read a speech verbatim, but, rather, to use notes.

I simply want to assure the hon. member for Edmonton West (Mr. Lambert) that if the Chair is to begin to enforce the rule that members may not read verbatim, then the axe will fall everywhere equally in the House.

Mr. Lambert: Oh, oh!

The Acting Speaker (Mr. Blaker): I will recognize the hon. member for Northumberland-Miramichi simply on the basis of equity but the point of order raised by the hon. member for Edmonton West—

Mr. Lambert: Mr. Speaker, you are blind. I would just—No, Mr. Speaker—

Some hon. Members: Oh, oh!

An hon. Member: Sit down.

An hon. Member: Apologize.

Mr. Lambert: Oh, oh!

The Acting Speaker (Mr. Blaker): I dealt with the point of order raised by the hon. member. I will disregard that comment and recognize the hon. member for Northumberland-Miramichi.

Mr. Lambert: —disgrace.

Mr. Dionne (Northumberland-Miramichi): In answer to the rather facetious remarks of the hon. member, I want to tell him that when I make a speech in this House I usually prepare some notes. I happen to have a stapler in my office, so it is not very difficult to staple the pages together. The notes I used make up about half of my total remarks. In the final analysis, I resorted to reading from my notes because when I departed from my notes, the heckling from the opposite side was so intense that it was virtually impossible to speak and be heard.

An hon. Member: You deserved it.

Mr. Lambert: Mr. Speaker, a point of order—

The Acting Speaker (Mr. Blaker): The hon. member for Edmonton West on a point of order.

Mr. Lambert: I will simply say, Mr. Speaker, in reply to the hon. member and in deference to some of the several catcalls from some of the backbenchers—

An hon. Member: Apologize, you have no respect for the Chair.

Mr. Lambert: —on the government side whose usual retort and operation in this House is to yell from their seats with little or no participation in this House—

Some hon. Members: Order, order.

Mr. Lambert: Mr. Speaker, I will make my point. This House has proceeded for many years on the basis of hon. members making their contributions, not from prepared texts, not piled up on—

The Acting Speaker (Mr. Blaker): Order, please.

Mr. Lambert: —yet we see a continuing—

The Acting Speaker (Mr. Blaker): Order, please.

Mr. Lambert: —an absolute increase in this with the absolute consent from the Chair, which is an abuse of the principles of the House.

The Acting Speaker (Mr. Blaker): Order, please. I think there are a number of abuses in the House at this point. First of all, it seems to me there is a standing tradition that when the person occupying the chair stands, then it is expected of hon. members that they will seat themselves. That is the first thing.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): I am not here to defend my particular ego on the subject; I am here rather to express what I think is the necessary respect due to the Chair.

The second thing is that it is understood that the person occupying the chair and an hon. member do not speak at the same time. I find myself disturbed in that I have to address an hon. member who is a former Speaker and to remind him of that.

Mr. Lambert: —disgrace. The rule is a disgrace.

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Blaker): The hon. member continues in this fashion, I will have very little choice but to look to the rules and apply them. I am embarrassed that they should have to be applied to a former Speaker.

Mr. Lambert: That's fine.

The Acting Speaker (Mr. Blaker): I want to apologize to the hon. member for Winnipeg-Birds Hill (Mr. Blaikie). I indicated to him earlier that he would be the next speaker. This is an opposition motion, however, so I would have to ask him if he would not mind waiting and I will recognize the hon. member for Haldimand-Norfolk (Mr. Bradley).

Mr. Bud Bradley (Haldimand-Norfolk): I rise to speak on this motion, Mr. Speaker, in respect of my own views and in respect of the views of my constituents. I personally favour some form of capital punishment. I feel in my heart that it is a deterrent. However, I was also elected by the constituents of Haldimand-Norfolk to represent them and their views in this House.

● (2020)

In a recent questionnaire to my constituents, one of eleven varied questions read:

> Do you feel that capital punishment should be reinstated? Yes; No; Undecided.

In response to that questionnaire, 85.6 per cent indicated yes, 5 per cent were undecided and only 9.4 per cent indicated no. I doubt if my constituency varies greatly from others in this country.

People in Haldimand-Norfolk have the same concerns as others across this land: concern for their children, concern for their friends and relations, and that concern is growing.

There has been much talk this evening about statistics on murder. In fact, the number of attempted murders has increased tremendously. There are other factors affecting the number of murders committed. Consider such things as improved equipment and improved skills of medical personnel such as those the hon. member for Hamilton West (Mr. Hudecki) possesses. I am sure he is well aware that countless lives of attempted murder victims can now be saved which possibly could not have been saved 20 years ago. That is evidence we must consider.

We live in a democratic society where the majority should rule. I suggest that the people's voice should be heard. Abolition has failed to convince them. People are demanding a return to capital punishment. We must be a responsible government. We must be mindful of the wishes of our people or we will have failed.

Is capital punishment a deterrent? What is a deterrent? If you are found guilty of impaired driving, you lose your licence. That is a deterrent. When I went to school many years ago if a child was found guilty of an infraction by a teacher, that child was strapped. That was a deterrent. Our society has been built on deterrents. We are a society of rewards and punishments. If the punishments are reduced, it is only natural that people reap the rewards legally and illegally. Too many of our deterrents are being removed from society today.

Is it not time that we started replacing our deterrents and re-educating ourselves toward respect, respect for ourselves, respect for others and respect for the standards expected of mankind?

Individuals in our society today still hold the belief that crime must be punished. The question is to what degree? Society once held that the greater the crime, the greater the punishment; the ultimate crime, the ultimate punishment. Should we not return to that belief? Should the punishment not match the crime?

Certainly one has the right to life, but should he not also forfeit that right if he wantonly denies another of his right?

What was wrong when capital murder drew the death penalty and non-capital murder drew life in prison? One major fear was that of errors by the jury.

In reality, if any doubt was in the judge's mind, not a reasonable doubt but any doubt, he would withdraw the capital charge, convert it to a non-capital charge, and the only charge on the jury was to decide guilt or innocence. We have a great judiciary in Canada. Let us give it the trust, the respect and the support it should have.

Other protections are provided. The courts provide protection for insanity, which is not knowing that what was done was wrong, and they provide protection from provocation.

I am not asking you today to agree with my views. I am only asking that you agree that changes in society have taken place,

that our constituents are asking us to reconsider the capital punishment issue.

I dislike the thought of taking a human life as much as anyone else, but I have become concerned over the drift toward almost casual murder.

What do we do with a person who takes another's life, be it deliberately, planned, through passion, hatred, jealousy, greed, emotion or just for a thrill? That is a very serious question. I tell you Canadians want us to reconsider our answer.

How can we ignore the petition which was presented today by wives of OPP officers from the Huntsville detachment? This petition contains 30,000 names of concerned Canadians, concerned about the answer which this House has given to them on capital punishment. I ask members of the Liberal party and members of the New Democratic Party to put their party lines aside—

Mr. Kaplan: They are aside.

Mr. Bradley: —and help the people of this country by taking another look at this issue. New evidence has been presented tonight from both sides of the House, both pro and con. That evidence should be studied.

In my constituency last year a young OPP constable, happily married, with two children, was called at home and told that if he met the caller at a certain spot he would be given important evidence regarding drugs. The officer went to the designated spot, recognized the caller and approached the man's truck. As the constable reached the truck, the caller emptied a hand gun into the officer. As the officer fell to the ground, the man drove over him numerous times to ensure he was dead. This murder was committed because the constable, as a result of an accident, had charged the man with impaired driving about a year previously. This man was judged insane at the time of the crime. However, it could be said this murder might have been premeditated by as much as a year, and with a proper deterrent it may have been avoided at some sane point along that path.

I grant you, situations and conditions have changed since the 1960s. Statistics have changed, people have changed, morals have changed. Society as a whole has changed since capital punishment was abolished.

I do not feel we can apply today's statistics as valid benchmarks for comparison against those of the 1960s any more than we can compare today's society to that of the 1960s.

We have taken great steps as a government in the last 20 years toward seriously damaging our judiciary system, and indeed our society. Let us pause a moment and reflect. Let us review the pros and cons of capital punishment as a deterrent. The committee report could well prove me wrong. If so, I shall accept it. But let us at least have a look.

It is like a sign on a road warning you about a curve and telling you to slow down to 50 kilometres an hour in order to navigate the curve safely. Statistics tell us how many did not slow down and thus did not make it. But there are no statistics to tell us how many heeded the warning, slowed down and safely rounded the curve. Statistics tell us how many were not deterred by capital punishment, but there are no statistics available to tell us how many were slowed down by the deterrent of the death penalty.

Perhaps we could relate to that dangerous curve in the road. That warning sign is very necessary. I feel the time has come to return to that curve to take another look at that warning sign.

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, this evening I will not go into the arguments against capital punishment. I think they have been made and made well during the course of the debate today in the House. Instead I would like to do something else. I invite all members of this House to reflect along with me on the continuing desire of many Canadians for the reinstatement of capital punishment. Why, in spite of the fact that the murder rate has actually gone down since capital punishment was abolished, do some people still have the feeling that restoring capital punishment would somehow be a good thing? Obviously we have here more than just a practical opinion about the deterrent effect of executing murderers. Something else is going on.

● (2030)

It appears that people are particularly inspired to argue for the restoration of capital punishment when either the innocent, such as children, are murdered or when law enforcement officers are killed in the course of their duties. The pain and anger which such deaths create in all sensitive human beings is not to be ridiculed. It is a legitimate response to the finality and brutality of murder.

People feel that the moral order has been transgressed, as it has, and that something must be done to show that these are not mundane events but rather events which, if permitted or regarded lightly, would eventually call into question the very basis of civilized society. They are morally outraged that such things can happen. It is moral outrage we are dealing with when we talk about the call for a return to capital punishment, moral outrage and powerlessness.

I add powerlessness because, as we encounter the mystery of death and our powerlessness to bring the dead back to life, we are tempted to turn away from the mystery and imagine that there is something we can do to make things all right again, something we can do that will atone for things already done. This is a temptation that must be resisted.

In the case of moral outrage about individual acts of murder, it is particularly tempting because there is an easily identifiable agent of our distress, the murderer. In an age when everything seems to be permitted, there is a desire among people to say that there is indeed a limit, that there are things which shall not be tolerated. In my view, the restoration of capital punishment has become a symbol for many Canadians of that need to show that there are limits.

The desire to restore capital punishment is also a response to the increasing confusion and impotence we all feel as we look around us and notice the increasing breakdown of private and

public morality, the victory of greed and self-interest brought on by far too many years of living by the philosophy that individual material success is the goal of human life. The values of the modern marketplace and the goal of the healthy and whole human community cannot be held together. Yet, rather than admit this, there are many among us, including many in this House, who fall for the temptation of looking for scapegoats, of imagining that if we could execute a few murderers, and reduce government spending, of course, all our problems would somehow go away. This is simply not the case.

One is reminded of the moral majority in the United States of America, a movement not without its supporters, I am sure, in the Progressive Conservative Party of Canada. There is nothing in the view of the moral majority which demonstrates that they understand that individuals, though they are ultimately responsible for their actions, do not act in isolation, and that what changes are needed, whatever they are, will have to be structural in nature, that is to say, social and economic, and not just, or even legal, in nature.

Therefore, one of the most basic and important insights of the old but ever valid social gospel, that we cannot expect to improve individual morality apart from improving objective conditions and human relationships and that conditions as well as persons can be said to be good, is missing from the analysis of this movement. We are relational beings, not just isolated moral agents.

The outcome of this missing link is a self-righteousness in which we hear no self-criticism, nor any encouragement to collective and social self-criticism by the American or Canadian people. It is all somebody else's fault the way we are, and the role of the state, which otherwise is a sore upon the body politic and should keep off the backs of the people, particularly as it pertains to commercial matters, is to hammer these recalcitrant individuals into shape. There is no sense of community responsibility for the present state of affairs.

It is in this sense that the moral majority is a classic case of false prophecy. It does not call the nation to repentance. It does not criticize the fundamental values of our civilization. It does not see nor even suspect that the current state of affairs is the natural outcome of our values. Instead, they can only see the present as a distortion, an aberration which needs to be forcibly corrected. There is a complete lack of social and economic analysis.

They rail against the disappearance of the family farm, but would not question the freedom of business imperatives to destroy the family farm. They rail against the destruction of the family, but would not consider guaranteeing families enough to live on or paying single parents to look after their children. That would be too liberal. For that they work to defeat you.

They rail against abortion, but would abandon the child to the marketplace the minute it is born. They rail against modern sexuality, but would not counsel the idea of publicly subsidized TV without the blatantly seductive and sexist advertising characteristic of free enterprise. That would be state propaganda. They rail against the lack of sense of community, and cannot see that 200 years of teaching individual success as the goal of human life is bound to come to evil, once the residual sense of community from days gone by has eroded. They, in effect, lament the total victory of the ideology that they otherwise espouse.

The moral majority is an ideological package, and an incoherent one at that, and the Gerry Falwell's of the world are either charlatans or suckers for their part in taking the legitimate concern of decent, suburban Christian women about the number of abortions, and making them soldiers in a political campaign to restore America's pride and military power for the purposes of holding down the poor of the world and eventually—one can only hope that will not be so—of fighting a so-called limited nuclear war in which the number of deaths and the extent of suffering associated with the problems the moral majority would like to solve through their own kind of moral and intellectual fascism, would seem insignificant.

We are all in need of a conversion to a new appreciation of the value of human life. We all participate in the radical devaluation of human life which is characteristic of the modern world. Life is cheap, and even its basic form, such as the family, is expendable. But this is not the cumulative effect of many individual acts. We do not contend with flesh and blood alone, but with powers and principalities. Persecution of singled-out groups like welfare mothers, prisoners, or even bureaucrats, will not do. Life has always been cheap, but it is only in the last few hundred years that the cheapness of life has been rationalized and sanctified by an economic system that reduces persons to things. Thus if we wish to fight for the sanctity of life, we must fight for it on all fronts, by fighting it at the root, at the source of all current exemplifications, which is the basic and economic world view of our civilization.

● (2040)

This is the problem, Mr. Speaker. This is what the moral majority cannot do. This is what the loud, strained voices to my right cannot do, because they are not willing to be Jeremiah to their people. Instead, they prefer to play the false prophet Hananiah, assuring the people that God is on their side and that all will be well soon if only these few changes are made. Movements which challenge the basic world view of a society are not likely to be as successful as the moral majority, but they are likely to be more faithful to the truth.

This is why the motion today is worthy of opposition, not because the concern of people about the murder of innocents and the murder of policemen is illegitimate—not at all. This motion is worthy of opposition because the perceptions of those who moved the motion are out of focus, and this is the kindest way of putting it, but I say it in this way because I believe there are people who are supporting this motion who are sincere. But there are others in the Progressive Conservative Party of Canada who could not care less about murder and who simply wish to play upon the fears of the Canadian people. They are the hate mongers who poison and pollute all political debate in this country with their mealy-mouthed, paranoid, self-righteous rhetoric about everything that comes

up. They are a scourge, a plague upon the political culture of our country, and I hope that someday they will receive the obscurity and derogation which they so richly deserve.

It is only when I perceive that members of the Progressive Conservative Party of Canada are as morally outraged by the death through poverty and starvation of millions of children throughout the world as they are about the homicide statistics, that I will listen to them. They could not even permit a debate on the North-South dialogue. That is how cheap they are. Only when I perceive that members of the Progressive Conservative Party of Canada are as outraged about the damage that is being done to future generations through the laissez-faire introduction of chemicals, toxins and radioactive wastes into our environment for commercial purposes, will I listen. When I perceive that they are genuinely morally outraged about the thousands of people who have been tortured, maimed and murdered by military regimes which they support for the barefaced, disgusting reason that these regimes are friendly to their rapacious friends, the multinational corporations, only then will I listen to them, but not before. But in the continued absence of such outrage on their part, I can only regard this motion as an act of political deflection or hypocrisy, or both.

What of the Liberal Party? They pride themselves in the fact that they abolished capital punishment. This is one of their few claims to fame as a party of humane and progressive values. They often hang their whole self-image on this one hook, with a kind of intellectual snobbery that many, quite rightly, find irritating. The Tories seem conceptually unable to graduate from seeing morality as anything other than individual in nature. Talking about collective political morality, about social and economic justice, about exploitation and oppression, just rebounds off their thick skulls. But the Liberals seem at times, and I say this in all sincerity, to have lost the ability to be outraged about anything anymore. They are the cool trippers. They are in charge, and they are, for the most part, protected from the consequences of their indifference to human suffering, whether it be the James Bay Cree, children dying in Northern Quebec, the poor of El Salvador, the consumers who are victimized by dangerous products on the market, or the generations to come who will have to live with the folly of their nuclear program. It is not cool around here to really care about anything.

Setting up a committee to look at capital punishment will not get to the heart of the matter, but neither will the defeat of this motion in and of itself. That will take more courage and more clarity than I at this point have come to expect of the present government.

Finally, Mr. Speaker, I wish to address the argument that those of us who oppose the restoration of capital punishment, in spite of public opinion, are somehow violating the spirit of democracy. Apart from the obvious hypocrisy of this charge, given the fact that the same people from the PCs who spoke today would not change their minds about PetroCan if the whole world was for it, there is the irony of hearing these arguments from members of a party who would like to be thought of, and who parade themselves, as defenders of parliamentary democracy, the kind of democracy in which the representatives of the people are elected to use their best judgment and to be answerable for that at the next election, which I am quite prepared to do. I have answered twice already. As Edmund Burke, that great Conservative thinker, said so clearly, MPs owe their constituents many things, but their good judgment and their conscience are their own, and so it should be.

The so-called defenders of parliamentary democracy are arguing for the politics of the public opinion polls and for referendums, which incidentally they oppose when it comes to constitutional matters. I am prepared to discuss with my constituents those areas where I am at variance with the majority of opinion, and, indeed, I do because I respect their views, and I have found that they also respect my views even when they disagree. If the politics of the Conservative spokesmen today prevailed and if they were to have their way, we might just as well pack up the House of Commons and instal a computer which would assess public opinion at any given time and make decisions accordingly. Of course, in many respects, this is what the Liberal party is already doing to destroy democracy. In this we now seem to have once again Conservative agreement.

I have little more to say except to apologize to the remnant, the minority within the Progressive Conservative party which does oppose capital punishment. I extend to those members my sympathy this evening for the embarrassment which many of their colleagues must have caused them up to this point in time. Thank you.

Mr. Howard Crosby (Halifax West): Mr. Speaker, let me begin my remarks by referring to the specifics of the motion which I can summarize very briefly in this way. What we are asking the House to approve is a reference of the subject of capital punishment to a committee of this House, nothing more than that. As the Leader of the Opposition, the right hon. member for Yellowhead (Mr. Clark) explained when he addressed this House, this is an exercise in parliamentary democracy. But it has become much more than that. It has become an exercise in democracy because, while we in Parliament ought to have the opportunity and chance to express our views on this subject, the people of Canada ought to have their opportunity to express their views on this subject, and they ought to be able to do that before a parliamentary committee so their views can be recorded and recognized by this House of Commons and by this Parliament of Canada. We should not sweep the matter under the table and let it go on the vote that took place years ago. This is 1981 and we have to face the problems of 1981. We cannot hide behind something that was done four or five years ago.

● (2050)

I am ashamed, Mr. Speaker, as the hon. member for Winnipeg-Birds Hill (Mr. Blaikie) is ashamed, because I would have thought the point made in this debate would be: I might not agree with what you have to say, but I will fight for

your right to say it. And that is not the attitude of those armchair socialists to my left in the New Democratic Party. The hon. member for Saskatoon East (Mr. Ogle) rose in a throe of smug pomposity, and told us that we do not know about these things. He knows about them, he has talked to people, he has been there and understands the situation.

An hon. Member: You sound a bit agitated.

Mr. Crosby: Well, I can tell that smug and pompous member of parliament that I have been there too. Five years in legal aid, the defence of murder case after murder case—

An hon. Member: All of which you lost.

Mr. Crosby: I walked through the jails, Mr. Speaker, where the guards were afraid to go in the cell with the accused person. So I walked the walk and I can talk the talk, and I can tell you that I am in favour of this matter going to a committee, I am in favour of the reinstatement of capital punishment, and I defy anyone to deny my right to say that in this House or anywhere else.

Some hon. Members: Hear, hear!

An hon. Member: Who is denying your right to speak? You are speaking now.

Mr. Crosby: Mr. Speaker, in Canada it is one man, one vote, and every Canadian has a right to their view on capital punishment. Be they smug clergymen, be they dishwashers in the lowest restaurant, they have their right to their view on capital punishment. It has been proved time and time again that the majority of Canadians support the reinstatement of capital punishment. To deny the expression of that view in this House is to deny our democracy, and I am not listening to any empty rhetoric—

An hon. Member: Who is denying anything?

Mr. Crosby: —in this House that places it on some other basis, that says a man or a woman does not have the right to hold a view, the right to express that view and to have it recognized in this House.

An hon. Member: Have you been in some other debate?

Mr. Crosby: We have heard talk about the Third World, and I am interested in that. I am concerned with the plight of the children in the Third World, about those who do not receive enough to eat, who are starving and dying every day. We know about that, but in Canada we have starvation, we have problems. If you do not believe that, come with me and I will show them to you in the heart of the city of Halifax, and I suspect in the heart of Saskatoon as well. There are these problems, but we cannot deal with every problem in the world. If we were to pray to the Almighty, we would pray for the knowledge, wisdom and capacity to allow us to change what we can change and not waste our time attempting to change what cannot be changed by us.

Some hon. Members: Hear, hear!

Mr. Crosby: I can tell you, Mr. Speaker, that one of the things we can change is the law with respect to capital punishment, if that is the desire of the people of Canada. We have heard statistics throughout this debate. The Solicitor General (Mr. Kaplan), whom I would otherwise admire, has said that there is evidence that capital punishment is not a deterrent to murder. Well, I can tell him through you, Mr. Speaker, that he does not know that. You do not count it on just the—

Mr. Kaplan: I did not say that.

Mr. Crosby: —simple statistics of the murders that have occurred. We do not know what evil lurks in the hearts of men.

An hon. Member: The Shadow knows.

Mr. Crosby: We do not know who is deterred from what action. No one can stand in this House and say, "Look, I have the answer", I can tell the Solicitor General that he does not have the answer. I do not want to be mean to him, but several months ago in the Standing Committee on Justice and Legal Affairs the Solicitor General described the prison population. I asked him at that time to remove from the prison population those offenders—those convicted criminals—who were beyond rehabilitation, who were dangerous even in the confines of the prison, to other inmates and to the guards. I said that in Dorchester penitentiary that situation existed then. In the same smug, arrogant way that he is telling this House about capital punishment and the fact it is not a deterrent to murder, he told me that that was not necessary, that the best course of action was to keep those prisoners in the prison population and that this would lead to their rehabilitation. Several months and one murder later he was back in this House saying that they are making a list of the most dangerous offenders in our prison population and they are going to isolate them. The trouble is, Mr. Speaker, that was one murder later.

Having said that, I recognize, as I think all members do, that there are many views on this subject. There are people who are opposed and there are people who support the restoration of capital punishment. I think something that has been totally lacking in this debate, particularly among the members of the New Democratic Party who have spoken, is respect for the different views on the subject. I would have thought that that would prevail in this House during the debate—respect for different views.

I have here a memorandum from the Canadian Council of Churches referring to the work of the task force on capital punishment that involved a great many societies in Canada. I respect their view. I understand what they mean. I understand their concern. I can see why they want capital punishment to remain abolished in Canada. I respect their view. But I expect them to respect my view, and my view is that, as a member of Parliament, I must represent the people who elected me. I intend to do that.

Some hon. Members: Hear, hear!

Mr. Crosby: The purpose of this exercise is to make sure that, as members of Parliament, knowing what our constituents feel about this subject, we do something to ensure that they have the opportunity to express those views. How can anybody argue against that?

An hon. Member: Nobody is.

Mr. Crosby: Mr. Speaker, punishment in our system should have three elements: retribution, deterrence and rehabilitation. When I talk about capital punishment, I am talking about people beyond rehabilitation who, by any test, cannot be allowed to exist and go free in society. I am not talking about a 16-year-old boy who commits murder in almost accidental circumstances. I am not talking about a person whose mind is so diseased or disordered that he or she cannot be expected to account for their actions. I am talking about terrorists, the worst kind of murderers, and the planned and deliberate murders that I have seen in my own career. I defended ten men during my career because it was my duty to do so, and I performed my duty. But right now I have a different duty. My duty is to represent the people of Halifax West, to listen to the people there and the people across Nova Scotia and Canada, and to present their views in this chamber. That is exactly what I am doing and that is what all the members here are doing.

Some hon. Members: Hear, hear!

Mr. Crosby: To come into this chamber and impute motives to us of the kind and character suggested in this House today is despicable, in my opinion, and I will not tolerate it. I am certainly not in any way, shape or form in fear of the public or anyone else because of my view of how I should represent my community. But I do reject, and I hope all members on this and the government side reject, the idea and philosophy—this holier than thou attitude—that certain members know certain things which allow them to dictate a certain course of action. I tell you, Mr. Speaker, they do not know. They cannot solve the problems in El Salvador, and right now it appears they cannot even solve a crucial problem in Canada because they will not allow it to come forward for discussion. They will not allow the democratic right of the people to be exercised through this chamber. They want to spin it off and deal with it on some higher basis. Well, I do not know what higher basis there is in political life in Canada than the people of Canada. Their views and our ability to represent those views in this chamber.

Some hon. Members: Hear, hear!

Hon. Warren Allmand (Notre-Dame-de-Grâce-Lachine East): Mr. Speaker, any murder anywhere in Canada is a horrible act and should be condemned, and communities where these horrible murders take place have every right to be outraged and upset when a murder takes place in their midst. But it is completely false and misleading and, I maintain, phony, to suggest that any community or individual will be protected from murder by the reintroduction of capital punishment. The evidence is overwhelming, not only in Canada but around the world, that capital punishment does not protect communities or individuals from murder. It does not protect policemen; it does not protect children; it does not protect old people; it does not protect prison guards. Generally the lowest murder rates exist in states without capital punishment. As a matter of fact, the highest rate exists in countries with capital punishment. In western Europe, the highest murder rate exists in France where they officially have capital punishment and have applied the guillotine several times in the last few years.

• (2100)

Mr. Lambert: No, that is not true.

Mr. Allmand: It is true.

Mr. Lambert: They have applied it twice.

Mr. Allmand: It has been used four times. In Canada, since the abolition of capital punishment in 1976, there has been a continual decline of the murder rate. Because some hon. members opposite have disputed that, I want to put the figures on the record once more. In 1975, there were 701 murders in Canada; in 1976, the year of abolition, there were 668; in the year 1977, there were 710, which was a slight increase; in 1978, there were 658; in 1979, there were 631; in 1980, there were 593.

In the city of Montreal, which had a reputation for horrible and serious murders several years ago, in 1975, the year before abolition, there were 112 murders. In 1976, there were 83; in 1977, there were 100; in 1978, there were 70; in 1979, there were 68, in 1980, there were 45. The most recent statistics are for the end of March this year when there were 24 murders. If that trend continued for the rest of the year, there would be approximately 60 murders, which is a considerable decline from the 112 in 1975.

Some people believe that capital punishment should only apply for the murder of policemen. The highest number of policemen ever killed in Canada was 11 in 1962 when capital punishment was in force. At that time, two people were hanged in this country for killing policemen. Since that time, the number has always been lower. I must say that any number of policemen who are killed is too high, but to suggest that capital punishment will protect policemen is false, misleading and phony. There is no relationship between murder rates and capital punishment.

The only real reason behind the wish to bring back capital punishment is vengeance. Unfortunately, vengeance is not a sound basis upon which to build a criminal justice system. Some people say to me that if someone in my family were murdered, then I would change my mind. There is no doubt that if a person were murdered in anyone's family, the family would be considerably upset and the first reaction would be against the killer. However, this is no basis upon which to build a criminal justice system.

In the Kennedy family in the United States, two sons were murdered. We did not hear Mrs. Kennedy or the rest of the family clamouring for the return of capital punishment. When

Martin Luther King was assassinated, we did not hear Mrs. King clamouring for the return of capital punishment or for capital punishment to be applied. In the last capital punishment debate in the House, I was the minister putting through that bill. In the middle of the debate, a young policeman was murdered in Toronto—it was a horrible killing. Of course it affected the debate, but what was significant was that the widow of that murdered policeman wrote to me and to Mr. Brewin, who was then a member of the New Democratic Party, and pointed out that although she regretted and grieved the loss of her husband, she did not want to see the killing repeated and she did not want us to vote in favour of capital punishment. In fact, she said that her policeman husband who was murdered would not have wanted it to be brought back.

If we were really interested in lowering murder rates and protecting the public, we would try to determine the causes of murder and violent crime, and we would go to work on those causes. Some of the causes which have been suggested are the rise in violence due to the use of alcohol and drugs, the ready availability of guns, our poor education system, poverty, injustice, poor housing, weak and inadequate recreational programs, weak family life, poor systems of juvenile corrections, poor psychiatric services and inadequate support for our policemen. If we want to support policemen, let us give them the support they need so that they can do their jobs properly—the training, manpower, equipment and so on. But let us not fool them by going along with the myth that they will be protected if we reinstate capital punishment. This is the real solution.

Mr. Domm: Mr. Speaker, I rise on a point of order. I am sure the hon. member on the government side will want to correct his statement wherein he corrected us by saying that we gave wrong figures concerning France versus Canada. If the hon. member would relate the number of fatalities in France per 100,000—and they have capital punishment—he will find that our rate is much lower.

Mr. Deputy Speaker: The hon. member is entering into debate.

Mr. Allmand: I was not comparing the rate in France to the rate in Canada. I said that France was the only country in western Europe with capital punishment and that its rate of murder, in comparison with its neighbours in Holland, Belgium, Sweden, Denmark and West Germany, was higher. I never said that it was higher than the rate in Canada; it is higher than that of its neighbours in western Europe.

If we are really interested in solutions and in protecting the public, we should aim our efforts toward the causes of violent crime and correct them. When we ask the public in a simple poll in a referendum whether they are in favour of capital punishment, of course they will answer yes, because they are outraged by the crimes in their communities and want protection. If we ask them other questions, they may reply in different ways. If we said, "What do you think is the principal cause of violent crime and murder" or "What would be the best way of protecting communities against murder" and listed many options including capital punishment, we would find capital punishment somewhere in the middle of the list.

No one in Canada wants to see a long string of executions. They want protection from violent crimes and murder. We in this House have a responsibility to give them that protection. We should direct our efforts and deliberations into that area.

Capital punishment is not justified for several reasons. First, capital punishment is deliberate killing, and deliberate killing is morally wrong, unless it is done as a last resort in self-defence. Capital punishment is not a last resort in self-defence.

Second, it does not effectively protect communities and individuals against murder. Since capital punishment involves, by its very definition, the taking of life, the burden of proof is on those who would present it as a solution to show that it will be effective and will do the job they claim it will. I have not heard any argument either tonight or in the other five debates in which I participated on this subject.

Third, capital punishment is not justified because if a mistake is made, it can never be reversed. With all other penalties in the Criminal Code, if one makes a mistake, one can reverse the situation, release the person and give him damages for what he suffered, his wrongful imprisonment.

Fourth, when capital punishment is applied traditionally and historically, It is applied inequitably. It has been applied more often to the poor, to racial minorities, to the uneducated and to immigrants. Those people with means, who are wealthy or have connections, have a much better record of escaping the penalty of capital punishment, of escaping execution.

• (2110)

Finally, it is unjustified because—and this point was made by the head of Scotland Yard in Britain—it is ineffective since it leads to too many acquittals. In countries where there are juries, juries are more likely to acquit when the penalty for murder is capital punishment because they are afraid that they may wrongly send someone to their death. As I said, this argument was made by the head of Scotland Yard in Britain. On the other hand, when juries know that capital punishment is not the penalty for murder, they are more likely to convict, and at least put the person away where he will not be a danger to society.

I can suggest some matters which should be sent to committee for study if the House is really interested in studying the basics of this problem. First, as I suggested before, we can make a reference to committee to study the cause of violent crime and what the responses should be to those causes.

Second, we could examine whether the present sanction for murder is the best one. I am thinking of the life sentence with a minimum term of imprisonment of 25 years before parole for first degree murder and a minimum of ten years' imprisonment before parole for second degree murder. I think it is time to re-evaluate this to see whether it is the most appropriate penalty for murder when there is not capital punishment.

Third, a committee could very well study programs for long-term offenders. How do we deal with offenders when they

are sent to prison for a long period of time? How do we change those programs to make them more rehabilitative, more secure and more humane?

Fourth, a committee could very well study how we could better assist the victims of crime. Very often parliamentarians forget that by executing the killer, we do not bring back the murdered person. But there is a great deal we could do to assist the victims of crime. I would certainly support any party in this House which would refer those matters to committee.

There has been some suggestion in this debate that there really was not a free vote in 1976, the last time we dealt with this matter on an official basis.

Mr. Siddon: Right on, it was a fraud.

Mr. Allmand: I want to assure members of this House, as the minister who had to pilot that bill, that it was very much a free vote. As a matter of fact, 30 per cent of the members of this party voted against my bill. On the three votes which we had to face in this House, we only won those votes by margins of five to 15 votes. If we had not had the support of the New Democratic Party, of which all members voted for abolition, we would have lost the vote. The whip of my own party, whose views I respect, campaigned against the bill and against me on the issue and persuaded many members of this party to vote against the bill. In a speech I made at that time I can recall stating that the vote on the bill was to be a free one for everyone except the cabinet. I presumed that since the cabinet approved the bill, they would be exempted from the free vote situation. Within a day of having made that speech, the Prime Minister (Mr. Trudeau) and the then House leader, who was Mr. Sharp, stated publicly that I was wrong and that the free vote applied to everyone, including members of the cabinet, despite the fact that they approved the bill.

Mr. Kilgour: Just coincidental.

Mr. Allmand: Mr. Speaker, members opposite will believe anything they want to believe to suit their purposes. I am telling you, Sir, that the vote caused many of us an awful lot of trouble. I think I was the only minister in at least 25 years who had to go to the House with a serious bill and not know that I had my caucus behind me.

We did get the majority in the caucus behind us, but 30 per cent of this caucus voted against the bill. They say that because all the cabinet voted together, therefore it was not a free vote. Yet all the social credit members in the House at that time voted against the bill. Was that not a free vote for them? They all voted against the bill because that is what they believed in. Members of the cabinet decided to support the bill because that is what they believed in.

I would like to say, Mr. Speaker, that in principle I am opposed to having free votes on these types of issues. I believe that if a government has to administer a penalty, then it should take the responsibility to see that the penalty is one with which it can live. I do not see how the Leader of the Opposition (Mr. Clark) can state, as he did when he was prime minister, that he would allow a free vote on the issue, even though he did not believe in capital punishment. He said he would live with the result. On a question of principle such as this, I do not see how a government which believes in one thing can administer a law which is completely contrary to its beliefs. As far as I am concerned, I think that if a government and a party believe in something they should stand together on an issue and either survive or go down with it. That is the way I feel about this particular situation.

Some hon. Members: Hear, hear!

Mr. Allmand: Some members of the opposition have suggested that a true parliamentary democracy is one in which the members in this House vote on the basis of opinion polls and referendums. One after another members of the opposition have stood up in their places and said "I have conducted a poll in my riding, the results of which are such and such." If parliamentary democracy is to be equivalent to voting on the basis of opinion polls and referenda, then we have descended to a very low level.

As the New Democratic Party spokesman who preceded me pointed out, the Conservatives have certainly not read one of their great philosophers and inspirations, Edmund Burke, who pointed out—and this has been repeated time and time again—that in the British system of parliamentary democracy members are elected to represent their constituencies by studying issues in depth, by considering all arguments and then making a decision which they consider to be best for the country based on all the evidence. They then go back to the electorate the next time around and face the music.

I have voted against capital punishment four times in this House already. Twice I have presented bills to abolish capital punishment. I have gone into six elections, three of them following the bill I presented to abolish capital punishment, and I was re-elected. The issue was raised in every election campaign, as was pointed out in this House in debate. People disagreed with me, and I disagreed with them. But we put our views on the table honestly, and despite that it was felt that this was an issue in which one should see balance. As I said, we were re-elected.

Mr. Gamble: You say you know more than your constituents.

Mr. Allmand: I will be glad to distribute those comments about my constituents at the next election. In fact, I will give a copy to the Conservative candidate.

In conclusion, if the supreme value in this country and in this House is human life, then society should never repeat the act of the criminal. A criminal justice system based on revenge is not appropriate to civilized society. We must look for solutions that are humane, civilized but also effective and that offer security. Capital punishment, Mr. Speaker, is not effective, it does not offer security, it is not humane and it is not civilized.

Some hon. Members: Hear, hear!

Mr. Geoff Scott (Hamilton-Wentworth): Mr. Speaker, I am indebted to my friend, the hon. member for Kindersley-Lloydminster (Mr. McKnight) for yielding his position on the Speaker's list to allow me the opportunity to address the House on capital punishment.

This is probably the most important and difficult subject any member of Parliament can deal with during his tenure in the House of Commons. Capital punishment is important to many thousands of constituents in whatever riding a member is honoured to represent and whatever his political persuasion. It is difficult because, while the 75,000 people I represent in my riding of Hamilton-Wentworth expect me to speak on their behalf, I know I will be placing on the parliamentary record views with which many will disagree. I know that there are colleagues around me in this chamber who will strongly disagree with what I am about to say.

I have heard some very reasoned arguments today from the Leader of the Opposition (Mr. Clark), from my friend from Hillsborough (Mr. McMillan)—and a very excellent speech it was—and even from my friends the hon. member for Notre-Dame-de-Grace (Mr. Allmand) with all his reasoned arguments. Those gentlemen are convinced abolitionists. I know, too, that most of my former colleagues in the parliamentary press gallery will profoundly disagree with my stand on capital punishment. However, my colleagues in this House cannot disagree with my stand on the right of Parliament to debate this issue and to hold a free vote on capital punishment.

Some hon. Members: Hear, hear!

● (2120)

Mr. Scott (Hamilton-Wentworth): I will leave it to the lawyers and the self-styled criminologists to set down their learned arguments on the benefits to society or otherwise of capital punishment. I am not going to get involved in the statistics game in terms of whether the number of murders in this country since the death penalty was abolished is up or down. In fact, the most recent statistics today show the murder rate is down. But, as my distinguished colleague, the hon. member for Parry Sound-Muskoka (Mr. Darling) has just pointed out, no one is talking about the number of attempted murders. Because of science and medical skills, over the last few years many lives have been saved which might otherwise have become a number in murder statistics. Who knows what would have happened to the President of the United States, his press secretary and his bodyguard if they had been shot in the same way ten years ago? I do not believe statistics. I simply observe what is happening. I see international terrorism on the rise. I hear the head of the U.S. Federal Bureau of Investigation say that this is the most violent period in contemporary U.S. or Canadian history.

I read of a man who had been convicted on a previous charge, who telephoned a policeman, asked him to come down to make an appointment, and lay in wait for two or three hours. This was the policeman who had nailed him on the previous charge. Then he gunned him down, leaving a young widow and three children to mourn the death of that policeman who had only been trying to do his job. That one incident in Delhi, described by my colleague, the hon. member for Haldimand-Norfolk (Mr. Bradley) convinces me, more than any number of statistics which one could cite here, that society can do without that kind of offender.

Is the death penalty a deterrent to murder? It probably is not to the person who, in passion, shoots a girlfriend, or a wife, or the wife's boyfriend, or whoever. I am not arguing the "shoot first, ask questions afterwards" syndrome. I am concerned about premeditated first degree murder. I am zeroing in on the convicted murderer of a young Portuguese shoeshine boy in a homosexual slaying a few years ago in Toronto. The killer was publicly quoted as saying: "If I'd known the death penalty was still in, I'd have thought twice about doing it." I am zeroing in on a known terrorist who almost fulfilled his vow to assassinate the Pope. I am zeroing in on kamikaze terrorists who hold innocent people hostage and keep the world in suspense while trying to force countries to release their terrorist comrades from jail so that this vile network of guerrillas can continue to plunder and pillage a world that is striving for "peace".

In this motion today, we in the official opposition are zeroing in on the question of capital punishment to hear the views of the people of Canada through their elected representatives; because deterrent or not, statistics to the contrary, there is a silent majority out there, and a very sizeable silent majority, that wants a return to capital punishment. The government, the media, surely must ask, why, is this just another part of the sway to the right that we have seen in Great Britain, the United States and in other countries? Can it simply be revenge? Is it a reaction to the increase of violence and terrorism on the international front? Is it a disbelief of statistics, a disbelief of those who say that there really is no deterrent with the death penalty? Is it a combination of all these factors? Or is it something deeper?

You would never know it by reading the papers recently, Mr. Speaker. The surest indication that today's motion has touched a raw nerve with committed abolitionists is to read what the media heavyweights are writing lately. *The Toronto Star* calls this exercise "inexcusable Tory mischief". Southam News Services' Christopher Young, under a Montreal *Gazette* headline, "Tories Grab Own Throats Again", asks, "Why divert attention from (other) valid issues by trying to stir up a new campaign for capital punishment, which could not in any case be successful?" The Toronto *Globe and Mail* reported: "It is an issue that is charged with emotion, a base emotion in many cases. Capital punishment was permanently abolished by a free vote in the House of Commons in 1976."

Some hon. Members: Oh, oh!

Mr. Scott (Hamilton-Wentworth): I will have a little more to say about that statement in the *Globe and Mail* editorial in a moment; that 1976 vote was anything but free. Let us not leave without a word from Mr. Allan Fotheringham, who characteristically describes this debate as "grasping at the noose when there are pressing problems before us is not only sleasy, it is super cynical". In his eyes, we on this side are

"fang-toothed slobberers after revenge; narrow-eyed yahoos who cannot wait to get back to the rope".

An hon. Member: Show us your tooth!

An hon. Member: Show us your fangs!

Mr. Scott (Hamilton-Wentworth): Well, we media types always did like to feel we were in the vanguard of public opinion. Given real public feeling on this issue, I really think that these media sources speak for themselves.

Let me dispense with the free vote myth that my colleague, the hon. member for Notre-Dame-de-Grâce-Lachine East (Mr. Allmand) dealt with and that has been mentioned as well by Chris Young. I covered that 1976 debate and the crucial vote in detail as a reporter for many broadcasting outlets across the country. I know for an absolute fact that the Prime Minister (Mr. Trudeau) ordered his entire cabinet to vote abolition, that he put his chief government whip, the then hon. member for Hamilton Mountain under excruciating pressure to change his mind on the issue, and then Mr. McFarlane was exhorted to put some pressure on other wavering Liberal colleagues to tow the government line. I have no idea. I do not even want to know.

An hon. Member: Pure nonsense!

An hon. Member: Pure garbage!

Mr. Scott (Hamilton-Wentworth): Do not get too excited over there. This must be touching a nerve.

Some hon. Members: Oh, oh!

Mr. Scott (Hamilton-Wentworth): I do not even want to think about some of the political carrots that were dangled before those Liberal members who were sufficient in numbers to tip the scales and, by a very few votes, succeed in abolishing the death penalty in Canada.

The point I want to leave with the House is that the 1976 roll-call on capital punishment was anything but free. It is clearly the most dramatic example of this government flouting the will of the Canadian people. There are others: unification of the Armed Forces; its force-marching us into metric shopping. But in no area has this government, indeed this Parliament, been more out of tune with Canadian public opinion than on the capital punishment question.

There is one consistently true argument made by the media movers and shakers of public opinion: capital punishment should not be the highest priority issue, either in our ridings or in the Progressive Conservative party at this time. There is absolutely no question that the economy, gas prices, energy pricing arrangements, the uranium cartel, issues before the public these days, are deemed to be more important and more newsworthy by the media.

I want to put on the record today that we have sought for many months the chance to bring the death penalty matter before Parliament. Since 1978, through three federal election campaigns, I have promised the people of Hamilton-Wentworth that I would raise the capital punishment question in the House at the earliest opportunity.

Some hon. Members: Hear, hear!

Mr. Scott (Hamilton-Wentworth): The Liberal government has refused to reconsider this controversial issue since I became a member of Parliament. Indeed, the Prime Minister stated during at least one of the election campaigns he would see to it that capital punishment would never again come before Parliament so long as he is in charge. We have therefore been forced to use one of our allotted opposition days to make one simple request of the House; and that is, to refer the capital punishment question to the appropriate standing committee, and to recommend that there be a truly free vote on this issue. This is our one chance. A great many people will be watching what we say here today and how we vote later tonight.

Let me deal with another myth surrounding this debate, namely, that we are merely a bunch of right wing yahoos—

Some hon. Members: Hear, hear!

Mr. Scott (Hamilton-Wentworth): —who have pressured our leader—I figured we would get some reaction—into agreeing to this opposition day subject because he does not dare deny his caucus this opportunity to appeal to a certain segment of society. That is the kind of media bilge people have been reading. If the CBC were not still on strike, we would be hearing a lot more of it.

I want to remind the House and my former media colleagues that it is our leader, the right hon. member for Yellowhead who, through two federal elections, agreed to allowing a truly free vote on capital punishment, and who informed our party's caucus that, as prime minister, he would abide by Parliament's decision. No other party leader has made that commitment. I am proud to have a leader who keeps his promise and who allows members of his party to speak their minds on a fundamentally moral issue on which we and our leader can disagree. The Leader of the Opposition has the guts to listen to his MPs and to bring this intensely personal matter where it belongs, and where the Liberal government has prevented it from coming to the floor of this House of Commons, then to be sent to a parliamentary committee in the glare of a concerned public opinion. That is the way a democratically elected assembly should be able to operate.

● (2130)

I firmly believe that we, as elected representatives in this chamber from whatever party, should do the best we can to accurately reflect the views of the people who sent us here. I do not know how my hon. friends on the Liberal and NDP side of the House can deny their electors the pledge they made during past election campaigns to speak on their behalf? Are we not all honoured to be members of Parliament because the majority of our constituents felt that we would truly represent

their sentiments? Surely we are expected to reflect public opinion, not thwart it.

On this issue especially, I know I am speaking for the vast majority of the people of Hamilton-Wentworth when I worry about the fact that we as a society treat the killers better than we do the victims' relatives; certainly we give them more consideration. I also believe that I am speaking for most of my people when I echo the thoughts of an eight-year-old girl who wrote to the *Toronto Star* on January 24, 1981, as follows:

> I am eight years old. I think the OPP, Ontario Provincial Police, should have bullet-proof vests because I want my daddy to stay alive. I think other policemen's children would like their daddies to stay alive too.

That is from Dana Rankin, from Midland, Ontario.

A bullet-proof vest might have saved Duncan McAllesee's life; I do not know. What I do know is that we must face some grim facts. We must discuss those grim facts in committee and decide on those grim facts in a free vote in this House. The world is reeling with blows struck by people who gun down popes and presidents and policemen. We must stop them. That happens to be my own personal view as a parliamentarian. I urge the House to support our resolution to permit all other members of this House of Commons to express their views in a free vote. It is a most difficult issue but one of great importance to a great many Canadians.

Some hon. Members: Hear, hear!

Mr. Roland de Corneille (Eglinton-Lawrence) Mr. Speaker, having heard the comments of the hon. member for Hamilton-Wentworth (Mr. Scott) regarding his concern for the tragic violence in the world, and his citation of the fact that there have been attempted assassinations on His Holiness the Pope, the President of the United States and others, I want to say that I do not take second place to him in his concern about terrorism and assassination. I recall that it was on the same day as the attempt was made on the life of the Pope that I moved a motion under Standing Order 43 calling for action in the United Nations and for an international conference and others steps to be taken, to try to find ways to cope with the problems of violence and assassination in the world.

I recall, too, that on a previous occasion, last October I believe, I moved a motion in this House condemning the acts of terrorism in France and the violence which brought about the death of a number of people in Paris. They were the innocent victims of an attempt to kill a lot of Jews who were in a synagogue at the time, who were innocent people and who might have been destroyed as well. So I take no second place to anyone in this House in my concern about acts of violence and terrorism.

The hon. member for Hamilton-Wentworth asked why we are so concerned about looking after the criminals and not the victims of violence. I do not believe, Mr. Speaker, that this House of Commons has indicated concern only about criminals and their well-being. It seems to me that time after time we have expressed our condemnation of any kind of violence and terrorism. If we say that we should be caring about the innocent victims of crime, then I would be the first to support any motion to discuss what we can do for them. It seems to me that if this subject were brought up, it would advance the cause of those who are suffering, and that we could do something worth while for those innocent victims. It would be deserving of a day of debate to see what more we could do for the victims of crime.

I have to ask myself, Mr. Speaker, what the reason is for this debate. What is the motive for bringing this debate about? It is obviously a problem for many people, not just for those of us on this side of the House or in the New Democratic Party. Is it because there is moral authority for it? Is it because moral forces are calling across the nation for some change in our laws about capital punishment?

If I consider the moral authorities, as they are usually described, they are those who are concerned about international terrorism, those who are concerned about concentration camps behind the iron curtain, those who are concerned about the sudden disappearance of people in foreign countries.

I have received in the mail, as has every member of Parliament today, yesterday or in the past week, a plea from Amnesty International not to support this motion. It sent a leaflet which states as follows: "The death penalty is the ultimate cruel, inhuman and degrading punishment and violates the right to life."

Amnesty International goes on to say that it declares its total and unconditional opposition to the death penalty; that it condemns all executions, in whatever form, committed or condoned by government and that it declares its commitment to work for the universal abolition of the death penalty. That is the studied response of an organization which exists to combat violence and crime, nationally or internationally.

Is this supposed to be some kind of moral crusade? When we look to those we might think give some kind of moral leadership, if it is not Amnesty International, then I have to bring to the attention of all hon. members that the Anglican Church of Canada is opposed to capital punishment; so also is the United Church of Canada; so also is the Canadian Catholic Conference; so also is the Central Conference of American Rabbis; the Presbyterian Church in Canada—

Mr. Kilgour: Mr. Speaker—

Mr. Deputy Speaker: Order, please. The hon. member for Edmonton-Strathcona (Mr. Kilgour) on a point of order.

Mr. Kilgour: Would the hon. member permit a question?

Mr. Deputy Speaker: Would the hon. member for Eglinton-Lawrence (Mr. de Corneille) accept a question?

Mr. de Corneille: Perhaps at the end of my remarks, Mr. Speaker. I was trying to list those which are, presumably, the religious institutions of our nation, those who are the leaders and have given careful study and have set up committees to examine the results, theologically, morally or practically, of the subject of capital punishment. I was citing the major churches, and I think I had reached the last in my list. I was

bringing out the fact that the Baptist Convention of Ontario and Quebec, the Unitarian Council, the Lutheran Church in America, the Quaker Society of Friends and the Mennonite Central Committee—all of these denominations which probably include the vast majority of those identified as organized religion in this country—oppose the death penalty.

This motion is not before us because of a concern about a moral issue that is being violated by this House in not bringing it forward. Indeed, it would seem that we are being appealed to by all the moral authorities not to raise this subject at this time. If if is not moral authority that is calling for this and if it is not that we are unconcerned, then we have to ask ourselves why the media also seems to regard this question as a rather strange one to raise. The hon. member for Hamilton-Wentworth has already cited the litany of the names of the various major publications in this country, many of which are customarily prone to support his party, the Tory party.

● (2140)

Mr. Darling: Who are you kidding?

Mr. de Corneille: Many have done so but are themselves puzzled and are asking why this subject is being raised at this time. He has cited the names of these newspapers. As I have said, many are Tory newspapers. This question is not being raised because of any outcry on the part of the Canadian public. The motion put forward by the Conservatives has made it necessary for us to again debate the issue.

They have tried unsuccessfuly since 1976 by introducing private members bills to have this matter debated again. Now the Conservatives are ready to use their valuable opposition time to debate this matter on an opposition day. That puzzles the media. Why would they use the time when there are concerns about inflation, the rate of interest, the international problems in the world, the grave threat of Soviet intervention in Poland, and the problems in the Middle East? We are debating this issue when there is no moral outcry. The media asks why this subject is being debated. I am at a loss myself.

Mr. Corbett: Sit down then.

Mr. de Corneille: More particularly, why should we debate this at this particular time. There has been no call from the public to bring back hanging. We have been monitoring the situation since the abolition of the death penalty.

We have been assessing the facts to see what the Canadian experience has been.

Mr. Siddon: What about the 30,000 signatures today?

Mr. de Corneille: The facts are simple and they are worth noting. Again, I have to ask why the Conservatives are asking for this particular debate at this particular time. Since the abolition of capital punishment in this country, there has not been an increase in murders. On the contrary, the incidence of murders has decreased. For the edification of those across the way, I think they should have the facts before them. I know one can distort statistics, but I think these are rather simple. These are not figures that can be distorted easily. I do not think any hon. member could challenge that.

In 1975, the murder rate was 2.8 per 100,000 population. In 1976 and 1977, the rate decreased to 2.7.

An hon. Member: What about attempted murders?

Mr. de Corneille: In 1978 and 1979, the rate further decreased to 2.5 per 100,000 population. What new evidence or arguments have come to light to justify this debate?

First, there is no outcry on the part of moral authority, nor is the media calling for a debate. No increase has occurred in the rate of murders since capital punishment was eliminated. On the contrary, there has been a decrease in the number of capital murders. What is the motive for the opposition in calling this particular debate, if this is the case?

Mr. Deputy Speaker: Order, please. It being 9:45 p.m. it is my duty to interrupt the proceedings and put forthwith every item necessary to dispose of the business of supply in accordance with Standing Order 58(9).

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

Some hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

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

● (2150)

(*Division No. 65*)

YEAS

Messrs.

Andre	Crosby (Halifax West)	Hamilton (Qu'Appelle-Moose Mountain)
Baker (Nepean-Carleton)	Dantzer	Hamilton (Swift Current-Maple Creek)
Beatty	Darling	Hargrave
Blenkarn	Dinsdale	Hawkes
Bradley	Domm	Hees
Clark (Yellowhead)	Ellis	Howie
Clarke (Vancouver Quadra)	Elzinga	Huntington
Coates	Epp	Jarvis
Cook	Fennell	Jelinek
Cooper	Fraser	Kempling
Corbett	Fretz	Kilgour
Cossitt	Friesen	King
Crombie	Gamble	Korchinski
Crosbie (St. John's West)	Gass	Kushner
	Greenaway	
	Gurbin	
	Halliday	

Messrs.

Lambert
Lawrence
Lewis
MacKay
Mayer
Mazankowski
McCain
McCuish
McDermid
McKenzie
McKinnon
McKnight
Mitges
Munro
(Esquimalt-Saanich)
Murta
Neil
Nickerson
Nowlan
Patterson
Reid
(St. Catharines)
Roche
Schellenberger
Scott
(Hamilton-Wentworth)
Scott
(Victoria-Haliburton)
Shields
Siddon
Speyer
Stewart
Taylor
Thacker
Thomson
Towers
Vankoughnet
Wenman
Wise
Wright
Yurko—82.

NAYS

Messrs.

Allmand
Althouse
Appolloni
(Mrs.)
Axworthy
Bachand
Baker
(Gander-Twillingate)
Beauchamp-Niquet
(Mrs.)
Bégin (Miss)
Benjamin
Berger
Blackburn
Blaikie
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Broadbent
Burghardt
Bussières
Caccia
Campbell
(Miss)
(South West Nova)
Campbell
(LaSalle)
Campbell
(Cardigan)
Chénier
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
de Corneille
de Jong
Demers
Deniger
Desmarais
Dion
Dionne
(Chicoutimi)
Dionne
(Northumberland-
Miramichi)
Dupont
Duquet
Erola (Mrs.)
Ethier
Evans
Ferguson
Fisher
Fleming
Flis
Forrestall
Foster
Fox
Francis
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd
(Argenteuil-Papineau)
Gourde
(Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette
(Mrs.)
Hnatyshyn
Hopkins
Hudecki
Irwin
Isabelle
Ittinuar
Joyal
Kaplan
Kelly
Killens (Mrs.)
Knowles
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe
(Charlevoix)
Lapointe
(Beauce)
LeBlanc
Lefebvre
Loiselle
Lonsdale
MacBain
MacDonald
(Miss)
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Marceau
Massé
Masters
McCauley
McGrath
McLean
McRae
Miller
Munro
(Hamilton East)
Nicholson
(Miss)
Nystrom
Ogle
Olivier
Orlikow
Parent
Pelletier
Pepin
Peterson
Pinard
Prud'homme
Rae
Regan
Reid
(Kenora-Rainy River)
Riis
Roberts
Robinson
(Etobicoke-Lakeshore)
Rompkey
Rooney
Rose
Rossi
Roy
Sargeant
Savard
Schroder
Simmons
Smith
Stollery
Tardif
Tessier
Tobin
Tousignant
Trudeau
Turner
Veillette
Waddell
Watson
Weatherhead
Whelan
Yanakis
Young—153.

● (2215)

Madam Speaker: I declare the motion lost.

It being after ten o'clock, the House stands adjourned until tomorrow at 11 a.m.

At 10.15 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, June 12, 1981

The House met at 11 a.m.

• (1105)

ROUTINE PROCEEDINGS

[*English*]

HOUSE OF COMMONS

APPOINTMENT OF JEAN NOEL TREMBLAY AS DIRECTOR OF PUBLIC RELATIONS—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds-Grenville): Madam Speaker, I rise on a matter of importance. In this regard I refer to a statement made by Madam Speaker, on April 23, 1980, and I would like to quote just one sentence from that statement, in part:

All positions of the House of Commons will be awarded through competition . . . if there is a question of promoting them inside the structure once they get in, then they will have to submit to a competition.

I move, seconded by the hon. member for Winnipeg-Assiniboine (Mr. McKenzie):

That Madam Speaker be respectfully asked to report to the House the reasons why Jean Noel Tremblay, a member of the House of Commons staff, formerly of the Department of Communications, reportedly did not submit to a competition before his appointment as Director of Public Relations to the House of Commons; and finally, it is the opinion of this House that since members are, by tradition, masters of their own House, this information should be made available as soon as conveniently possible.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POST OFFICE

DOOR TO DOOR MAIL DELIVERY IN CALGARY—MOTION UNDER S.O. 43

Mr. John Kushner (Calgary East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. For the past two years the Postmaster General (Mr. Ouellet) has been studying the situation and promising the residents of Whitehorn, Temple, Falconbridge, and Castleridge, mail delivery. To date, nothing has been done. The minister's empty promises and arrogant attitude in passing the buck can no longer be tolerated. I move, seconded by the hon. member for Edmonton East (Mr. Yurko):

That the Postmaster General take action immediately to ensure that these residents receive the same door to door postal delivery, which is provided in other parts of the city of Calgary.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

BANKS AND BANKING

LEGISLATION TO ESTABLISH DEBT ADJUSTMENT BOARDS—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I rise under the provisions of Standing Order 43. Because of the Liberal government's high interest rate policy, the present indebtedness of many home owners and businessmen is beyond their capacity to pay and they are being evicted. Whereas it is essential in the interest of Canada to retain people in both their homes and businesses, I move, seconded by the hon. member for Yukon (Mr. Nielsen):

That the government introduce legislation which would allow banks and other lending institutions to establish debt adjustment or debt moratorium boards. Such legislation was in effect on the prairies during the 1930s. This would make it possible to ease the burden of staggering increased monthly mortgage payments for home owners and the bankrupting effect of loan payments on businesses.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

SUPPORT FOR FARM MARKETING BOARDS—MOTION UNDER S.O. 43

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, I rise under the provisions of Standing Order 43. Whereas the Economic Council of Canada report, "Reforming Regulation", has found marketing boards such as the hog boards, the fruit and vegetable boards and the Canadian Wheat Board as "generally . . . operating successfully and to the benefit of society", and whereas the council's analysis of supply management boards is fraught with inconsistencies and dubious economic assumptions and has ignored the real contribution of

S.O. 43

such boards to the stabilization of farm incomes in Canada, I move, seconded by the hon. member for Broadview-Greenwood (Mr. Rae):

That this House supports the right of farmers to a fair return for their products and ratifies the concept of farm marketing boards as the means whereby farmers can gain such a return where currently denied because of insufficient bargaining power in many commodities in Canada.

Madam Speaker: Such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1110)

FINANCE

CAPITAL GAINS TAX—MOTION UNDER S.O. 43

Mr. Bill Yurko (Edmonton East): Madam Speaker, I rise under the provisions of Standing Order 43 on a matter of importance. In view of the fact that high levels of inflation are becoming institutionalized within the Canadian economy through mechanisms such as COLA clauses and indexed pensions, and in view of the fact that those who are subject to the capital gains tax do not have the benefit of having their initial investment appreciate on the basis of the inflation rate, which leaves them with a much greater paper profit than corresponds to their actual gain, I move, seconded by the hon. member for Capilano (Mr. Huntington):

That the Minister of Finance consider changes to the capital gains tax which would index the initial investment of a capital gain to the inflation rate so that the government's cut would be a fair, equitable and more accurate means of taxing real gains rather than paper profits, and that such needed changes be included in the Minister of Finance's next budget.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDIAN AFFAIRS

POLICE OCCUPATION OF RESTIGOUCHE RESERVE IN QUEBEC—MOTION UNDER S.O. 43

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Yesterday a small army of federal and provincial officials occupied the Restigouche Indian Reserve in Quebec for four hours, thereby bringing relations with the native people to a new low point. In light of this excessive and inappropriate response to a fishing dispute, I move, seconded by the hon. member for Erie (Mr. Fretz):

That the Minister of Indian Affairs and Northern Development, the Minister of Fisheries and Oceans, as well as the Solicitor General, immediately launch an investigation into the Gestapo-like tactics which were shamefully employed at the Restigouche reserve yesterday.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ADMINISTRATION OF JUSTICE

COURTS' TREATMENT OF LABOUR LEADERS—MOTION UNDER S.O. 43

Mr. David Orlikow (Winnipeg North): Madam Speaker, I rise to move a motion under the provisions of Standing Order 43. Considering that all people should be treated equally in the eyes of the law, and in view of a recent decision by one Crown prosecutor to recommend a conditional discharge for three officers of K-Mart Canada Limited guilty of conspiring to thwart a union's organizing efforts, while courts have recently given jail sentences for labour leaders such as Jean-Claude Parrot of CUPW, Sean O'Flynn of the Ontario Public Service Union, and Grace Hartman of CUPE, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House express its opposition to a double standard in the punishment for labour/management offences and urges the courts to treat labour leaders in the same light as management.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

HERD MAINTENANCE PROGRAM—LATE APPLICATIONS—MOTION UNDER S.O. 43

Mr. Jack Shields (Athabasca): Madam Speaker, I rise to move a motion under Standing Order 43. Whereas the government extended the boundaries of the western region designated for herd maintenance by adding special designated areas equally damaged by last summer's drought, and whereas many producers in northeastern Alberta who were originally ineligible for assistance under this program were suddenly included but upon submitting their applications for assistance were informed that their applications could not be accepted because they had missed the deadline for application previously set, I move, seconded by the hon. member for Peace River (Mr. Cooper):

That the government end its discrimination against those producers who filed their applications after the official deadline because their regions were added at

the last moment as special drought areas, and recognize that many western farmers still have legitimate claim to herd maintenance assistance, and adjudicate each case on its own merit.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1115)

ECONOMIC COUNCIL OF CANADA

RECOMMENDATIONS RESPECTING REGULATIONS—MOTION UNDER S.O. 43

Mr. Scott Fennell (Ontario): Madam Speaker, under the provisions of Standing Order 43 I move, seconded by the hon. member for Calgary South (Mr. Thomson):

That this House commends the chairman and members of the Economic Council of Canada on the steps that they have proposed in their report on reforming regulations, to initiate the deregulation of the private sector and permit the ability of the free market system to operate in Canada.

Madam Speaker: Is there unanimous consent for this motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

ENERGY

NEGOTIATION OF PRICING AGREEMENT WITH PROVINCE OF ALBERTA

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. Since the beginning of 1980 the price of a barrel of oil has increased some $12.79. Of that increase $4 was shared by the federal government, the provincial governments of the producing provinces, and the industry. The federal government took in a total $8.79. The result is that 72 per cent—would you like me to repeat those figures?

Some hon. Members: Oh, oh!

Mr. Wilson: Since 1980 the price of a barrel of oil has increased $12.79 a barrel; $4 of that was shared among the producing provinces, the federal government, and the industry, and $8.79 was taken by the federal government. The result is that 72 per cent of the $12.79 increase is taken by the federal government in the form of increased taxes, and the consumer has had to pay 60 cents more per gallon of gasoline during this period of time.

The Prime Minister indicated on Tuesday that the major obstacle in the current negotiations with the province of Alberta was in the area of revenue sharing. Can the minister indicate whether the price negotiations, in which he has played a part this week, concerned only a re-allocation of the $8.79 among the other parties, the provinces and the industry, or is it the federal government's intention to keep all of that revenue? Is the minister only discussing a re-allocation of the additional price increases currently under discussion with his colleague in Alberta from now on?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, included in the prepared figures mentioned by the hon. member, which he attributed to the federal government, he knows that something like $2 is a result of the cutbacks imposed by the government of Alberta.

Mr. Crosbie: That is nonsense. Pinocchio, watch your nose.

Mr. Lalonde: This charge was necessary to pay for the additional imports. In addition, a significant amount of the federal share also goes to pay for what is called the Syncrude levy. We have to pay world price for the oil produced by the tar sands plant and the production coming from that plant.

As far as the other part of the federal government share is concerned, most of that has to do with oil import payments. We have to pay high prices for oil imports because of decisions taken by OPEC over the last couple of years.

In terms of pricing itself, I want to repeat that what the federal government has been collecting has all gone for energy purposes in the area of oil payments.

Mr. Crosbie: Come off it.

Mr. Lalonde: It has not gone into the general revenue of the government for other expenditures.

As far as the issue of negotiations with the government of Alberta is concerned, I am pleased to inform my hon. friend that we have discussed both the question of revenue sharing and the question of pricing.

REVENUES FROM FUTURE WELLHEAD PRICE INCREASES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, again I sought an answer and again I received no answer. The fact is that 72 per cent of the revenues are going to the federal government in the form of increased tax revenues. That is a fact and you cannot get away from it. The $2 to which the minister referred, blame for which should be shared between himself and his colleague from Alberta, I agree, was instigated by the minister of energy in his energy program. Even if you take away that $2, over 50 per cent of the revenues still end up in the federal coffers. That does not take into account the production tax or excise tax on natural gas also introduced in the energy program.

• (1120)

It is clear that the federal government is more interested in increasing its revenues than sharing those revenues with the different parties in the negotiations. If the wellhead price does increase, will there be any additional revenues from that price increase, the production tax and the excise tax on natural gas, which will allow some reduction in the federal tax revenues and thus allow for some reduction in the burden on the consumer?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, the hon. member says that the Government of Canada is getting a greater share than before as a result of the increases that have been announced since the budget. There is no apology necessary because, of all the federal countries in the world, Canada was getting the least moneys for the responsibilities it had incurred. If you compare it with other federations, such as the United States or Australia, you find that since 1973 the national government in Canada has been getting an extremely low share. It is a definite purpose of the National Energy Program to ensure that in the future the national government, on behalf of all Canadians, receives a fair share so that it can help the regions and people in need, while at the same time assisting Canadian consumers with prices that will not be as extreme as they would have been under the Conservative budget of December, 1979. The hon. member's question is obviously hypothetical and not according to the rules of the House.

Mr. Wilson: It may be hypothetical to the minister, but those who are paying 60 cents more a gallon do not find it hypothetical. Indeed, they find it very painful.

DETAILS OF OFFER WITH RESPECT TO PRICING AGREEMENT

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, my supplementary question deals with another aspect of the energy negotiations, the megaprojects such as the Syncrude expansion, Alsands, and the Cold Lake project. These projects are potential casualties of the negotiations if there is not a proper conclusion. The problem is partly because they have been put on hold by the province of Alberta, and very significantly because of the price regime set out in the energy program last October. I have two questions for the minister. First, are the prices for the synthetic crude products a subject of the current negotiations? Second, is the minister intending to offer an increase in the price and the escalation factor, if it is necessary, independent of any agreement that he might come to with the province of Alberta in order to get these projects moving ahead and working toward increasing our future supply?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, nobody likes price increases, least of all the Government of Canada.

Some hon. Members: Oh, oh!

Mr. Crosbie: First we had Uriah Heep; now Marc Heep.

Mr. Lalonde: If the hon. member looks at the figures he will find that the consumers are paying less than they would have been paying under the budget of the hon. member for St. John's West.

Mr. Crosbie: Nobody believes that anymore.

Mr. Lalonde: Second, thanks to the measures we have taken, Canadian consumers have saved about $2.2 billion, which represents about $370 per family, because of the pricing policy we have followed since the 1979 election. That is money Canadians have in their pockets thanks to the measures we have adopted. Third, I already stated that if the Alberta cutbacks were to be eliminated tomorrow, we could reduce the price by seven cents a gallon. These are facts the hon. member should not forget.

As to the question concerning tar sands, I have indicated that the government is ready to show flexibility on all aspects. I have suggested in the past that the matter of tar sands plants be considered separately from the general discussion on conventional oil, but the government of Alberta has taken the position that no agreement other than a comprehensive agreement would be entertained. I am afraid this is a matter that is in the hands of the government of Alberta and about which I can do little.

• (1125)

REQUEST FOR REDUCTION IN FEDERAL SHARE OF REVENUES

Mr. Otto Jelinek (Halton): Madam Speaker, earlier this week the Prime Minister said in this House that he would be satisfied if the federal government received 23 per cent to 25 per cent of petroleum revenues in Canada, yet the minister's own department provides figures which indicate that 56 cents, or 33.7 per cent of the price of every gallon of gasoline sold at the pumps in Ontario, for example, goes to the federal treasury, as compared to 22.7 cents for the producing provinces, 10 cents to the dealer, 19.3 cents to the producer, and so on. In view of these statistical facts which far exceed the Prime Minister's own expectations in regard to federal revenues, will the minister now cut back on federal energy taxes, from present energy revenues to at least the 25 per cent level suggested by the Prime Minister?

[*Translation*]

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, first of all, I invite the hon. member to refer to what the Prime Minister said. Second, when we mentioned 23 to 24 per cent in the budget, we were making a comparison with the base that had been used for years and yielded a rate of about 9 or 10 per cent for the federal share. That was the base used for many years to determine the revenues of the various levels of government. This estimate is not arrived at on the basis of prices at the pump, but rather of wellhead prices. This is how those figures are established. On that basis, the Canadian government's share was only about 9 per cent of the wellhead price before

the last budget, and between 23 and 25 per cent approximately under the budgetary proposals.

If my hon. colleague wants to introduce another formula to take into account prices at the pump or retail prices, he will obviously arrive at other figures and other percentages. In such a case, the Canadian government's share would, of course, be other than the 23 to 24 per cent mentioned by the Minister of Finance in his budget. I therefore invite my colleague not to change the formula along the way. He must not change the rules of the game!

[*English*]

ENERGY TAX REBATE PROGRAM

Mr. Otto Jelinek (Halton): Madam Speaker, the minister may not be looking at the price of gasoline at the gas pump, but every Canadian who is a consumer is looking at that price which has increased by 60 cents a gallon since the beginning of last year. As far as the Prime Minister's statement is concerned, which the minister questioned, I will quote the Prime Minister from page 10397 of *Hansard* for June 19. When talking about energy revenues the Prime Minister said:

> We would like the over-all result to be the federal government sharing 23 per cent or 25 per cent of the take—

The minister's own department provides figures which indicate that the take is 33.7 cents. Since the minister is not prepared to cut back energy taxes across the board, would he at least now be prepared to return part of this excessive share of revenue to those Canadians who have been disproportionately affected by the energy price increases? In other words, is the minister now prepared to introduce an energy tax rebate program for low and middle-income families and, if not, why not, considering these facts from his own department?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): I will try in English, Madam Speaker. The hon. member is talking apples and oranges. When the budget was put forward it provided the federal government with a 23 per cent to 24 per cent take at the wellhead. This is the way this calculation has been made consistently. If my hon. friend wants to come back to a calculation at the pump, obviously there will be other percentages, and the figures mentioned by the Prime Minister and the figures mentioned by the Minister of Finance would have to be adjusted accordingly.

There is one way of calculating that has been consistently followed. I remind my hon. friend that that was followed by the Conservative government for the short time it was in office, and we are following exactly the same formula for calculating the share of revenue which was contained in the infamous budget of December, 1979. We have not changed the rules of the game, and I invite my hon. friend not to change the rules of the game.

• (1130)

As far as consumers are concerned, the government has moved—

Some hon. Members: Order.

Madam Speaker: Order, please.

* * *

THE ECONOMY

CONSUMER PRICE INDEX—GOVERNMENT POSITION

Mr. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Prime Minister, who no doubt has been made aware that cost of living figures came out today. I hope he noted that, excluding food prices, prices went up by 12.2 per cent, which is the largest increase in 31 years. There were record increases in the cost of transportation and housing. I would like to ask the Prime Minister if he will now acknowledge that the government has no general anti-inflation policy at all which is effective. Specifically, would he tell us how his government's interest rate policy will bring down the price of housing and the price of transportation one little bit?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it is people like the Leader of the New Democratic Party who have caused the science of economics to be called the dismal science.

Mr. Broadbent: That is worthy of Adam Smith.

Mr. Trudeau: The Leader of the New Democratic Party always seeks out the worst sub-item of any item, hones in on that, tears his hair out, and suggests that things are going terribly. The Leader of the New Democratic Party knows perfectly well that the cost of living year over year has fallen this month compared with the equivalent month of last year, so why does he take out one sub-item and draw his economic theories from that?

Mr. Broadbent: Madam Speaker, it was not I who took out one sub-item. If the Prime Minister looks at his briefing notes with care, he will see that Statistics Canada has a separate listing for changes in the cost of living with food exempted. It is Statistics Canada which points out that we have had the largest increase across the board in 31 years. We are not making up those figures. The government should pay attention to them.

QUERY RESPECTING ASSISTANCE TO CONSUMERS

Mr. Edward Broadbent (Oshawa): Madam Speaker, in January prices went up by 12 per cent, in February by more than 12 per cent, in March by more than 12 per cent, and the same in April and May. For five months in a row we have had this increase, which is another record. Never in 31 years have prices gone up by more than 12 per cent five months in a row. When will the government announce a single new initiative which will help Canadians cope with escalating prices?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Minister of Finance announced such an initiative

two days ago in this House when he indicated that he had met with the chartered banks.

Some hon. Members: Oh, oh!

Mr. Trudeau: I understand that the Leader of the New Democratic Party does not like the Minister of Finance meeting with bankers, but that is part of his job.

Mr. Broadbent: Madam Speaker, economics may be a dismal science, but we surely have a dismal Prime Minister when we get answers like that today on such an important subject. The Prime Minister knows that the Minister of Finance did not bring a specific proposal away from the bankers. If he does not know that, the people of Canada do.

EFFECT OF GOVERNMENT POLICY

Mr. Edward Broadbent (Oshawa): Madam Speaker, the Prime Minister took pride a couple of weeks ago in saying to me that as a Liberal he believed in gradualism. Considering that for three years in a row Canadian living standards have gone gradually down, and considering that for five months in a row prices have gone gradually up beyond 12 per cent each month, will the Prime Minister confirm that gradualism for the Liberals really means a gradual decline in the living standard of every Canadian from coast to coast?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, when I answered that question about two weeks ago and showed the Leader of the New Democratic Party, with statistics, that Canadians are better off today than they were ten years ago, the Leader of the New Democratic Party said, "Of course they are, but that is not my point". I do not know what point he wants to make when he says Canadians are worse off. When we indicate with statistics that they are better off, he says, "Of course; I am not denying that". I wish he would make up his mind on what he wants to complain about.

* * *

ECONOMIC COUNCIL OF CANADA

REPORT ON REGULATIONS

Hon. John C. Crosbie (St. John's West): Madam Speaker, my question is for the Prime Minister. The Economic Council of Canada has just completed a report on regulations which cost $3 million and which was done at the Prime Minister's direction and at the urging of the provinces. The council was asked to assess government regulations in Canada. The report suggests that Canadian consumers could save billions of dollars a year in trucking, airline and food costs if the council were listened to. The council found that direct economic controls have resulted in what it says is a substantial waste of economic resources.

This study has taken three years to do. It has cost $3 million. It was done at the direction of the Prime Minister. The Economic Council of Canada reports to the Prime Minister. Would the Prime Minister tell the House what action the government plans in following up on this three-year study? Will the government report to this House what recommendations it accepts and what recommendations it rejects, and why it accepts or rejects these recommendations which cost so much to bring forward to the House?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the thrust of the report of the Economic Council is one which the government has been concerned about these past few years and which caused us to set up the task force composed of members of this House, and so ably chaired by the hon. member for Willowdale, which has reported to this House. As a consequence of that report—and, no doubt, in studying further the report of the Economic Council—the government will continue to accelerate its initiatives in order to do away with or to simplify regulations which can be done away with or simplified. In cases of overlap with provincial regulations, we will continue to put an end to such overlap.

The hon. member might want to know that the government has established the office of co-ordinator for regulatory reform under my excellent colleague, the President of the Treasury Board. Of course, when we created the office of controller general, the controller general initiated a program of evaluation which will lead to some substantial improvement in this area.

REQUEST FOR POLICY STATEMENT

Hon. John C. Crosbie (St. John's West): Madam Speaker, my supplementary question is directed to the Prime Minister. The report of the House of Commons committee on regulations was filed here on December 19. Very little has been done about it. One of the committee's main recommendations was that there should be a special committee of this House on regulations set up on a permanent basis. Nothing has been done about that. As part of my question I would like to ask the Prime Minister whether he is going to accept that recommendation which was put in by that special committee.

After a three-year study, the Economic Council of Canada has reported to Canadians that billions of dollars can be saved by de-regulation in the transportation field and with respect to food costs and the like. This is a very serious conclusion, and the people of Canada are entitled to know if it is so. If it is so, will the government do it? Is the Prime Minister taking this report of his council seriously? Will he report to the House in the next week or so on what recommendations the government accepts and sees merit in, and what recommendations it does not accept?

For example, the Minister of Agriculture certainly does not accept aspects of the report. Will the government treat this frankly and honestly and report to us and the Canadian consumer as to what it is going to act on, what it is not going to act on, and just exactly what it is going to do, because this is a very amazing, one would say, and important report?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am glad the hon. member is attaching such importance to this report. He will be a positive influence in his own party when we come to discussing the question of parliamentary reform, which is very high on the government's agenda and which would permit us to consider the implementation of some of the recommendations in the Peterson task force report.

In so far as the Economic Council recommendations are concerned, the hon. member is correct in pointing out that they refer particularly to certain departments. The Department of Transport and the Department of Agriculture are two examples. Of course the ministers responsible for these departments are already beginning to study the report and to consider ways by which action could be taken.

Mr. Crosbie: Would you report to us on it?

* * *

MULTICULTURALISM

PROGRAM TO COMBAT RACISM

Hon. John A. Fraser (Vancouver South): Madam Speaker, my question is directed to the Minister of State for Multiculturalism, who announced with much fanfare the other day a $1.5 million program to combat racism. He made remarks about how terrible racism is, and I agree with him.

● (1140)

While the minister is announcing a $1.5 million program to combat racism, the Minister of Employment and Immigration is cutting the funding for the Immigrant Services Society in British Columbia. Given the fact there are 1,000 immigrants a month into the lower mainland area of British Columbia, and given the fact that 43 per cent of children starting school in my area speak English as their second language, and given the fact we have a large non-white population in the lower mainland, and given the fact that without the Immigrant Services Society—

Some hon. Members: Order.

Mr. Fraser: Who is the speaker over there anyway? Given the fact that we brought—

Some hon. Members: Order.

Mr. Fraser: Madam Speaker, what they do not want to hear is obvious.

Madam Speaker: Members will hear anything during debate, but Question Period requires members to put their questions rather concisely.

Mr. Fraser: Madam Speaker, my question is this: Why is one hand of government cutting the funding so desperately needed out there, while people in the minister's department are going around trying to make heroes out of themselves by saying they do not like racism?

An hon. Member: Same old gang.

Hon. Jim Fleming (Minister of State (Multiculturalism)): Madam Speaker, perhaps the reason I did not immediately catch the hon. member's question was because it is the first question I have had from the opposition in eight months. They certainly seem to have a great interest in multiculturalism and equity in this country.

Some hon. Members: Hear, hear!

Mr. Fleming: I believe there was a shot at the end of the question to the effect that we were trying to do something self-seeking in announcing the program to improve racial equity in Canada. I do not find that self-seeking; surely that is a fundamental policy supported by all sides of this House in several motions under Standing Order 43 in the last couple of months.

The question of ISAP funding should, of course, be directed to the Minister of Employment and Immigration, but I might say that the statements made by the hon. member in posing his question are alarmist and untrue according to the facts I have.

REASONS FOR GOVERNMENT ACTIONS

Hon. John A. Fraser (Vancouver South): I invite the minister to retract what he said. I know what goes on in my own area.

I ask the minister: why do you indulge in the hypocrisy of this kind of announcement when you cut the funding that we so desperately need in an area where we will have problems if you do not support the very agencies and organizations that are on the ground trying to fight racism? That is what I want to know.

Hon. Jim Fleming (Minister of State (Multiculturalism)): Madam Speaker, I believe the government has been most supportive of those immigrant settlement organizations.

Some hon. Members: Oh, oh!

Mr. Fleming: In fact, Madam Speaker, it was this government that established the increased acceptance of boat people in the refugee program, and I think if the hon. member lost a bit of his histrionics and theatrics and just waited a little, he would find there was some pretty good news for those organizations.

* * *

ASTRA TRUST

COMPENSATION FOR INVESTORS

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, my question is for the Minister of State for Finance concerning the affairs of Astra Trust and Re-Mor.

In light of the statement by the superintendent of insurance, and I am quoting from the statement he made to the Standing Committee on Finance, Trade and Economic Affairs at which the minister was present:

> In the light of what has happened, I can only say that it would have been better had the licence not been granted.

—and in light of the fact there are two groups of investors who have not been compensated, those who invested more than $20,000 in Astra Trust and those who invested in the Re-Mor company thinking it was associated with Astra, I would like to ask the minister does he not think the federal government has a responsibility to participate in the compensation of these individuals?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I am glad that the hon. member has raised this issue once again. We should go back to the first discussions we had on this subject and differentiate between the responsibilities of the federal government toward corporations with a federal charter and the responsibilities of the provincial government.

As concerns Astra Trust, which indeed comes under federal jurisdiction because of the compensation agency provided, the depositors were covered up to the $20,000 maximum provided under the law. Investors in Re-Mor, which is a provincially incorporated institution subject to the review of provincial regulatory mechanisms, have to look to the government of Ontario to take its responsibilities and compensate them for their losses.

[*English*]

Mr. Rae: Madam Speaker, that is a truly incredible statement. Re-Mor existed for over a year before the federal government was even aware of its existence, and the principals in Astra Trust are exactly the same people as the principals in Re-Mor. Many of the people investing in Re-Mor did so on the assumption that they were in fact investing in a company covered by federal insurance. In light of those facts, the minister's abdication of responsibility is truly incredible.

REQUEST FOR FEDERAL INQUIRY

Mr. Bob Rae (Broadview-Greenwood): As a supplementary question, Madam Speaker, I ask the minister, in light of the statement by the superintendent of insurance that the Astra licence should never have been granted, and in light of the fact that there are many questions surrounding the application for the licence and the operation of that company and related companies, does the minister not think it is the responsibility of the federal government to have a federal inquiry into the circumstances surrounding the licensing of that company? And quite apart from the existence of criminal and fraud charges which are under way, does he not think the federal government has a civil obligation to see that we know how it is this was allowed to happen, and to make sure it does not happen again?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I think that all the members of this House have noticed that the hon. member often has a tendency to draw general conclusions from narrow premises. When he concludes that the superintendent of insurance indicated to the committee that the licence should never have been granted, he is distorting totally the comments of the superintendent of insurance, and I invite him first of all to learn to read, and second, to read the statement made by the superintendent. As for the need for an investigation, my position is still the same, and the answer is no.

* * *

[*English*]

HAZARDOUS SUBSTANCES

DANGERS OF USE OF MARIJUANA

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, my question is for the Minister of National Health and Welfare. In light of the growing advocacy by some members of this House and the press for changes in laws pertaining to possession of marijuana which appear to lessen their severity, will the minister take equally aggressive action to warn and educate the people of this country by every means at her disposal of the long and short-term medical dangers and hazardous effects of this drug, and introduce important medical considerations into the implementation of any proposed change?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, we will launch an information and educational program on the dangers of marijuana, just as we now have, for instance, on tobacco and on alcohol abuse. I can assure the hon. member that any decision will be made in light of the need which may exist to eliminate certain legal injustices, but also of the need to warn people against developing a dangerous habit at certain moments in their lives.

* * *

[*English*]

FINANCE

PRICE PAID FOR TREASURY BILLS

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is to the Acting Minister of Finance and arises out of the price Canada had to pay yesterday for Treasury bills, and out of the fact that the government of the United States in tendering the same kind of Treasury bills on Tuesday was able to borrow its 90-day money at 14.9 per cent, and its 180-day money at just slightly over 14 per cent.

Can the acting minister tell this House why Canada had to pay 18.82 per cent for its 90-day money, and 18.22 per cent for its 180-day money, a spread of nearly 4 per cent between the borrowing cost in the United States and the borrowing cost in Canada?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, the gap between those rates proves that the Leader of the New Democratic Party is wrong when he claims that Canada's interest rate policy is dictated by the United States.

● (1150)

[*English*]

REASONS FOR PRICE PAID

Mr. Don Blenkarn (Mississauga South): Would the minister then confirm that the credit of Canada is at least 4 per cent worse than the credit of the United States? Would he confirm that the only reason we have to pay this kind of money is to keep our dollar at 83 cents? Can the minister confirm that with our resources and with the National Energy Program which is now in place, we are in real trouble, which is why we must pay 4 per cent more than the American government does in the same marketplace for the same kind of money?

[*Translation*]

Hon. Pierre Bussières (Minister of State (Finance)): Madam Speaker, I fully disagree with the simplistic conclusions of the hon. member. He ought to examine the phenomenon as a whole, look for the causes and endorse the position of the Minister of Finance who is going to pursue his attempt to control inflation so that the interest rates will be much more acceptable to Canadians.

* * *

[*English*]

HOUSING

GOVERNMENT ASSISTANCE TO BUILDERS

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is for the Prime Minister whose government practises the dismal science so dismally. There are people in my riding who are terrified that they will be evicted from their homes because rent increases are climbing beyond their ability to pay, because of present interest rates. Since the Prime Minister's government is looking to the private sector to extend pension coverage, and since it is also looking to the private sector banks to alleviate the devastation caused by the government's interest policies, why is the Prime Minister so unwilling to look to the private sector construction industry to help resolve the housing crisis by offering builders financial incentives to build rental housing?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I fail to understand the premise of the hon. lady's question when she says we look to the private sector on pension matters. Surely she should recall that one of the first acts of this Parliament was to increase the guaranteed income supplement by $420 a year, which has now been escalated to $460. So, it is not correct to say that. We find that we have, within the fiscal restraints which we all recognize in this House, obligations, and we discharged that particular one the first thing after the election.

Miss Carney: Madam Speaker, my supplementary question is also for the Prime Minister, and if he wishes to contradict the stated public policy of his minister responsible for pensions that is his right.

EFFECT OF MORTGAGE RATES

Miss Pat Carney (Vancouver Centre): The Prime Minister's colleague, the Minister of Finance, has maintained that his high interest rate policies are not reducing the quality of life for most Canadians. As a Canadian whose mortgage rate is going from 13 per cent to 18 per cent, I can assure the Prime Minister that my quality of life is being reduced by about $300 a month in extra interest costs. There are millions of Canadians in the same boat.

Some hon. Members: Question.

Miss Carney: Since the average cost of a Vancouver home in March of this year was about $152,000, and since a person with a 10 per cent down payment would require an annual income of $73,500 to pay for one of those homes—a Liberal cabinet minister could almost qualify in the unlikely event that one could be elected in Vancouver—what advice has the Prime Minister, whose home is supplied by the Canadian taxpayers, to offer the first-time home buyer in B.C. where the average family income is $29,000 a year? Or does the Prime Minister reject the right of Canadians to own their own homes?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the hon. lady complains that her quality of life has been reduced by virtue of high interest rates. Of course high interest rates are a very regrettable phenomenon, but I wish to point out to the hon. lady that the reason her quality of life has been reduced is because salaries of members of Parliament are fixed at a ceiling of a 7 per cent increase per year when, as the Leader of the New Democratic Party pointed out earlier, the cost of living has been rising considerably in excess of that over the past several years.

Mr. Siddon: What are you going to do about it, Pierre?

Mr. Trudeau: Indeed, that is why the McIsaac Report recommended that members of Parliament do away with this 7 per cent ceiling. The hon. lady probably could give the answer to the Tory in the back benches who asks what we are going to do about it. We are asking members opposite if they will join with members on this side to ensure that members of Parliament are remunerated in a fair way.

Oral Questions

NATIONAL ENERGY PROGRAM

P.E.I. CONSERVATION AND RENEWABLE ENERGY AGREEMENT

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is for the Minister of Energy, Mines and Resources. On page 85 of the National Energy Program it states very clearly and categorically the following:

> In addition to expanded national renewables programs, extension of the P.E.I. Conservation and Renewable Energy Agreement will be undertaken, at a four-year cost of over $9 million.

In view of this firm commitment in black and white in the National Energy Program, how can the minister explain the fact that he has now announced to his counterpart in Prince Edward Island, the Hon. Barry Clark, that the agreement to which I have referred is to be scrapped and not renewed?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, under this agreement the government of Prince Edward Island has been extremely delinquent in terms of providing its own share of 20 per cent. As a matter of fact, at the present time the government of Prince Edward Island owes $1.8 million as its contribution under the program.

In conversations I have had with the energy minister in Prince Edward Island I have told him that I was ready to extend the program for a few months in order to ensure that all commitments which had been made under the previous program would be met, and also in order to allow time for the government of Prince Edward Island finally to make its own contribution under this program.

This particular program was obviously creating financial difficulties for the government of Prince Edward Island. Consequently, in the future the national government will pay the same amount, which was mentioned in the National Energy Program, but the sum will be paid by the national government directly without waiting for the provincial contribution. This will leave the provincial government free to spend whatever it wants in this regard, but the federal government contribution will be paid to the citizens of Prince Edward Island directly.

FORM OF PAYMENT TO ISLANDERS

Mr. Tom McMillan (Hillsborough): Madam Speaker, in light of what the minister has just said, I have two questions. Is the minister saying that there is a firm commitment now that the federal government will be paying to the people of Prince Edward Island a total of $9 million over a period of four years, albeit in a different form than that referred to in the National Energy Program, and if so, in what form will those payments be made? What sort of programs can the minister tell islanders they can count on, in view of the fact that in the last year energy costs in Prince Edward Island have soared 33 per cent over the previous year, compared with 28.5 per cent in the country as a whole?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, of this $9 million 80 per cent was to come from the national government and 20 per cent from the government of Prince Edward Island. The commitment is that the federal government's 80 per cent share will be paid to the citizens of Prince Edward Island. As for the other 20 per cent, it is up to the government of Prince Edward Island to do whatever it wishes. Indeed, I hope it will pay that amount to the citizens of Prince Edward Island. But looking at the past experience over the last couple of years I must say that I am rather doubtful, or skeptical, as to whether that share will be paid. As far as the national government is concerned, we will pay our full share under this program over the next four years. This share will go to energy conservation and renewable forms of energy, as it did before. We will observe our commitment completely.

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CORPORATE AFFAIRS

REPORT OF INQUIRY INTO PETROLEUM INDUSTRY—PRIVATE PUBLISHING VERSION

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is for the Minister of Supply and Services. I am holding up the Bertrand report published by the minister's department, entitled "The State of Competition in the Canadian Petroleum Industry", which sells for $70—and it weighs about a ton. In my other hand I have the James Lorimer version published by Lorimer and Company, which costs $15 and it can be carried around by you on your bicycle, and you can read it when you wish. The minister's lawyers are trying to have the Lorimer version taken off the book stands, especially in Toronto. As I understand it, Lorimer and Company have offered 8 per cent royalties. I would ask the minister if he is prepared to enter into negotiations in good faith with Lorimer and Company, so that this report can be distributed widely, or does he not want this particular easy version of the report to be distributed?

● (1200)

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, I would call to the attention of the hon. member that the heavier report that is available contains an abbreviated summary of the contents of the report. I would suggest that he could read that if he does not have time to go through the total report. The other matter involving the James Lorimer Publishing Company is sub judice, so I will not make any comment at this time.

Mr. Waddell: Madam Speaker, I would hope that the minister would try to settle this matter so that the book can be distributed.

CROWN COPYRIGHT—REQUEST FOR REVIEW BY GOVERNMENT

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my supplementary question is for the Prime Minister and it refers to government policy for distributing documents. In the United States every document is public property and can be distributed. In Canada we have Crown copyright, which is quite proper. Documents come out in this form and are very rarely distributed in this way. In the United Kingdom there is a sort of a middle road where there is Crown copyright but through a government circular some documents are made available to be published like this.

I hesitate to use the words, but in the interests of "participatory democracy", which some people may still believe in, is the Prime Minister prepared to commit the government at least to reviewing the nature of publishing documents and government reports so that they can get out to the people who can read, in this case about the workings of the oil monopoly in Canada? They would become better informed citizens and would be able to deal with these problems.

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, I want to advise the hon. gentleman that the policy he has described is exactly that which I follow. I enter into negotiations on a regular basis, a bona fide basis, and I do grant the copyright at any time there is justification. The purpose of the policy that I follow is to make available to as many Canadians as possible the information they ought to have. In effect that is why the report is available both in summary and in complete form. As for negotiations, anyone who wants to deal with me in good faith, Madam Speaker, can rest assured that I will deal with him in good faith.

* * *

[*Translation*]

AGRICULTURE

GOVERNMENT POLICY—ROLE OF MARKETING AGENCIES

Mr. Marcel Dionne (Chicoutimi): Madam Speaker, I have read the report of the Economic Council of Canada and despite what the hon. member for St. John's West (Mr. Crosbie) may say, the council does indeed recognize marketing boards and the role they play in marketing Canadian farm products. However, it does express reservations about the Canadian dairy policy by saying that the control exercised by the Canadian Dairy Commission could result in an increase in the supply of milk at the consumer level. Could the Parliamentary Secretary to the Minister of Agriculture tell us whether he agrees with this?

Mr. Marcel Ostiguy (Parliamentary Secretary to Minister of Agriculture): Madam Speaker, it is difficult to comment on this because the dairy policy is under review at present and will be announced in early August. However, I want to point out to the House that Canada's dairy policy is not more of a burden on Canadian taxpayers and consumers than the American dairy policy and it is certainly much less so than that of the European Economic Community.

* * *

[*English*]

POST OFFICE

SERVICE TO CALGARY SUBURBS

Mr. John Kushner (Calgary East): Madam Speaker, I wish to direct my question to the Postmaster General. I have asked this question on many occasions. I see the minister is not in his place so I wonder if the acting minister would answer. My question refers to the group boxes to be installed at Whitehorn, Temple, Falconridge and Castleridge. It was promised that they would be installed shortly, but we have been dealing with this problem for the last two years. Has the acting minister got any additional information about when they will be installed and when mail delivery will be made to those boxes?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, I thank the hon. member for his question. I take it as a two-part question. First of all, he is concerned about group boxes in certain Calgary suburbs. According to the information provided to me, Canada Post is providing service within the capability of the staff available. The equipment necessary for the provision of group box service to these areas is now in place. I can assure the hon. member that the group box service is temporary and letter carrier service will be extended to the suburbs of Calgary when manpower becomes available, either by the lifting of constraints or by a realignment of operations or new efficiencies introduced by the Post Office.

DOOR TO DOOR MAIL DELIVERY

Mr. John Kushner (Calgary East): Madam Speaker, I should like to ask the acting minister if he is in a position to inform this House of the situation today. As he knows very well, numerous studies have been made on the subject of mail delivery in that area. For the last two years we have been promised, month after month, that we would have an answer. As a matter of fact this has been studied to death. Can the acting minister at least give us some indication of when mail delivery will be made from door to door?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs and Postmaster General): Madam Speaker, due to the growth in the suburbs of Calgary because of the great growth in the economy of Alberta, it is very difficult to give a date because we are under manpower restraints and Calgary is so successful in its economic development. We will endeavour to give the hon. member a date as soon as possible.

Point of Order—Mr. Andre

POINT OF ORDER

MR. ANDRE—PROVISIONS IN MAIN ESTIMATES, 1981-82—RULING BY MADAM SPEAKER

Madam Speaker: On June 1 the hon. member for Calgary Centre (Mr. Andre) argued the point of order that he had raised some weeks earlier, namely, the procedural acceptability of certain items contained in the main estimates for 1981-82. It had been suggested to the hon. member on that earlier occasion that he await until the estimates were formally returned to the House May 31, at which point there would remain ample time to dispose of the matter well before the last allotted day.

Both the hon. member for Calgary Centre and, in reply for the government, the President of the Treasury Board, (Mr. Johnston) dealt briefly with the history of the points of order relating to what the estimates should contain.

This history shows that during the past ten years, members have objected that in one way or another the estimates that have been submitted from time to time by the government have attempted to do more than set out the spending requirements of the government for the next fiscal year. This is of course supposed to be the acknowledged purpose of estimates and appropriation acts.

In 1971 the Chair ruled that items in the estimates that attempt to amend existing statutes are out of order. This was confirmed by most subsequent rulings.

In 1974 and 1976 the Chair went further and dealt with the question of matters of substance being put in the estimates. The Speaker, in effect, ruled that the Appropriation Act is not the place to seek authority to do something such as to establish a program. Rather, the Appropriation Act should only seek authority to spend the money for a program that has been previously authorized by a statute.

In 1977 the Chair continued to lay down these principles that should be followed in the use of the estimates and added that it makes no difference whether the item attempted to spend a large sum or simply one dollar. The distinction is unimportant. The test is whether or not the government is putting forward a spending estimate under authority it already possesses, or whether it is really seeking new legislative authority to do something.

In March of that year the Speaker said:

> The government receives from Parliament the authority to act through the passage of legislation and receives the money to finance such authorized action through the passage by Parliament of an appropriation act. A supply item in my opinion ought not, therefore, to be used to obtain authority which is the proper subject of legislation;—

In other words, the government may not by the use of an Appropriation Act obtain authority that it does not have under existing legislation.

The then Speaker summed it up in this way in December, 1977:

> Supply ought to be confined strictly to the process for which it was intended; that is to say, for the purpose of putting forward by the government the estimate of money it needs, and then in turn voting by the House of that money to the government, and not to be extended in any way into the legislative area, because legislation and legislated changes in substance are not intended to be part of supply, but rather ought to be part of the legislative process in the regular way which requires three readings, committee stage, and, in other words, ample opportunity for Members to participate in debate and amendment.

Finally, it seems clear that it is in order to extend the purposes of an item in an Appropriation Act by means of an item in the estimates provided that it does not amend any other legislation.

● (1210)

The hon. member for Calgary Centre objects to 12 items contained in the main estimates. Of the 12, Agriculture vote 30, Department of Public Works vote L-70, Supply and Services vote 5, and Transport vote 110 each mention specific legislation which they seek to amend, and are clearly out of order on the basis of the principle established in 1971 and repeated continually in all of the rulings from the Chair since that time; that is, estimates which attempt to amend existing legislation are out of order.

The hon. member for Calgary Centre then objects to Energy, Mines and Resources votes 35, 40 and 45. An examination of these items clearly shows that they seek both to establish a new program in the absence of other legislative authority and the funds to put it into operation. This runs counter to the rulings of the Chair since 1974, which hold legislation is required to authorize new programs, particularly matters of major substance. That we are dealing here with matters of substance is demonstrated by the fact that vote 45 seeks even to grant to the governor in council the power to pass regulations. By definition, the estimates seek spending authority alone; they are not intended to ask for substantial authority, such as to pass regulations.

Accordingly, consistent with earlier rulings, Energy, Mines and Resources votes 35, 40 and 45 are out of order. I note that in his remarks last June 1, the President of the Treasury Board confirmed this view when he addressed the question of the receivability of these items by saying, "Of course, legislation will be introduced with respect to those programs". By asking for money now, he would be putting the cart before the horse.

The next items objected to are External Affairs votes L45, L50, L55 and L60, and Finance vote L15. They are grouped together because each of them seeks authority to finance international development by the use of issuing demand notes to the credit of the various named banks or institutions upon which they may draw in the Bank of Canada, or to purchase shares in the listed banks. The hon. member for Calgary Centre suggests that these items are an attempt to grant to the government authority to undertake certain actions rather than simply asking for funds, and that they also contravene the provisions of Section 80 of the Financial Administration Act, which states that the Crown cannot assign its debts without legislative authority.

While I suggest that these items do not seek, for the Crown, the right to assign its debts, three of them, nevertheless, seek to grant authority for the government to take certain action, and on a very substantial scale. This is, of course, contrary to

the previous rulings of the Chair mentioned earlier, which stated that legislation and legislative changes in substance are not intended to be part of supply.

However, two of the items, External Affairs votes L50 and L55, have previous statutory authority, albeit previous Appropriation Acts, and thus are in order. With respect to the three other votes, that is, External Affairs votes L45 and L60 and Finance vote L15, they have no statutory foundation and are legislative items. Again, following the principles enunciated in previous rulings of the Chair, votes L45 and L60 of External Affairs and vote L15, Finance, must be ruled out of order.

That these items are really legislative items which deal with matters of substance is confirmed in the Blue Book. There is shown, on the same page which contains these items, an amount to be paid as a statutory item, and the statute referred to is the very programs for which approval is being sought. In other words, if vote L60, which includes the initial subscription for shares in a bank, were to be passed this year, next year the second instalment would be shown as a statutory matter, and the program consisting of the remaining instalments for shares in the international bank would be shown as a votable item.

As I said earlier, the programs described by External Affairs votes L50 and L55 are authorized by previous Appropriation Acts, and therefore the moneys sought for the instalment to be paid are in order.

I notice that on March 25 of this year, when the House dealt with a point of order in respect of similar items by the hon. member, I ended my ruling on the note that they should be raised at some future date, and I would have to be convinced that these similar matters are not really legislative items that should be introduced by separate statute. It seems that that time has come, and I am not convinced. It is certainly apparent to me that if complicated votes such as these and, for that matter, if all votes included a reference to the statutory authority on which they are based, it would be easier to determine whether or not they were in order.

While the significance of such a ruling is not lost, as was said on March 22, 1977, the function of the Chair is to ensure that what Parliament attempts to do is procedurally correct. Furthermore, the Chair is comforted by the fact that the President of the Treasury Board said on June 1 last, in reply to the point of order at issue here, that legislation will be introduced with respect to these programs, referring to the programs for insulation and conversion from oil to gas.

While the hon. member for Calgary Centre may be correct in his suspicion that there are other votes in the estimates which are out of order, it is not the role of the Speaker to act on her own initiative in such procedural questions.

Finally, while in the past, including the Chair's ruling earlier this year, time constraints may have dictated a certain course of action, this is not the case here. The hon. member for Calgary Centre raised his point well in time, and long before the day when the House will actually deal with their adoption in the bill based thereon.

Accordingly, I must now find that Agriculture vote 30, Public Works vote L70, Supply and Services vote 5, Transport vote 110, Energy, Mines and Resources votes 35, 40 and 45, External Affairs votes L45 and L60 and Finance vote L15, as contained in the main estimates 1981-82, are not properly before the House, and they are thereby ordered to be deleted therefrom.

Some hon. Members: Hear, hear!

* * *

PETITION

MR. DARLING—REINSTATEMENT OF CAPITAL PUNISHMENT

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the table the fifty-first report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Parry Sound-Muskoka (Mr. Darling) and finds that it meets the requirements of the Standing Orders as to form.

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PRIVILEGE

MR. FLIS—THE PHILIPPINES—RECOGNITION OF NATIONAL DAY

Mr. Jesse P. Flis (Parkdale-High Park): Madam Speaker, my question of privilege is twofold. For two days now, I have been trying to obtain the floor to put a motion recognizing the valuable contribution that the Philippino people have made to the growth of Canada; because as the House knows, today, June 12, marks the national day of the Philippinos.

Madam Speaker: Order. The hon. member sent me an advance copy of the motion which he wanted to put under Standing Order 43 today. He was not obliged to send me a copy of his motion, but since he did, I read it. The hon. member knows, of course, that Standing Order 43 deals with matters of urgent and pressing necessity. Matters must be urgent and pressing to be put in the House. I would not have been able to put it to the House because it is not a legitimate type of motion under Standing Order 43. Therefore, knowing what his motion was about, I did not recognize him.

I do have to tell the hon. member that he has been in the habit of putting several motions of this nature to the House on the occasion of national days. While that is extremely commendable and there are a lot of wonderful things we would like to do in the House, our rules are set in order to ensure that only matters which should, in fact, be dealt with in the House are dealt with, and again, at certain times.

Therefore, I would ask the hon. member, indeed all hon. members—because the hon. member for Parkdale-High Park (Mr. Flis) is not the only one who uses Standing Order 43 to congratulate someone—to co-operate with the Chair and not attempt to put to the House under Standing Order 43 motions to congratulate certain people.

Mr. Flis: Madam Speaker, I would not have raised the question of privilege if precedent was not set in this House. But—

Madam Speaker: Order. The hon. member is commenting on a ruling which I have just made. I am sure that he accepts the terms of the ruling. I know he is not happy with it. I know he would have liked to mention the national day of The Philippines, but I simply cannot accept that.

MR. WENMAN—DEFINITION OF SUPPLEMENTARY QUESTION

Mr. Robert Wenman (Fraser Valley West): Madam Speaker, my question of privilege is both a question of privilege and a point of order. I find my ability to—

Madam Speaker: Order. It cannot be both. The hon. member will have to make up his mind.

Mr. Wenman: I am bringing it forward specifically as a question of privilege, and there are other elements which Your Honour may want to consider in another format later.

At any rate, I find that my capacity as a member of Parliament has been inhibited due to Your Honour's interpretations of the rules and procedures of this House. I refer specifically to supplementary questions. I feel my privilege has been disrupted. On several days I had questions prepared which fitted in with other supplementary questions that had been asked. Under a previous Speaker in a previous House, my privilege was further extended. First, there was a direct definition of what is a supplementary question. I would ask that that definition be restated by the Speaker as it relates to second supplementary questions of members and also supplementary questions to questions asked initially by other members. Fewer questions are being asked in the House because those who are recognized automatically ask two questions each. As well, when a supplementary question is called, the second supplementary is not being recognized. This has happened on three or four occasions.

• (1220)

Could Your Honour tell me what the procedure is as it relates to the previous House and also advise me of your interpretation?

Madam Speaker: First of all, the hon. member does not have a question of privilege. Through a question of privilege, hon. members cannot raise the fact that they have not been recognized in the House. I think I have described the policy and the interpretation which the Speaker makes in the conduct of question period.

The hon. member invites me to define what is a supplementary question. I am not sure he would gain if I were to be so brave as to attempt to define a supplementary question. I think the spirit of it is that the question ought to be supplementary, that is to say, a follow up on whatever answer a minister has given in the House. If I were to follow that procedure very rigidly, I think I would have to rule out many supplementary questions. Sometimes a new question is asked dealing with new subjects.

I think we are governed by custom. When the rules are not too precise, the custom has been that when a member is recognized he is usually granted a question and what we call a supplementary. In other words, a member has two questions. He has a chance to follow up on whatever has been given as an answer in the House.

The hon. member is complaining that he has not been recognized sufficiently often.

Mr. Wenman: No, Madam Speaker, I am not.

Madam Speaker: I am delighted to hear that. That is very rare!

I just want to tell hon. members that in an attempt to be as fair as I possibly can, I do have a cumulative list. It used to be for a few days back; now I keep a cumulative list of members who rise in the House during question period. As days go on, their names are struck off when I recognize them.

Today I had quite a number of members who happened to be on the cumulative list but were not in the House. I will try to put them on the list for another day. Members know that I do extend the question period slightly on Fridays to give people a chance to be involved in the question period. I would counsel hon. members to be in the House on Fridays if they are really eager to take part in question period.

That is the policy and that is the interpretation. I do not think I have departed from what my predecessors did. I am, however, having a great deal of trouble with the length of questions. I used to have as many as ten Conservative members asking questions during the question period. I am now down to recognizing seven or eight members. I say I am down; I should say the Conservatives are down. I say "I" because I am concerned that they all be included. This cannot be done every day. I have noticed in the last two or three weeks that I am down to recognizing seven or eight members. I regret that, but I have a time restriction and I have to permit members of the New Democratic Party to ask questions. They cannot be down to two questions a day. That would be impossible, taking into account the proportion of New Democratic Party members in this House. If members asked shorter questions, I do not think they would lose much and other members would then gain additional opportunities to be recognized during the question period.

MR. McKINNON—MOVE OF RCMP HEADQUARTERS "E" DIVISION

Hon. Allan B. McKinnon (Victoria): Madam Speaker, once again I am in the position where a member with a question of privilege is expected to apprise the Speaker of it at the earliest possible moment and at the same time prepare the case to support his contention that he has a question of privilege. The time constraints in that regard are very difficult indeed.

My question of privilege today has to do with a House order that was passed requiring the Solicitor General (Mr. Kaplan)

to supply all the papers, documents and reports concerning the RCMP move from Victoria to Vancouver. This House order was passed on June 3. Last night I received my copy of it. It in no way complies with the House order.

I am sure you will realize how serious this question of privilege is, and I would ask you to extend to me the courtesy of additional time to prepare precedents and evidence to support my question of privilege.

Madam Speaker: I will look into the matter and take it under advisement.

* * *

POINT OF ORDER

MISS NICHOLSON—APPORTIONMENT OF TIME IN QUESTION PERIOD

Miss Aideen Nicholson (Trinity): Madam Speaker, I rise on a brief point of order. I listened with great interest to Your Honour's explanation of the way in which question period is managed to give equity to members. I noticed Your Honour mentioned a desirable number of questions for each of the opposition parties.

May I express my hope that when we are considering reform of the rules of the House we may have some discussion in the House, and perhaps at that time Your Honour might consider the advisability of increasing the number of questions available to supporters of the government. One could perhaps make a case that our constituents have an interest in seeing us raise matters of public policy in the House as well as in caucus.

Madam Speaker: I do not think that matter is the object of a rule. It is a decision which the Speaker makes on her own. I will agree with the hon. member that the government side has not been particularly spoiled with opportunities to ask questions because of the constraints I have which were described earlier. I have not given the government side the numbers which legitimately, I suppose, it could expect.

Hon. members from the government side realize that the government does have an excellent opportunity to express itself through the ministers who answer questions, a procedure which does take a lot of question period time. That is why backbenchers on the government side are not recognized as often as they would desire, That, too, is a matter of custom. Also the custom is that members on the government side do not get the privilege of a supplementary question.

I am in the hands of the House leaders, if they want to discuss this matter among themselves. I know how to establish the proportion that members on the opposition side should have in the Question Period, but I must say it is much more difficult to establish the proportion that should be given to the government side. I have looked at precedents and I have been guided by them. However, I am willing to discuss this question with the House leaders.

Order Paper Questions

ROUTINE PROCEEDINGS

[*English*]

EMPLOYMENT OPPORTUNITIES FOR THE '80s

PRESENTATION OF FOURTH REPORT OF SPECIAL COMMITTEE

Hon. Warren Allmand (Notre-Dame-de-Grâce-Lachine East): I have the honour to present the Fourth Report of the Special Committee on Employment Opportunities for the '80s. If the House pleases, I intend to move concurrence later this day.

[*Editor's Note: For text of above report, see today's Votes and Proceedings.*]

CONCURRENCE IN FOURTH REPORT OF SPECIAL COMMITTEE

Hon. Warren Allmand (Notre-Dame-de-Grâce-Lachine East): Madam Speaker, if the House consents, I move that the report to which I have just referred be concurred in.

Motion agreed to.

* * *

● (1230)

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 1,720, 2,106, 2,218, 2,244, 2,427 and 2,454.

[*Text*]

DIEFENBAKER STAMP—NUMBER PRINTED

Question No. 1,720—**Mr. Stewart:**

1. What is the average number printed, per issue, when a new stamp is issued?

2. How many stamps to commemorate the late Right. Hon. John G. Diefenbaker were printed and how many were allocated to the post offices in the (a) House of Commons (b) Senate?

Mr. Gary F. McCauley (Parliamentary Secretary to Minister of Consumer and Corporate Affairs and Postmaster General):

1. For the period April 1, 1980, to September 30, 1980, the average number of stamps printed was as follows: for a 17-cent commemorative stamp 22,000,000, for a 35-cent commemorative stamp 12,000,000.

2. 24,850,000.

(a) and (b)

There is no allocation process for the post offices in the House of Commons and the Senate. These post offices determine the quantities they require and order accordingly.

Order Paper Questions

AGRICULTURAL CHEMICALS—METRIC CONVERSION

Question No. 2,106—**Mr. McKnight:**

1. Was there a change in the labelling of farm chemicals from per acre measurement to hectare measurement and, if so (a) under what authority (b) on what date (c) for what reason?

2. Did the Metric Commission receive briefs requesting that the labelling of agricultural chemicals be in hectares rather than in acres and, if so, from which organizations and industries?

3. Does the chemical industry have to comply with the hectare changeover requirement and, if so (a) since what date (b) what is the penalty for non-compliances?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council):

I am informed by the Departments of Agriculture and Industry, Trade and Commerce as follows: 1. Yes.

(a) Under the authority of regulations under the Pest Control Products Act administered by Agriculture Canada.

(b) Effective from January 1, 1981, labels and instructions for those products governed by PCP regulation are required to show metric units only.

(c) In accordance with the recommendation made by the agricultural chemicals industry in Canada, in support of Canada's conversion to the metric system of measurements to achieve the policy goal stated in the 1970 White Paper on Metric Conversion in Canada, that " . . . a single, coherent measurement system based on metric units should come to be used for all measurement purposes required under legislation, and generally be accepted for all measurement purposes".

2. In order to achieve the policy goal of Canada's metric conversion, Metric Commission Canada established a structure of steering and sector committees, covering all sectors of the economy, with representatives of industries, businesses, labour, consumers, education and appropriate government departments and agencies. As part of this structure, the Canadian Agricultural Chemicals Association has been participating in the sector committee for chemicals and chemical products, which is responsible for the investigation, planning, scheduling and implementation of metric conversion in its area of interest. The Canadian Agricultural Chemicals Association has also been operating its own metric conversion committee, which has been feeding the association's input to the metric conversion plan developed by the sector committee. At its fifth meeting on March 21, 1974, the sector committee adopted the National Standard of Canada—Canadian Metric Practice Guide as the governing document for metric units to be used by the industry. At the eighth meeting of the sector committee on November 21, 1974, in discussing the development of a sector plan for metric conversion, the representative of the Canadian Agricultural Chemicals Association stated that his industry would find metric conversion advantageous, resulting in a standardization of containers. These decisions are reflected in the metric conversion plan prepared by the sector committee and approved for publication by Metric Commission Canada on October 26, 1976.

In May, 1976, the Canadian Agricultural Chemicals Association through its metric conversion committee published a recommended list of units and container sizes to replace imperial units and sizes. In April, 1979, the association published an expanded Metric Practice Guide for the Canadian pesticides industry. The adoption of metric units meant that acres were replaced by hectares.

Recognizing that agricultural chemicals are controlled by government regulations pertaining to their sale and usage, that industry has been in continual consultation with Agriculture Canada with respect to the timing of metric conversion and also the usage instructions in metric units. In April, 1977, the Canadian Agricultural Chemicals Association wrote to Agriculture Canada requesting them to "arrange for a change in the measurements used in the Pest Control Products Act from the present system to SI units." On October 3, 1977, the association wrote again to Agriculture Canada on the matter of hectare versus acre and noted that "a system using part SI and part non-metric would . . . create a state of confusion and introduce the possibility of greater errors . . ."

At its eighteenth meeting on September 13, 1977, the sector committee on Chemicals and Chemical Products went on record as unanimously adopting the hectare for land measurement.

3. Yes (a) January, 1981. (b) Prosecution under the Pest Control Products Act.

CBOT NATIONAL NEWS COVERAGE

Question No. 2,218—**Mr. Cossitt:**

1. Are any steps planned by CBC to improve the calibre and to increase the scope of national news coverage by CBOT TV in Ottawa and, if so, what are they?

2. Is the viewing audience for the 6 p.m. CBOT newscast below that for the 6 p.m. CJOH newscast and, if so, by what amount?

3. Does CBC channel 4 carry as much (a) national and parliamentary (b) regional news as CTV channel 13 and, if not, for what reason?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications):

I am informed by the Canadian Broadcasting Corporation as follows: 1. The CBC considers that the calibre and scope of CBOT's national news coverage is already excellent. "The National" at 11 p.m. daily provides CBOT and other CBC network stations with thorough and complete coverage of national news. The full resources of the CBC's national news department are available for such CBOT local news programs as "Newsday", which receives national and other news items fed from the network. In addition, wide national news coverage is provided by the programs named below in the answer to part 3. All CBC stations constantly strive to improve their productions as staff and funds permit, and CBOT is no exception.

2. See reply to question No. 1,968 answered April 2, 1981.

3. CBOT carries local, regional, national and international news as follows:

"Newsday"	Monday to Friday	18 h—19 h
"The National"	Daily	23 h—23 h 25 (weekends 23 h—23 h 15)
"Newsday Final"	Daily	23 h 25—23 h 35 (weekends 23 h 15—23 h 25)
"CBC Saturday Evening News"	Saturday	18 h—18 h 30
"CBC Sunday Evening News"	Sunday	17 h—17 h 20

The above programs also feature government and parliamentary news items, and these areas are also covered in whole or in part by the following programs:

"This Week in Parliament"	Sunday 17h20—18h
"CBC Newsmagazine"	Monday 22h—22h30
"The Watson Report"	Monday 22h30—23h

Parliamentary news is sometimes included in other programs, such as "Take 30" and "The Fifth Estate".

Because the number of such items on television stations can vary from program to program, week to week and season to season, no valid comparison between stations can be made.

CBC—NEWSCASTERS STYLE

Question No. 2,244—**Mr. Cossitt:**

1. Does CBC require as a matter of policy a stereotyped style on the part of their newscasters?

2. Does CBC stipulate the use of the news style used by former CBOT anchorman Ab Douglas in preference to the style used by Max Keeping of CTV's Ottawa outlet?

Mr. Peter Stollery (Parliamentary Secretary to Secretary of State and Minister of Communications):

I am informed by the Canadian Broadcasting Corporation as follows: 1 and 2. No. There are, however, a number of general requirements, as there are for any position, as well as some with specific reference to TV newscasting, such as knowledge of speech techniques and good on-air presence.

TRIDENT AIRCRAFT LIMITED

Question No. 2,427—**Mr. Munro (Esquimalt-Saanich):**

1. (a) During the fiscal years 1979-80 and 1980-81, what amount of public funds was advanced to the Trident Aircraft Co. of Sidney, British Columbia and for what purpose (b) what amount is to be advanced during the fiscal year 1981-82 and for what purpose?

2. (a) Is Mr. Derek Lock still attached to the Trident Aircraft Co. (b) did he re-enter the Public Service and, if so, in what capacity and in which department?

3. Does the government have any commitments to the Trident Aircraft Co. and, if so, what are they?

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council):

I am informed by the Departments of Industry, Trade and Commerce and Regional Economic Expansion as follows:

1. (a) Public funds in the form of a repayable contribution were advanced by IT&C to Trident Aircraft Limited as follows:

Fiscal year 1979/80	$1,300,000.
Fiscal year 1980/81	$2,700,000.

The repayable contribution was to assist in the re-structuring of the company to enable the completion and production start-up of the Trigull amphibian aircraft.

(b) IT&C has not planned to advance any funds to Trident Aircraft Limited for 1981/82.

2. (a) Mr. Derek Lock is no longer with Trident Aircraft Limited and has left the Public Service.

(b) Not applicable.

3. Under the Canada-British Columbia Industrial Development Subsidiary Agreement, DREE has agreed to cost share with the province a low interest loan in the amount of $2.9 million to the British Columbia Development Corporation (BCDC) to finance the construction of 110,000 square feet of manufacturing space for Trident Aircraft Ltd. at the Victoria International Airport. This loan to BCDC, which will build the space for Trident on a lease-back basis, has as one of its conditions, the requirement that Trident must have all its financing in place before any disbursement will be made on the loan. As this condition has not been met, no DREE funds have been disbursed to date under the terms of the agreement with BCDC for the Trident facility, and in view of the cessation of Trident, it is not anticipated that any money will be disbursed in the future.

EXPORT DEVELOPMENT CORPORATION—INSURANCE CLAIMS

Question No. 2,454—**Mr. Herbert:**

1. In each of the past five years, how many insurance claims were paid by the Export Development Corporation and what was the total paid in each year?

2. How many of the claims originated in the United States and, in each year, what were the claims as a percentage of the total amount paid?

Hon. Ed Lumley (Minister of State (Trade)):

In so far as the Department of Industry, Trade and Commerce is concerned, Export Development Corporation states that:

1.

Year	Number	Total Amount Paid ($ thousands)
1976	95	$ 2,295
1977	93	3,047
1978	104	6,657
1979	136	3,914
1980	109	10,382

2.

Year	Number	Per cent of Total Amount Paid
1976	34	15.0%
1977	20	5.0%
1978	27	1.9%
1979	38	4.2%
1980	46	3.1%

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. D. M. Collenette (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 2,385 could be made an order for return, this return would be tabled immediately.

[*Text*]

DOT—GRANTS TO OTHER THAN FEDERAL AIRPORTS

Question No. 2,385—**Mr. Herbert:**

During the past five years, did airports administered by provincial or municipal authorities receive operating or capital grants from the Department of Transport and, if so, which airports?

Return tabled.

[*English*]

Mr. Collenette: I ask, Madam Speaker, that the remaining questions be allowed to stand.

Madam Speaker: The questions enumerated by the parliamentary secretary have been answered. Is it the pleasure of the House that the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

PROHIBITION OF INTERNATIONAL AIR SERVICES ACT

MEASURE TO REGULATE CERTAIN ASPECTS OF AIR TRANSPORT

Hon. Mark MacGuigan (Secretary of State for External Affairs) moved that Bill S-7, to provide for the prohibition of certain international air services, be read the second time and, by unanimous consent, referred to a Committee of the Whole.

He said: Madam Speaker, the objective of the bill before us is to implement in a concrete and practical way the government's commitment to combat aerial hijacking, a particularly prevalent form of international terrorism. The bill is a direct result of the Declaration on Hijacking made at the Bonn summit in July, 1978. The Prime Minister (Mr. Trudeau) was personally instrumental in the final formulation of the text of that important declaration, which was jointly issued by the seven heads of state and government of the Federal Republic of Germany, France, Italy, Japan, the United Kingdom, the United States and Canada. The text is not long, but to save time I will not read it.

The obligation to extradite or prosecute hijackers has a firm basis in international law. It is, for example, an essential operative provision in the 1970 Hague Convention for the Suppression of the Unlawful Seizure of Aircraft, to which Canada and over 100 other states are parties. However, the difficulty the international community faces in combatting hijacking, and indeed various other forms of terrorism, is not the absence of international agreements defining offences and setting out appropriate penalties. The difficulty is, rather, the reluctance of governments to face up to their obligations when it comes to taking appropriate legal action against alleged offenders. Indeed, as recent events bear witness, some governments, for political reasons even condone, if not openly support, the activities of the wrongdoers.

It is this kind of culpability or attitude on the part of governments that the declaration is directed against. The severing of air links with the offending state, or defaulting state, to use the language of the bill, is intended to act as a kind of sanction to induce compliance with international obligations. In addition, the severing of air links can be seen, in appropriate circumstances, as a gesture whereby Canada dissociates itself from governments which are not prepared to take all necessary steps to deal with terrorists.

Clause 3 of the bill provides for determination of default by the Secretary of State for External Affairs. Such determination would be the result of close consultation with the other six governments which would each be monitoring and assessing the follow-up to any given hijacking incident. This activity would be undertaken primarily by the embassies of the seven governments in the country or countries involved in the hijacking. Based on the advice of the Secretary of State for External Affairs and the Minister of Transport, the governor in council would then be in a position to determine what prohibitive action, if any, is appropriate in the circumstances. Hon. members will see in Clause 3(1) of the bill the range of possibilities that are open in this regard. In exceptionally serious cases it is conceivable that all six prohibitions would be invoked.

The bill also provides for amendment or repeal of an order of prohibition as well as for penalties for air carriers which fail to comply with the order.

The government considers it desirable to enact specific legislation for implementation of the Bonn declaration even though existing powers would permit some measures of the kind of action required by the declaration. Because of the often fast-moving and unpredictable nature of hijacking incidents, the government should have available a procedure that is clearly established in advance and can be implemented on short notice.

As hon. members will see, the bill is brief and uncomplicated. It provides for drastic measures, but we believe that in situations which often involve loss of life and the taking of innocent hostages, drastic measures are called for.

The essential element to be considered here is the obligation to extradite or prosecute hijackers. We are convinced that unless governments act resolutely to deal with hijackers, such incidents of terrorism will increase. We also believe that terrorists would largely be ineffective were it not for the support or acquiescence of some governments, achieved by intimidation. The Bonn declaration has put the world on notice that the Government of Canada, and the six other governments involved, will not stand idly by while international law is flouted and terrorism condoned and encouraged.

Passage of this bill will ensure that Canada is in a position to comply fully with the terms of the Bonn declaration. The forthcoming Ottawa summit will again provide an opportunity for the seven governments to reaffirm their commitment to combatting terrorism. It is noteworthy, I believe, that the previous government in effect confirmed a decision already taken by the former Liberal government that special legislation should be enacted to implement the declaration. This is therefore not a partisan issue.

The efforts of Canada alone are not enough to resolve this problem, but if all governments were to act in the same spirit, the situation would be greatly improved.

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, I am pleased to have this opportunity to lend my party's support to the implementation of Bill S-7. It is a bill that addresses only one part of a greater, over-all evil that has left no nation in the world untouched. The evil to which I refer is that of international terrorism.

The philosophy of violence that is a trademark of terrorists and their organizations has been, and continues to be, repugnant to any nation which adheres to a civilized, democratic and law-abiding way of life and equally towards peaceful co-existence. Terrorism, however, is not a new phenomenon to any country. There are many types and examples of terrorism that one could cite from history, but they pale into insignificance when compared to the nature or style of today's international terrorism.

It is a phenomenon that knows no borders, respects no laws—be they domestic or international—and is marked by indiscriminate targetting, the senseless loss of lives and a total lack of morality.

Perhaps, Mr. Speaker, terrorism is a sign of our times, for we live in a world riddled with strife and violence, caused in part by political, cultural, economic and religious division. Because of these facts, it is vital to world security that the international community resists terrorism in a unified and effective approach.

• (1240)

The subject matter of Bill S-7 deals with the unlawful seizure of an aircraft and its passengers, a criminal act more commonly known as "hijacking". Hijacking acts have been committed by a variety of terrorist groups or individuals. No member in this House needs reminding that in such hijackings violence is always used and, tragically, has often resulted in the taking of innocent lives.

As the Secretary of State for External Affairs (Mr. MacGuigan) has said, Bill S-7 owes its existence to the declaration on hijacking adopted at the Bonn summit. On January 17, 1978, the seven nations participating in that Bonn summit issued a declaration which became known as the "Bonn Declaration on Hijacking". That Bonn declaration was reaffirmed at the Tokyo economic summit in June, 1979.

This declaration highlighted a problem that has confronted nations who are attempting to combat terrorism in all its forms. The problem is that certain nations which have been designated by hijackers as their final destination have in the past failed or refused to prosecute or extradite the hijackers and, in some cases, have welcomed them as heroes.

With this rather distressing conduct of certain nations the ensuing problem has been that those countries committed to combatting terrorism have been consistently frustrated and hamstrung by the action of these nations in their refusal to co-operate, refusing to abide by the principles of international law or any civilized domestic code of law.

These actions do not offer much hope for some form of peaceful global co-existence. These actions only cultivate frustration, mistrust and a sense of futility. How can law-abiding nations hope to combat terrorism effectively when the offenders know full well that they will not face prosecution or extradition by certain states? It is imperative that these criminals be given notice that they will find no safe haven throughout the world and will ultimately face full and just punishment for their criminal activities.

There is a serious responsibility placed on the nations which believe in this goal of deterring terrorism not only to support international declarations such as the ones adopted at The Hague, Montreal and Bonn, but in addition to bolster them with domestic legislation having a specific aim toward pressuring other nations into punishing terrorists who unlawfully seize aircraft, threaten innocent crew members and passengers and sometimes murder them. Bill S-7 will serve, hopefully, as a notice to those who support terrorism that Canada intends to honour its international commitments.

As stated before, the campaign against terrorism by all law-abiding nations must be founded on both a collective and individual desire to attain that goal. I believe quite sincerely, Mr. Speaker, that the debate on this piece of legislation should transcend partisan politics because passage of this bill is crucial to Canada's international reputation.

Adoption of specific legislation such as Bill S-7 will undoubtedly give clear authority to the government and, of course, greater certainty when dealing with hijacking incidents. In the case where a hijacking occurs and Canada finds a state in default of the legislation, Bill S-7 will enable the government to respond and act with greater speed. Needless to say, Sir, action and, to a lesser degree, speed are two important elements required to give this commitment credibility and effectiveness.

I would like to say that the passage of such legislation is long overdue. Admittedly, the frequency or rate of hijackings has decreased somewhat, but now is not the time for nations to become apathetic or lethargic in their efforts toward deterring terrorism or, in this case, hijacking.

Terrorism, unfortunately, will continue to be practised by a number of misguided individuals, organizations and states. It is our duty and responsibility now to stand up and be counted among those in the world who are opposed to such evil practices. It must be made clear to terrorists that no state will entertain any demands, that terrorists' acts will be universally

condemned, and in the end offenders will be brought to justice. This legislation is a move in that direction.

Some hon. Members: Hear, hear!

Hon. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I am happy on this occasion to join with the Secretary of State for External Affairs (Mr. MacGuigan) and the hon. member for Kingston and the Islands (Miss MacDonald) in making this a piece of legislation which we are dealing with on a non-partisan basis and which we all support.

The spokesmen for my party who deal with external affairs and with air transport in particular have studied the bill very carefully. We have dealt with it in the New Democratic Party caucus and I am authorized on behalf of my party to say that we are quite prepared today to give this bill its second reading and to deal with it in Committee of the Whole, and also give it third reading.

We support the statements which have been made by the minister and by the previous speaker regarding the concern we feel and must feel about terrorism, about increasing violence in the world. We are glad that the seven nations that meet in summit conferences reached the agreement set out in the Bonn communiqué, and we are glad we now have before us a piece of legislation that will implement that communiqué.

Since what the three of us are saying is that we are prepared to support this bill, there really is no need to spin out the debate. But it did occur to me that since all of us have been referring to the Bonn communiqué of July 17, 1978, and since it is rather short, it might be useful to have its actual words in the pages of *Hansard*. As I say, it is the one issued by the seven nations at the summit conference in Bonn on July 17, 1978, and it is as follows:

> The Heads of State and Government, concerned about terrorism and the taking of hostages, declare that their Governments will intensify their joint efforts to combat international terrorism. To this end, in cases where a country refuses extradition or prosecution of those who have hijacked an aircraft and/or do not return such aircraft, the Heads of State and Government are jointly resolved that their Governments shall take immediate action to cease all flights to that country. At the same time, their Governments will initiate action to halt all incoming flights from that country or from any country by the airlines of the country concerned.

I like the last sentence:

> They urge other governments to join them in this commitment.

What we have before us now is a bill to provide Canada's implementation of that commitment, and I want to say to the Secretary of State for External Affairs that I welcome the suggestion that we should have appropriate legislation on the books so that if any action is necessary there will be legislative authority for the appropriate order in council which might have to be issued.

We welcome the introduction of this legislation by this government, the same legislation the last government was ready to introduce, and I think I can say that the House is prepared to pass it through all stages before we rise for lunch.

● (1250)

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Francis in the Chair.

Clauses 2, 3 and 4 agreed to.

On Clause 5—*Offence.*

Mr. Knowles: Mr. Chairman, before Clause 5 carries I should like to invite the minister to make a comment on it. It is the clause which provides for a penalty of $25,000. It does not say whether that is a total penalty, or $25,000 per day, or what have you. Some of my colleagues who have studied this bill felt at one point that it would be desirable to raise the amount of that fine. They had discussions with the Secretary of State for External Affairs. I wonder if the minister could give the reason, in the case of such a serious offence, the penalty is so low.

Mr. MacGuigan: Mr. Chairman, the matter which is now raised by the hon. member was discussed in the other place and there, with our concurrence, the fine was raised from $10,000 to $25,000. It is our interpretation that this applies to each day on each offence; that, as I said in my address, in exceptionally serious cases it is conceivable that all six prohibitions could be invoked; and that there could be a number of offences committed simultaneously, each of which for each day would trigger a fine of $25,000.

The reason for not going above that figure is not to spare the perpetrators of any acts under this legislation, but to keep it at the level of an offence punishable on summary conviction in order to simplify the procedures. I had mentioned that we do have some legislative measures already in effect which could enable us to take such action, but they are more cumbersome, and one of the principal purposes of this legislation, as I said in my address, is that the government must have a procedure which can be implemented on short notice. The expeditious procedures here are able to be taken, in part because we do not go above $25,000, which would involve us in an indictable offence and more complicated procedures.

Clause 5 agreed to.

Clause 6 agreed to.

Clause 1 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

* * *

DEPARTMENT OF LABOUR ACT

REMOVAL OF REQUIREMENT TO PUBLISH LABOUR GAZETTE

Hon. Gerald Regan (Minister of Labour) moved that Bill S-4, to amend the Department of Labour Act, as reported

(without amendment) from the Standing Committee on Labour, Manpower and Immigration, be concurred in.

Motion agreed to.

Mr. Collenette: Mr. Speaker, I rise on a point of order. I understand there would be agreement on all sides to move the motion for third reading now. The minister would then call it one o'clock and speak at two o'clock when we resume.

Mr. Deputy Speaker: Is that agreed?

Some hon. Members: Agreed.

Mr. Deputy Speaker: When shall the bill be read the third time?

Some hon. Members: By leave, now.

Mr. Regan moved that the bill be read the third time and do pass.

He said: Mr. Speaker, in standing to speak at the third reading stage of this bill the most appropriate thing I could do at this moment would be to ask if I may call it one o'clock.

Some hon. Members: Agreed.

Mr. Deputy Speaker: It being one o'clock, I do now leave the chair until 2 p.m.

At 12.57 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Deputy Speaker: Order, please. When the House arose at one o'clock p.m., the Minister of Labour (Mr. Regan) had been given the floor.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I wonder if you might ask the House for unanimous consent to allow the minister to speak a second or third time if we have any questions to ask as a result of his speech on third reading.

Mr. Deputy Speaker: The minister is proposing third reading and the House would have to give unanimous consent for the Chair to recognize the Minister of Labour for another round.

Mr. Collenette: Well, Mr. Speaker, it is a most unusual request. If there could be some guarantee that there would be just one question from the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton), perhaps we could facilitate him.

Mr. Hamilton (Qu'Appelle-Moose Mountain): The reason for asking the question is that we went through the procedures pretty fast at five minutes to one and I had expected the minister would say a few words on third reading. From that speech I could then decide whether or not I was going to ask any questions. My point is that I understand the minister cannot speak more than once on third reading, so I am asking for unanimous consent to have him answer any questions we have.

Mr. Knowles: I was going to suggest, Mr. Speaker, that, as is sometimes said, when the minister finishes the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) might ask a question or two before the minister sits down.

Mr. Deputy Speaker: Is it agreed?

Mr. Hamilton (Qu'Appelle-Moose Mountain): Provided the same privilege is extended to other members.

Mr. Collenette: Mr. Speaker, I think there is no problem in accommodating one member who perhaps was not at the committee when this matter was discussed. But if we are now suggesting a protracted question period where everyone has the right to question the minister on third reading, I think that would be a little too much to ask.

We are quite willing to accommodate a question by the hon. member for Qu'Appelle-Moose Mountain, who might not have been here earlier or who might not have attended the committee meetings; but I think the suggestion made by the hon. member for Winnipeg North Centre, that the hon. member might want to ask a question and the minister might want to answer, is a frequent practice. However, to extend that rule to all members when we have other business to discuss would, I think, be a little too much to ask.

Mr. Hawkes: I rise on a point of order, Mr. Speaker. I would just like to understand the commitment from the parliamentary secretary. Those who were not at committee and did not have—

Mr. Deputy Speaker: There appears to be agreement that the Minister of Labour has the floor. At the end of his speech he would entertain a question from the hon. member for Qu'Appelle-Moose Mountain.

Mr. Regan: Mr. Speaker, at one o'clock I had indicated that I was rising to speak on third reading of Bill S-4, an act to amend the Department of Labour Act of 1900. In doing so, may I say that I am pleased and a little surprised to see that there might be sufficient interest in a bill which is relatively narrow in its scope as to generate some questions. We will deal with those matters as they arise, perhaps at the end of my remarks.

• (1410)

I imagine the large majority of the members of the House are familiar with the objective of this amendment which, in effect, would eliminate the legal requirement for the Department of Labour to publish the *Labour Gazette* and its companion *La Gazette du Travail*. I also suppose that hon. members may recall that this enabling legislation was originally placed before the House in December of 1978 and again reintroduced in October of 1979. Finally, second reading was last June 6. In

effect, the bill was introduced by the former Liberal Government and died with the dissolution of that Parliament.

It was then introduced by the Conservative government. When that government ceased to exist, since the bill had not made its way through the House we introduced it once again and it is before the House today for third reading.

Perhaps it is necessary for me to provide a brief history, since some hon. members are perhaps not familiar with the earlier deliberations on this bill or the history of the *Labour Gazette*. The statutory requirement that the *Labour Gazette* be published monthly by the Department of Labour goes back to 1900 when the Department of Labour really came into existence with a piece of legislation which also provided the statutory requirement that this publication occur monthly.

Prior to 1900 almost all of the labour law in the country was provincial. It was limited and it certainly lacked greatly in uniformity. One could say that from the time that the first federal legislation in the labour field was passed in 1900 the federal legislation was adopted by a variety of governments and used as a showpiece, if you like, as a way for the provinces to follow. This resulted in a general pattern of uniformity of legislation evolving in the succeeding years.

It is interesting to note that the first editor of the *Labour Gazette* was a young man by the name of William Lyon Mackenzie King. He had prepared a report on the state of working conditions and other matters which related to labour in the country. His report was prepared in 1898 for the then postmaster general, Mr. Mulock. Subsequently, when the postmaster general brought forth the legislation in 1900 he enticed Mackenzie King to become the first editor of the *Labour Gazette* and, in effect, also the first deputy minister of the department, which I believe took place in September of that same year. Thus, this publication which could and would go out of existence with the passage of this legislation actually dates back that far and has had a distinguished first editor.

The *Labour Gazette* played a key role for many years in relation to the publication of statistics and other facts which relate to industrial relations in the country. I think it made a very substantial contribution to a better understanding among all parties of the actual facts and developments in the labour scene. But times change and, perhaps, the *Labour Gazette* can best be described as having become a victim of the changing times. Its original need existed as a consequence of an absolute vacuum in relation to publications on subjects of that kind.

With the passing years there were more and more publications relating to labour matters, some of them put out by provincial governments and some by private agencies, and, indeed, others put out by the federal government. I think it is interesting to note that the requirement that the *Labour Gazette* be published monthly also came to be a bit of rigidity in relation to better serving the interests, because from the point of view of the type of statistics which are useful to management, labour and other people involved in industrial relations, quarterly publications are often more useful than monthly ones.

This rigidity perhaps led to a variety of other publications taking over part of the original role of the *Labour Gazette*. Toward the end the publication had changed very considerably in its character and had really become a forum for the expression of opinions and trends in relation to the whole subject of industrial relations. That was a useful purpose, but I think the essence of the consideration by the two previous governments, as well as this one, in introducing the legislation to remove the statutory requirement that such a magazine bear such a name, and that it be published monthly, was the cost in relation to recovery. The fee which could be realized by sale was in the vicinity of $7.50 per issue, while the cost of publication amounted to about $60 per issue. One can see that there was a loss of over $50 per copy. A former minister indicated that between 1978 and 1980 the loss would have amounted to something in the vicinity of $400,000 had the publication been continued monthly.

There are two salient points in relation to why the legislation comes forward. First, the place has been taken by a great number of other types of publication, and I will mention some of them briefly later on. Second, the costs in relation to the number of readers and the value of that particular publication has become prohibitive. I might add that today a great deal of the communication of much of the information which formerly appeared in the *Labour Gazette* is dealt with on a very frequent basis by electronic communication, as well as by the greater use of other forms of communication. This does not mean that the Department of Labour is in any way receding from its responsibility to circulate statistics and other materials with reference to industrial relations.

I would now like to mention the names of a few of the other publications which the Department of Labour puts out. They are: *Base Rate Increases*, published quarterly and annually; *Calendar of Expiring Collective Agreements*, which is published annually; *Report on Strikes and Lock-Outs in Canada*, which is published annually; *Wage Rates, Salaries and Hours of Work*, published annually; *Arbitration Services Reporter*, which is published monthly; *Labour Standards in Canada*, which is published annually; *Legislative Review*, which is published annually; *Collective Bargaining Review*, which is published monthly; *Wage Developments*, published annually; *Wage Developments Resulting from Major Collective Bargaining Settlements*, published quarterly; *Work Stoppages*, published monthly; and *Working Conditions in the Canadian Industry*, published annually. In addition to these publications we have a high level publication entitled *The Quality of Working Life*, which is becoming more and more important and which is available quarterly upon request.

In addition to all of these publications, Labour Canada is planning a new initiative to replace the Labour Information Bureau which was proposed in Bill C-9. Bill C-9 encountered stiff resistance from the labour movement, especially public sector unions concerned with the proposed bureau's mandate and composition. The new approach, which we believe genuinely acceptable and responsive both to the labour movement and to employer organizations, calls for the establishment of

the Industrial Relations Information Service, or IRIS—everything needs to have a name which can be shortened, I guess. IRIS will operate as a service of Labour Canada, providing convenient access to the wealth of public information concerning labour matters which is available from a variety of federal government sources. The primary clientele of IRIS will be active industrial relations practitioners, namely labour and management negotiators, their research support people and third parties, such as mediators and arbitrators. Special legislation is not required for this new service.

● (1420)

I think that that gives some of the background of the history of this bill and of the *Labour Gazette,* the interrupted efforts of two previous governments to put this rather slight piece of legislation through the House, and the fact that today we have finally reached third reading of it. Presumably, if this government survives a bit longer than the fate which befell the two previous bills, it will not confront the efforts which I think are generally supported in the House to remove this statutory requirement.

It is, of course, with some sense of history that we recognize that the *Labour Gazette,* founded by Mackenzie King, in effect, comes to an end after 81 years. However, as I have indicated, this is a consequence of new services, new ways of communicating information and of our changing times.

Finally, I would emphasize that the provision of a forum for independent labour-related opinion still has merit, provided it can be produced at a reasonable cost. It should be noted that the effect of this legislation, while it eliminates the requirement to publish the *Labour Gazette* and *La Gazette du Travail,* does not prevent introduction of periodicals under the same or similar title if circumstances justify such action. The bill then, confirms the decision to discontinue these publications.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, the minister's remarks helped clarify, in part, what my concern was earlier on a point of order, namely, I was very curious about the way this bill was drafted. I am not a lawyer and I am not the official labour critic. What I am concerned about is that I see a bill in front of me which was originally passed by the Senate a year ago, on May 8. I can understand that with the elections and all the other problems which would occur, there could be a delay. It was the first occasion we had to get it through. Therefore, I have that history fairly straight. However, when I see certain words like "shall" in that paragraph which makes up this new amendment or new legislation repeated twice, my curiosity is aroused very swiftly. I know the difficulty which exists in getting the word "shall" into legislation. The lawyers of justice fight it like the devil is supposed to fight holy water. However, when I see it twice in one paragraph, my curiosity is aroused.

I gather from the minister's speech that he is saying that the *Labour Gazette* is being discontinued. The legislation which we have before us says:

> With a view to the dissemination of accurate statistical and other information relating to the conditions of labour, the Minister shall collect—

That means that the minister is ordered by Parliament. He has no choice but to put out these figures. That is straightforward enough. I will forget the other "shall" for a moment. However, what makes the matter very suspicious is the second term of his bill, which says:

> This Act shall be deemed to have come into force on January 1, 1979.

I do not have to be a labour expert at all, probably I do not have to be above the level of a moron, to know that there is something very fishy going on here. What this means to me, although I have no proof, is that they have been collecting these statistics all this time, and this is put in to legitimize by Parliament and give statutory authority to that which has already been done in the last two and one half years. Therefore, these people who have been paid to do this work are now going to have it legitimized by Parliament two and one half years later. When the country is told that we are getting rid of the *Labour Gazette*, for whatever reason, and the government is now bringing in a bill providing that the department shall do the same thing, and then it is dated back two and one half years, as I said, then all the suspicions of even a moron are raised.

Therefore, my question to the minister, preliminary to my major remarks, is: Is there any correctness to this suspicion that I have that someone is covering up? I think the phrase is "CYA". Are they covering up for the fact that this work has actually been done for the last two and one half years and we must now pay these people legitimately? Is that the reason this bill was made effective two and one half years ago?

Mr. Regan: Mr. Speaker, I thank the very distinguished member for Qu'Appelle-Moose Mountain (Mr. Hamilton) for his question. As one who served here as a young member with the hon. member for Qu'Appelle-Moose Mountain some 18 years ago, and who followed his very distinguished career as a minister of agriculture prior to that, I have to say that I think this is probably one of the very few times in his career, which I have followed with some close interest, in which he has put an improper interpretation upon a situation.

Actually, the department has the full authority to go ahead, to collect, and to publish material, whether Section 4 of the Department of Labour Act exists or not. Indeed, since the former section is in effect until this bill is passed today, until it goes out, it would also provide authority to publish various types of statistics and documents. For many years, the department has carried on a number of different publications in addition to the *Labour Gazette.*

Section 2 of the bill provides the retroactivity to January 1, 1979, for a very different reason. It is not the reason of making legitimate the collection and publication of materials that I am now directed to do. Rather, it is because of the fact that the former Conservative and former Liberal governments had ceased the publication of the *Labour Gazette*, feeling that the passage of the bill was imminent. Therefore, this bill, as were former bills, is dated back to that date to legitimize the fact

that the *Labour Gazette* has not been published since that time. The backdating is for the purpose of dealing with the outgoing section, not for the purpose of dealing with the incoming Section 4.

I trust that explains the situation to the hon. member. I can assure him that the drafting of Section 4 in such a way as to have the word "shall" in it at least twice, as the former section had also, is perhaps aimed at assuring any people who had regret upon the passage of the *Labour Gazette* that the responsibility will still be on the Department of Labour to continue to collect and publish statistics, though not necessarily solely through a labour gazette, and not necessarily on a monthly basis rather than another length of time. That, I trust, is an explanation which meets the concern and constructive comment of the hon. member.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I would like to thank the minister for trying to explain what has aroused my curiosity. Quite frankly, I am still confused, because if all that he said was completely true, why not just make the bill effective June 1 of this year? Then the hon. member would have no problem with suspicions like mine. I will just leave it at that because it is not the main subject I want to speak to.

What struck me about this bill was the double use of the word "shall". I am now informed by the minister that it was in the previous legislation. I presume the second "shall" was not in the previous legislation. It reads:

—shall institute and conduct inquiries into important industrial questions upon which adequate information may not at present be available.

Is that part new? If it is not new, then certainly there has been a lot of laxity in the last 50 years since Mackenzie King was in this chamber. I am simply pointing out that the phrase "shall institute and conduct inquiries into important industrial questions" is a very significant and pregnant type of phrase.

● (1430)

Mr. Regan: It is in the former section.

Mr. Hamilton (Qu'Appelle-Moose Mountain): In the proposals I shall put forward it is clear, then, that to help the job-creating purpose of the Department of Labour, as opposed to settling disputes, is very important to this country.

This country has suffered terribly this last 50 to 60 years because we have never had any follow through on the work we have done in the various sections of government that would add to the final production, namely, new jobs. Everyone knows and accepts that Canada has what the world needs. Every child from the time he starts school spends his life learning how much Canada has in the form of wealth of all sorts. We always come up against the fact that even though we have it all, we are not doing very much with it in a co-ordinated manner. We call "doing something with it" intelligently by various names. One of the names that we use for it is "industrial strategy".

I have some knowledge of the history of the pre-1914 period. I have a lot more knowledge of the events of the 1920s and 1930s. I might say I have a very intimate knowledge of the events in the 1960s. One complaint Canadians have a right to hold against governments is that they have failed to push through the work done in bits and pieces here and there in government and outside of the government in getting a clear-cut industrial strategy so that the whole world knows where we are going.

One thing that holds this up, which I tie to labour, is the input into final decisions, which never seem to come from governments. Labour needs to know where the opportunities are. Labour should be able to throw its considerable weight, which it has in Canadian public affairs, in the direction of making more jobs for the people they represent.

For example, the Association of Canadian Geographers published a report as a contribution to the centennial year of 1967 which set out the need for Canada to immediately press forward with doing those things which would facilitate four new industrial complexes. These were to be set up in Canada to relieve the pressure on the one complex we do have running along the St. Lawrence to Windsor and Sarnia, which is obviously heating up and getting overcrowded. The cost of living is going up so fast that we are pricing those workers out of jobs.

We have had a series of crises over the last 20 years and we have handled them on an ad hoc basis. That whole area is now paying the price for the lack of a planned decision to shift the emphasis toward developing areas needed for industrial complexes which will spread the load and reduce the growth rate in the overheated area.

I will not quote all of the industrial complexes in this bill, but I want to make it very clear that the people of Ontario and the people of Quebec are suffering terribly by the lack of decision-making over the last 25 or 30 years. This downward trend of the economy in Ontario and the danger to the southwestern part of Ontario at the present time is very great. If we could take the reading of this bill seriously and really believe that a minister of labour would insist that the word "shall" in the legislation means shall, and that the minister could make certain that his department does produce studies on industrial questions, not only would the labour force be served well but we would all be served well.

I know that these things are being done in half a dozen different places in federal departments. I know they are being done at the provincial government level, but as the Resources for the Tomorrow Conference of 1961 showed, there was no driving force to pull it all together to make an industrial strategy.

Every time problems are raised, particularly over the last 20 years, all that government has done about them is to reorganize and set up new departments. More and more departments are set up, and they are all doing the same thing. The more we reorganize, the more the problems grow. Departments are so thoroughly organized in their own fields that they are not co-ordinating their work. We could have much better action if

we had a powerful political force behind these positive suggestions from the labour people.

The farmers of Canada have been a little more successful in dealing with governments over the last 50 or 60 years. They have organized their political weight behind some things that were good for their industry and governments have been pretty good at coming along and meeting those needs under pressure. We have never had that type of pressure on growth from the labour side. All we have done for labour is to set up machinery to settle disputes between labour and management and we are now given statistics.

Now we have before us a clause which has been there for 50 or 60 years, according to the minister, which says that they shall institute and conduct inquiries into important industrial questions. Maybe they have diagnosed that industrial questions do not include getting more jobs. But we really need some federal department to use its political clout, such as the Department of Agriculture, to get things done. We will certainly not get action from this group of faceless ministers who do not want to interfere with one another. They are all too frightened to move. They are too fat to fight and too frightened to run.

That is the situation. There is an opportunity here which would make labour a powerful force in this House if it spoke through its minister and threw its weight behind the industrial side, giving it a good chance for more jobs in Canada, not only because we want jobs in Canada but because we can do things cheaper and better. The consumers of the whole world would benefit because they would be able to get more of what they want at a cheaper price.

We have demonstrated this type of success through the steel industry. Canada has led the world in the last 20 years in the production of steel. This can be measured by the wages paid, the quality of production and the final cost. Our cost to produce steel is $100 a tonne cheaper than in the United States. Canada produces steel cheaper than Taiwan, Japan, Western Europe, Singapore and Australia.

We have this great ability to produce better quality goods, to pay higher wages and to do things cheaper than any other country in the world. But we are not doing anything to encourage it. It is an industrial question that labour could take a hand in. It is said as a rule that you cannot sell because things are too costly. That is not true with many of the items we can produce in Canada.

I shall cite another example which is a little more current. The civil servants of the federal government and the civil servants working for the government of Ontario embarked upon an imaginative project some ten years ago to get at this problem of the rising consumption of water, which is the greatest threat to the southern part of Ontario today. They produced technology that would have reduced the consumption of water for domestic purposes by at least 50 per cent and, if they wanted to go the whole road, up to 90 per cent. When that project was nearing successful completion, suddenly the orders came down from Ottawa and that department was squelched and not allowed to go forward with the work it was doing. What I am talking about is no secret. It is the CanWell project.

• (1440)

CanWell was a co-operative venture between what was then Central Mortgage and Housing, research people from the National Research Council and the Ontario Research Foundation. When I asked the minister in charge in Ottawa some eight or nine years ago why he would not tell the people of Canada about the CanWell project, his answer in this House, as the record will show, was "You tell them, not me".

The minister was in effect telling me that he had been told by his staff please not to mention CanWell because it was a success. All the hard work and imagination of the scientists and civil servants who built that success and all of that technology should have been patented. Something that is needed all over the world, is recycling and purification of water, and done in such a way that it is cheaper than what they are doing.

The great cities of southwestern Ontario are now desperately short of water. The city of Winnipeg needs more water. All these cities would not be facing billion dollar projects if the knowledge produced by our civil servants and scientists of ten years ago had been made use of.

More recently we have the example of Telidon. Tremendous know-how from the Canadian side went into the production of this technology, but I gather we do not have any patents on it. If a labour group could throw its weight behind the inquiries that are allowed here, once they showed what the facts were, put political pressure on to the city MPs and made them back up their labour people like the farmers put pressure on the rural MPs, there would be some action taken.

This is not a partisan suggestion, as I think the minister recognizes. I am simply saying this has been a failure. I did not know the "shall" provision was in the old legislation. Had I known, I would have been after my colleague when I was a minister to get his body in action and to get moving because I needed support and help. I was the one who was trying to take the lead in co-ordinating the work to develop these industrial strategies with some success, but not enough. I suggest the minister has a great opportunity, if he lives up to the word "shall" and makes his department produce inquiries about real questions that exist.

I have a list a page long of other proposals. I will take another example that is purely labour. Even though it is under provincial jurisdiction, it is the type of thing we have to face up to in politics. A company in Saskatchewan that produced binder twine worked eight hours a day five days a week. The demand for binder twine was so great that they proposed developing the plant into a three-shift-a-day, seven-day operation and thereby produce four times as much binder twine. Why did it not happen? The union which was recognized as the bargaining unit, the retail clerks union, said that under their union you can only work five days a week one shift. They refused to work the three shifts and, of course, refused to allow in any other union to do so.

This is a provincial matter, but look at the number of jobs lost to working men. When one group of working men take an attitude like that and stop progress, it is a perfect case for an inquiry by a federal organization. Make it known to the people of Saskatchewan that the labour people across Canada are backing the labour people of Saskatchewan in seeing that opportunities are given.

I do not want to bore the House or take the time of the House by going through all the things that could be done by an active group under this provision where they shall make inquiries, not inquiries to cover up but inquiries to let the people know there are opportunities for them if they put political pressure on their city MPs and get them off their seats and moving.

If the minister would take this legislation, which looks innocent enough and has been sitting around for a couple of years waiting to be passed, and really roll in his department, he would scare the devil out of all the other ministers. He could make a deal with the Minister of Agriculture (Mr. Whelan) to join forces and scare the daylights out of those guys. The Prime Minister (Mr. Trudeau) would not be able to do a thing with him. Once you do something worth while which has the support of all the labour people, the Prime Minister would not dare do a thing with you.

I gave the same advice to the Minister of Agriculture on interest rates. "Go ahead and do it, you have the power, they won't throw you out". The minister has these opportunities in his hands, backed up by legislation, and they should be used. It all depends on the will and the spirit of the minister who holds the portfolio whether anything is done.

I want to close by saying that the failure of governments in not having come up with a clear, direct industrial strategy for the next 30, 40, 50 years is a failure that we must all share responsibility for, but most of the responsibility falls on those sitting in the seats of office now.

I hope the minister will set up this group which he should have in his department, that he will expect them at the end of the year when he gives his report to Parliament to list all the questions that they have inquired into and their recommendations, and that he personally will make these things public to the labour unions across Canada so that the work force can be organized behind the minister and put pressure on other MPs to get things done to help us provide more jobs for the people of this country.

Hon. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I at the outset say how much I welcome many of the things that have just been said by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton). There was one spot where he might have left out a couple of sentences, but to the extent that he was pleading for an industrial strategy, for progress and development in the creation of jobs and pushing this country ahead, it was a good speech. In fact, it was so good that I urge him to make it again when the Minister of Employment and Immigration (Mr. Axworthy) is before us, when the Minister of Industry, Trade and Commerce (Mr. Gray) has the floor, as well as the Minister of Finance (Mr. MacEachen) and the Minister of State for Science and Technology (Mr. Roberts). These are the ministries concerned about that sort of thing.

I would be very grateful if the Minister of Labour (Mr. Regan) had the credentials to go into that field, but for the most part his job is that of a referee. It is not his job to find jobs; that is the job of the Minister of Employment and Immigration. It is not his job to create jobs; that is the job of the Minister of Finance, the Minister of Industry, Trade and Commerce and so on. His job is to referee labour relations.

The hon. member for Qu'Appelle-Moose Mountain may have read a little too much into the capacity this minister has to launch inquiries. However, it was a good speech. Sometimes Friday afternoon is a good time to get a speech on record or at least to rehearse it. I urge him to make it again to ministers who have the key responsibility in terms of an industrial strategy and the economic development of the country.

With respect to the bill that is before us, I am still against it. I have been against it every time it has come up. At this stage of the game, since the *Labour Gazette* has not been published for two and a half years and this bill has gone through almost all stages, there is not much point in trying to block or defeat the bill this afternoon.

● (1450)

I was interested in the question the hon. member for Qu'Appelle-Moose Mountain asked about the retroactivity of this bill. He wondered whether that meant some legitimizing was being done of money that had been spent in the meantime. The minister replied that that was not what it was doing, but it was to legitimize the way the department has broken the law since January 1, 1979, by not publishing the *Labour Gazette*. There is no doubt that the word "shall" was there in former Section 4 of the Department of Labour Act. It says "shall issue at least once in every month a publication to be known as the *Labour Gazette.*"

The minister says that because the department thought the bill was going to be passed, the department ceased publishing. What about some law enforcement officer over there checking to see what happens when the department breaks the law, whether the minister knows about it or not? I know at this stage the *Labour Gazette* had died and we are now legitimizing it to death and, as the minister said so honestly, the purpose of the language in the new Section 4 is to mollify those of us who do not like the *Labour Gazette* being abolished and to tell us that we are going to make it a legal requirement that there be a collection of information such as the *Labour Gazette* was publishing.

I recognize that times change and that there are different and sometimes better ways of dealing with things. The minister pointed out that there are now many publications which cover different aspects of labour relations and labour matters. I point out to him, as was suggested by one of my colleagues in the committee, that smaller trade unions, or locals of unions across the country particularly, have some difficulty in getting

all these various publications and it was an advantage to them to have the great body of labour information in this one publication. I say quite frankly that I am sorry it has been discontinued.

I have admitted already that at this stage of the game there is no point in blocking the bill, and even my 40 minutes, if I used it all, would not do that; but I am going to give the Minister of Labour another warning. I give it to him as a result of a very interesting experience I had this week. I spent two hours or more Wednesday evening, while most members of the House were up at the farm at the Speaker's party, in the company of Sir John A. Macdonald.

Mr. Regan: I was with Mackenzie King at Kingsmere!

Mr. Knowles: Well, there is a difference. Sir John A. Macdonald came into this chamber, walked around and looked at things. He came over and talked to me, sat here and asked me what this thing was, the microphone into which we speak. He looked the place over and asked me what changes had been made. He told me things seemed quite different than they were when he was Prime Minister in the last century.

An hon. Member: Did he point out the black spots, Stanley?

Mr. Knowles: I pointed out the black spots to him and told him about the mistake I had made and how I asked to be forgiven because it was not the first time a member of Parliament had seen something that was not there.

An hon. Member: Is this another example you are telling us about?

Some hon. Members: Oh, oh!

Mr. Knowles: He made some retort about shadow cabinets and that kind of thing. Maybe others have seen him because he was around most of the week. At one point we were coming down on the elevator from the sixth floor to the second floor. He had been up in my office for a while. As we came down, the elevator stopped at the third floor and the hon. member for Saint-Michel (Mrs. Killens), got on. I never saw a woman's face look so flabbergasted as hers. I said: "Don't be worried. I want to introduce you to my friend, Sir John A. Macdonald." I turned to him and I said: "Sir John, you don't hate Liberals today the way you used to?" "Oh, no, I love them now", he said. She got over it. It was a very interesting experience. In fact, he stood here in front of my desk, and when we were talking about committees and whether they were a good thing he said: "In my day I used to say that if the government had a big enough majority to put the right members on a committee you could debauch a whole committee of archangels". I looked at him and I said, "Well, Sir John, you have been dead since 1891 so you know a lot more about archangels that I do"!

Why do I tell about this experience I had visiting with Sir John A. Macdonald this week? I see members looking at me wondering if there should be a knock on the door and the men in the white suits should come and get me, so I will explain this in a moment. Before I give the explanation and spoil it all, I want to say to the Minister of Labour that he better watch out. If Sir John A. Macdonald, who died in 1891, can come back to these halls, Mackenzie King, who did not die until 1950, may well come back, and I do not think he would be so friendly. If he comes back and finds that this young fellow who is now the Minister of Labour has done away with his pride and joy, the *Labour Gazette*, he will have something to explain.

I may say that my reference to the visit of Sir John A. Macdonald was not of one who had had hallucinations. Rather, it is a fact that TV Ontario, through its educational television section, is doing a piece for students on Parliament and it devised this way of doing it, having an actor play the part of Sir John A. Macdonald and come here to have an interview with the Speaker, with the government House leader, some backbenchers and so on, and I was one of those who had the privilege of meeting with him. He certainly looked the part and it was enjoyable, but I say to my friend the Minister of Labour that when Mackenzie King comes back and sees what he has done to the *Labour Gazette*, he will not be able to report that experience with quite the same relish or delight.

At any rate, Mr. Speaker, it is Friday afternoon and these are the things that go on. I say again this Friday afternoon that I regret very much that this valuable publication has been discontinued. I regret that the Department of Labour broke the law by discontinuing it in 1979 and is now getting authority for that two and a half years later. I hope the minister will take seriously the responsibilities he has accepted under the new wording and do his best to collect, produce and distribute information about the labour scene that will be helpful to those who are involved in the various employment areas of this country. If I had my will I would defeat this bill and bring back the *Labour Gazette*, just as Sir John A. Macdonald came back here this week; but sometimes there are facts one just has to accept.

Some hon. Members: Hear, hear!

Mr. Jim Hawkes (Calgary West): Mr. Speaker, it is a pleasure to stand in the House on a Friday afternoon and be able to follow two of our more eminent members of this House who have been with the Parliament of Canada for many years. The minister across the way and myself are relatively new to the House, but when he questions the propriety of the comments of the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton), I think I am compelled to follow on some of the themes outlined by the hon. member for Winnipeg North Centre (Mr. Knowles).

The hon. member for Qu'Appelle-Moose Mountain, from his years of wisdom and experience, indicated clearly to the House that when one sees any piece of legislation which has a retroactive feature, then as a member of Parliament fulfilling his or her responsibility to constituents one must be suspicious that the law, indeed, has been broken.

I want to go back to the minutes of the Standing Committee on Labour, Manpower and Immigration of June 26, 1980, just a couple of weeks short of one year ago. On that date the bill was reported to the House. It was ready for debate and

passage, but it is interesting to read the debates of that day. It is perhaps unfortunate that the hon. member for Don Valley West (Mr. Bosley), who is our spokesman on labour matters, was not able to be here to debate this bill on the day it came forward because certainly in the committee he was very active and, as we read the transcript, we can tell that not all of his concerns were satisfied.

● (1500)

One of the interesting parts of that transcript should be read into our record in this House. At the instigation of the Minister of Labour (Mr. Regan) the deputy minister of labour said the following in the committee, in response to a question by the hon. member for Don Valley West:

—we were faced with the requirement to reduce our 1978-79 budget by $1.2 million and our 1979-80 budget by $2.4 million, and we came to the conclusion that the view of the public, because of that experience, was that perhaps we could dispense with the *Labour Gazette* since there were many other publications that occupied the field. The field had become very sophisticated. So we did do away with the *Gazette*.

Going back to 1978-79, a labour law was passed by the elected representatives of the people of Canada who sit in this House of Commons. That law says that the minister shall publish a labour gazette. That is what the law said back in 1978-79, and that is what the law says today. At this very moment the law says that the minister shall publish a labour gazette, yet in rather cavalier fashion, before a standing committee of this Parliament, the deputy minister said: "We were faced with a budgetary need to reduce expenditures; therefore, we broke the law."

Mr. Kilgour: Shame.

Mr. Hawkes: The department stopped adhering to what the law said it must do. Perhaps it is not the most important law on the books in Canada, but I think we in this House must be very concerned when a deputy minister, acting on ministerial authority approved by the bureaucrats from the deputy minister on down, does not say, "We must go to Parliament and change the law", but simply, "For budgetary reasons we will break the law."

Mr. Regan: Mr. Speaker, I rise on a point of order. Would the hon. member permit a question?

Mr. Hawkes: As long as it does not eat into my time, Mr. Speaker, I would be glad to permit a question.

Mr. Regan: Is the member aware that the department ceased publication at the time the original bill was introduced into the House, not under the former government but under the government before that, and is the hon. member aware that the publication had not come out for about a year and a half before the time I became minister, that the former ministers, Lincoln Alexander and the present Minister of Indian Affairs and Northern Development (Mr. Munro), had ceased publication only after a bill had been introduced in the House and that as a consequence of the passage of time, two governments went out of existence in the interim?

Mr. Hawkes: Mr. Speaker, it is seldom that I can express so much pleasure at a question. Yes, I am aware that the government introduced a piece of legislation and then, with impunity, began to break the law. No legislation has been passed by the members of this House, and that is a further example of the arrogance of a cabinet which, the minute it introduces a piece of legislation in this House, deems it to have been passed and acts on it.

In the thick book of bills presently before this House, one which is in my area of responsibility concerns the Adult Occupational Training Act, and it has a retroactive clause. The first piece of legislation I as a representative of our party was forced to deal with was the employer tax credit, and it had a retroactive clause. We considered it in June of 1980. It was retroactive to April 1 because the government had been making commitments—illegal commitments—since April 1. I can think of no reason to blame this minister for this particular situation because he is correct when he says he was not the minister, but the government has not changed, and what we see here is that the basic philosophy of this government has not changed one iota. When the cabinet chooses, certain things are deemed to be law. The government acts accordingly and seeks the approval of this House retroactively time after time. That is wrong.

Mr. Kilgour: It is also a crime.

Mr. Regan: What about your government?

Mr. Hawkes: It is wrong.

Mr. Regan: Your government did the same thing.

Mr. Evans: We agree; your government was wrong.

Mr. Kilgour: Breaking laws is considered a crime under the Criminal Records Act.

Mr. Regan: That is a criminal authority sitting beside you.

Mr. Hawkes: Mr. Speaker, I would like to move on from that issue because, as the hon. member for Winnipeg North Centre (Mr. Knowles) said, that is history. The law has been broken in this country for 29 months. A government which was concerned about that when this bill was reported back to this house on June 26, 1980, would have put it on the agenda before June 12, 1981. The government is acting with impunity, and I suggest that is the responsibility of the current Minister of Labour.

Mr. Kilgour: Contempt of Parliament.

Mr. Hawkes: The minister has been acting illegally for one year in not publishing a labour gazette.

Mr. Evans: Mr. Speaker, I rise on a point of order. I think there are clear rules about abusing the microphones. The hon. member who has the floor should be the only one to use those microphones. The hon. member sitting next to the hon.

member who has the floor has been abusing the microphones all during this speech, and I would like to have that stopped.

Mr. Collenette: It is the hon. member for Edmonton-Strathcona (Mr. Kilgour).

The Acting Speaker (Mr. Blaker): I have to disappoint the parliamentary secretary. Comments from any part of the House, whether they happen to be near an open microphone or not near an open microphone, have been tolerated since confederation, I think.

Mr. Hawkes: Mr. Speaker, the illegality involved concerns what has not been done, but what we are dealing with today is a new clause which would replace the old clause which required the government to publish a labour gazette. The idea which lies behind this—and the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) referred to this—is that the minister shall collect information, the minister shall make inquiries and the minister shall disseminate. The year is 1981. I do not think anyone who is concerned about the current data base in Canada could disagree that there is a need for information, and in the year 1981 this nation is not well served by information relating to the labour market and the relationships between labour organizations and management.

Currently, we are not well served with respect to information. I serve on a special seven-man parliamentary task force which has been examining, at least in part, the issue of information. The task force has been doing this for over a year now, and we have heard over 500 different groups which have testified before us. I think it is appalling that no one can tell us how many carpenters there are in Canada today and no one can tell us how many jobs there are for carpenters or plumbers or machinists. Regardless of how much money we are currently spending to obtain information, no one can answer those very simple questions. I have in my hand a report from the Department of Labour entitled "Absenteeism in the Canadian Context". On page two it asserts that the biggest problem is the immediate short term absences. And it goes on to say:

● (1510)

Yet, these brief absences (often of one or two days) are not identified at all in the over-all summation of total days lost which is the usual economic statistic provided in national and organizational service.

In other words, Mr. Speaker, the Department of Labour and Statistics Canada publish inaccurate and misleading figures. That is really what this Department of Labour publication says. Yet in this legislation we have the wording:

With a view to the dissemination of accurate statistical and other information—

One of the fundamental statistics it is important to know is the one related to absenteeism, and yet a Department of Labour publication tells us in advance it is not accurate. Nevertheless, they still publish it. I wonder, Mr. Speaker, whether, if this House passes this piece of legislation, a future minister who publishes inaccurate data will, in fact, be in violation of the law. I suggest he might.

There is a lack of reliable and extensive information in Canada on safety practices. There is no adequate data base that will tell us the total cost of labour-management agreements. All we get are base rates. We have no data about what employers are doing to train Canadians, how many are in training, etc. Two government departments, Statistics Canada and the Department of Labour, carry out studies on employment earnings and hours. However, their definitions and methodology vary. So we have two departments putting out different information on the same subject. What are we going to do with that if we pass a bill requiring the minister to disseminate accurate information? Does it mean the minister will not disseminate information because it is inaccurate, or does it mean Statistics Canada will not disseminate it because it is the one which comes out with the inaccurate information? Clearly, one of them must be inaccurate, therefore it is a waste of taxpayers' money, perhaps a dangerous waste because why should we collect inaccurate figures?

When I first looked at this bill I think a sort of sick grin came over my face because it said the Minister of Labour shall collect information and initiate inquiries. From time to time, as often as I can, I attend meetings of the Public Accounts Committee which presented a report to Parliament, I think, last July. One of the recommendations of members of all parties to the President of the Treasury Board (Mr. Johnston) was that all evaluation studies done by all departments of government be immediately referred to the standing committees of this House. That is perhaps a complex way of saying, Mr. Speaker, that we ask the President of the Treasury Board that inquiries paid for by taxpayers be made available to members of the relevant standing committee, to the parliamentarians responsible for protecting taxpayers from the abuse which can flow from a government too powerful and insensitive to the laws and realities of Canadians. The answer we received from the minister of the Crown, Mr. Speaker, in its simplest form, was no. A lot of words surrounded it, but it was no. It meant, in effect, "Taxpayers, we will take your money and carry out an inquiry into some aspects of a program, but will we give it to members of Parliament to look at so they can judge whether the money was well or badly spent".

The Minister says no, we will not give it to the members of Parliament.

Then I look at Bill S-4 and find that it says:

—and shall institute and conduct inquiries into important industrial questions upon which adequate information may not at present be available.

Well, I can applaud the commitment of a society to inquire into important industrial questions. That is in our long-term best interests. However, I cannot applaud a government that will take money from its citizens to pay for those inquiries and not give them the information when the inquiries are completed. Many of our recent question periods, Mr. Speaker, have been devoted to that basic theme as it relates to the uranium cartel where there is even a suspicion of illegality. The results of that inquiry, which cost hundreds of thousands of dollars, are not to be made available to the taxpayer or members of Parliament. And yet before us is a piece of

legislation which empowers the Minister of Labour to spend taxpayers' money to inquire into anything that strikes his fancy, with no necessity to report the results thereof.

In principle, Mr. Speaker, that creates legislation which is open to abuse. The government opposite, with a history of that kind of abuse, with a President of the Treasury Board who refuses even a simple request of the Public Accounts Committee for information on the results of inquiries, asks us to expand the power of the Minister of Labour to make inquiries and spend taxpayers' dollars, with absolutely no requirement that the results of the inquiry be made available to the public generally and to members of this House.

It is interesting to see that no one on the other side is standing up to defend this legislation, other than the minister, but if I had to do that because of an order from the Prime Minister (Mr. Trudeau) or the whip, at least that part would bother me. It would concern me if I had to support a piece of legislation giving a particular individual at a particular moment in history the unchecked power to inquire into anything in the industrial sector which he or she felt was worthy of inquiry, to spend taxpayers' money on it and not have a concomitant responsibility to make the results of that inquiry known to Canadians. It is somewhat like the argument that ensued in committee when this bill was discussed. As I read it, the hon. member for Don Valley West looked at the main estimates and said that, according to the parliamentary secretary, dispensing with the *Labour Gazette* would result in a saving of $225,000 a year. The minister came along a little later and said that $400,000 was saved. The member from our party looked at the main estimates and said that, for information purposes, the budget is down $31,000. It is possible to say that you save $400,000, or $225,000, because you did not print a publication, but have you really saved that money if you take it and use it to print something else? I could not help but think of a housewife who would go into the supermarket and pass by the bins of oranges, apples and lettuce and say, "I won't buy a dozen oranges or a dozen apples or a head of lettuce today. Gee, I have saved $43 already." Then she goes on to the meat counter and doesn't buy a roast and doesn't buy this or that, and she says she has saved another $202. With that kind of logic it would be easy to walk out of the supermarket having saved $3,000 or $4,000 at each trip. The logic is that if I do not spend the money on these things at which I look, I have saved it. But my banker becomes a little disturbed because he does not see it; it is not in my account. This is the kind of logic involved in the saving related to the *Labour Gazette*.

● (1520)

What is overlooked is that the *Labour Gazette* evolved from a kind of dry, academic statistical document into a document which, for the most part, could be viewed as containing discussions. What this means is that the articles contained in the publication are written by a variety of people and present a variety of points of view. The articles are written by people from within the labour movement, management groups, universities and by people from within government who had their thoughts on labour in Canada published and disseminated to an interested audience.

When the minister indicates that there are more efficient ways to publish information, then I think we should be cautious. We should have learned from the retroactive date. We should look at that with suspicion and ask the minister whether the money is being used to publish the same kind of information wherein labour has an equal access to the publication of their views as do management, university professors and bureaucrats. Or, as taxpayers, are we now faced with an alternative expenditure which is essentially under the control of one person, the Minister of Labour? Are we now receiving, and do we have the potential to receive, a series of publications which put forward a single perspective? Is that what we will receive when the *Labour Gazette* is no longer published?

People from the department say let us get rid of the *Labour Gazette,* let us go over here, gather some information and make some inquiries and then the minister shall determine what is to be disseminated and how. This may be somewhat of an unfair analogy, but it seems to me that that principle prevails in any regime which we would classify as a dictatorship. One of the first things Adolf Hitler did in Germany was to take over the control of the means of the dissemination of information. I am not suggesting that there is a parallel in personality or intent, but I am suggesting that what the minister brings forward is a bill which provides him with that kind of authority in this field. He is provided with the authority to decide what questions to ask, whether or not the answers are accurate and whether or not to disseminate the information which flows therefrom. We may have a minister of good will, a minister who is brilliant in his tasks and who is fair; but, in essence, he is putting into law a very odious principle, that is, the power to single-handedly determine what information is collected in the first place, who it is collected from, how it is analysed and whether or not it is accurate and should be published.

Is that a principle which makes members opposite feel comfortable? It is a principle which does not make members on this side feel particularly comfortable. It is analogous to what we experienced in terms of a series of energy ads. The government took some $6 million worth of the taxpayers' money to publish these ads. It controlled the content of the ads, the publications in which they were placed, and the final message was that everything is well in energy. Yet, here we are in June of 1981 and we are told that we must pay 66 cents a gallon more for gasoline. Yet we are told that all is well in energy in Canada today.

An hon. Member: Stick to the topic.

Mr. Hawkes: I am reminded that the House pays careful attention to relevance. Are my comments relevant, Mr. Speaker? Would Mr. Speaker feel comfortable if the bill before us were to allow the Minister of Communications (Mr. Fox) to decide in perpetuity how taxpayers' funds should be spent in the dissemination of information with the kind of track record that exists in the energy field? We may have a wonderful

Minister of Labour who deserves this power, but I suggest that it is clear to all members that we do not have a Minister of Communications who deserves it. Therefore, the members of this House should be very careful about giving that power in law to unspecific and unknown individuals who may hold power in the future. That is the crux of the matter. Does something exist in our past which leads us to be careful and wary? I suggest it does.

I would like to paint a scenario for the minister which he and his colleagues may or may not have considered. Imagine a taxpayer who wants to form or strengthen a labour union, or perhaps someone who wants to take the risk and start a new business—

An hon. Member: He must be crazy!

Mr. Hawkes: An hon. member says he would have to be crazy. In the present economic climate, the hon. member is right. But this is a country with rich potential, and given a government committed to the riches and to the development of a good life for Canadians, we could achieve this relatively quickly. One of the things I would like to have, if I were starting a business or if I were trying to strengthen a labour union, is information. Information would be necessary for me to decide where and how to carry out my plan. I wonder if the taxpayers of Canada would have more faith and trust that their funds were being well spent in the collection and dissemination of information on labour-management relations, which is what this bill is all about; I wonder if they would trust that information just a bit more, if there were some kind of tri-party group—labour, management and academics—who decided what the questions were to be, how the information was to be gathered and how it was to be disseminated. I wonder if Canadians might trust it a little more because of the long-term reputation, historically at least, of Statistics Canada; whether they might trust it a little more if that body, that part of the federal government were given the responsibility in this case. I wonder if Canadians might trust it a little more if there were some kind of intergovernmental body which included representation from provincial and federal governments, and they had to collectively decide what information to gather and how to disseminate it. Or would we even give it to an academic department of a university?

• (1530)

We say that information is important. We say that at least a portion of the taxes collected in this country should be spent to get it and to make it known. But has there been a single moment's thought or discussion in cabinet about what would be the best route in Canadian society to spend that money wisely and credibly? Can we believe that a partisan politician, part of the Liberal government today, has the experience, the wisdom and the objectivity to spend those dollars wisely, to get accurate information and to disseminate it accurately? Do we have to be suspicious in this House that, given that authority, the questions are likely to be loaded toward the answers which people want? In any event, when the government gets answers it does not want, it does not publish, but when it gets answers it wants, it does publish. When that happens once or twice, on what is the credibility of the data based?

It reminds me of an issue which has been raised in this House once or twice in the last week. We have been told that when one phones up a census office in Canada today, one is told, "If you do not want your friend or neighbour picking up your form, simply mail it to Ottawa. It will go to Ottawa where strangers will look at all that private information and you will not be embarrassed by your friend or neighbour knowing it." Then we find that post offices are handing those forms over to one's friend or neighbour. That is going on across Canada. It was going on yesterday, it is going on today. There is our supposedly trustworthy federal agency—

Mr. Blais: On a point of order, Mr. Speaker. Not only is the comment by the hon. gentleman out of order, but it is completely false and without foundation.

Mr. Hawkes: I think I was just called a liar, in somewhat more polite terms. I would bring to the minister's attention, if it has not been done already, the fact that this is happening in several rural communities in northern Alberta. An hon. member from the New Democratic Party brought that situation to the minister's attention earlier this week. It may be that the minister does not want it to happen; but I think the evidence is growing to show that it is happening. I am sure that by now all of us who serve in this House have had phone calls from people checking—

Mr. Blais: Order.

Mr. Hawkes: —the veracity of what they have put down on what is supposedly a private and confidential form. I raise this simply because in a free and democratic society—

Mr. Blais: Point of order, Mr. Speaker. I have been sitting in this House a long time. Your Honour has been in this House for as long as I have been. Hon. members usually act very responsibly. It is very seldom that I have witnessed such lack of responsibility in what is expressed by an hon. member of this House—

Mr. Baker (Nepean-Carleton): That is not a point of order.

Mr. Blais: —as I have presently heard from the hon. gentleman. I still insist that the matter is out of order.

Mr. Baker (Nepean-Carleton): Mr. Speaker, the point raised is certainly a matter of debate, and the hon. gentleman may wish to enter the debate, but it is not a point of order.

The Acting Speaker (Mr. Blaker): Order, please. I do not want to go back into each of the points of order. There is a difficulty. The hon. member for Calgary West (Mr. Hawkes) has tended to stray from the subject before us. No one in this chair has ever found the perfect definition of relevance so that it could be utilized on every occasion. The minister is, in some sense and to some degree, correct. The hon. member has strayed. I am not talking about the issue as to whether the point of debate is correct, or false; that is not a matter for the

Chair to consider. I would suggest that the hon. member for Calgary West try to edge a little closer to the subject matter of the bill before us.

Mr. Hawkes: Thank you, Mr. Speaker. I will try to come right down the throat.

The Acting Speaker (Mr. Blaker): Not mine!

Mr. Hawkes: Not Your Honour's. How about the minister's?

When standing up in this House, I sometimes feel that it is a great compliment for someone to attempt to insult oneself, because I think it is always revealing of the character of the person who is doing the delivering, and we then provide a piece of behavioural evidence. Canadians who sit in our galleries or watch their televisions can judge for themselves as to who shall or shall not be believed and under what circumstances.

Mr. Blais: I have been watching you for the past 25 minutes.

Mr. Hawkes: I would like to come right to the central point, and perhaps it is my final point, because I think it is critical. A good part of my professional life has been spent as a researcher who required information given freely and voluntarily by people so that hopefully I could write reports or make suggestions for this government and others which would be helpful to them in decision-making. There is nothing more critical in securing accurate information than a feeling on the part of those who have that information that they can trust the people to whom they give it and that it will be used responsibly. At the first tiny demonstration that the recipient of that information is not using that information responsibly, they cease to provide accurate information. That is the inherent flaw in this bill, that when a single individual who serves partisan interests is given this kind of responsibility to collect and disseminate, ultimately, sooner or later, those who have the information will begin to give false information if required, and no information if not required, and the nation will not be well served.

Some hon. Members: Hear, hear!

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, I will be brief in asking a few questions of the minister on Bill S-4, as it says that the government requires statistical and other information relating to the conditions of labour. I would like to discuss a condition with him which was brought to my attention in Winnipeg last Saturday when the president of the International Association of Machinists and Aerospace workers contacted me about a serious labour problem in that union. He also brought to my attention the fact that the hon. member for Richmond-South Delta (Mr. Siddon) has also brought this matter to the attention of the Minister of Labour (Mr. Regan). I would just like to read the contents of a letter which the hon. member for Richmond-South Delta wrote to the Minister of Labour regarding the problems with the IAM union.

• (1540)

The letter to the minister reads:

I have now received from Mr. Marc Lapointe, QC, a copy of the "Reasons for Decision" arising from the Hearing of the foregoing application before the Canadian Labour Relations Board on July 9-11 and November 4 and 5, 1980.

Mr. Minister, I have never in my life seen a rendering of judgment from a government board which is so filled with veiled insults, childish vindictiveness and absolute socialistic piousness, as is reflected in the aforementioned document, of which I have attached a marked copy.

The document casts scurrilous invective at the integrity and good will of the applicants, who are valued employees of the taxpayers of Canada. In his attempt to suppress the individualistic instincts and human pride of these persons, the author has chosen to use language which might have been extracted from the Communist manifesto!

As a professional person myself, I find it regrettable that well-compensated members of a semi-judicial board should allow such an unprofessional document to go forward in their names. They have insulted the integrity of all Air Line Technicians. Such comments as "their attitude reflected a degree of selfishness which fails to appreciate the true basis of collective action to democratize the work place" and "rather then turn their energies to the benefit of all, they seek to enhance only their well-being through CALATA" bely a strongly Communist bias.

The suggestion that "they (CALATA) want to be viewed as referees or managers, while still retaining superstar status" is the sort of drivel one might expect from a ten-year-old child.

The belittling of CALATA's paramount concern for air travel safety is intolerable.

Mr. Minister, the Aircraft Technicians of CALATA have every right under the laws and proposed Constitution of this country to form their own collective bargaining unit. They are entitled to the right of free association. Many other collective bargaining units exist in this country with fewer than 243 members, including the Canadian Airline Dispatchers Association with only 56 members.

I would like to point out that this will also concern the Minister of Transport (Mr. Pepin). They, too, are concerned with the air safety problems within Air Canada. The letter continues:

I hope you will read the attached statement "Reasons for Decision" and take note of my comments in the margins. It is a totally biased document, laden with value judgments and devoid of any factual evidence of justification for the decision rendered.

I demand that the author of this document be fired, and that the applicants be granted a new hearing. Such serious misdemeanor cannot be left unchallenged and accordingly, I intend to raise this matter in the House of Commons.

I have raised the matter in advance, Mr. Speaker, and I hope that the hon. member for Richmond-South Delta will also raise it.

I would like to hear from the Minister of Labour as to what action he will be taking in response to this letter. Perhaps he will volunteer some information as to what action he proposes with regard to the very serious labour problems with the IAM union.

The Acting Speaker (Mr. Blaker): If the House wishes to revert to some form of Question Period under rules I do not know, I must advise hon. members that we will need unanimous consent to do so. I heard the hon. member for Winnipeg-Assiniboine (Mr. McKenzie) indicate that he had several questions. This is not committee stage of the bill. Perhaps the hon. member could indicate to the Chair just what procedure he has in mind before I can encourage that type of question and answer.

Mr. McKenzie: Mr. Speaker, earlier when we were discussing this bill, the minister was answering questions and making statements. Unless something has transpired in the last half an hour or so, because I had to leave the chamber for a short period, I assume the same procedure continues. The hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) made a few comments on the bill and the minister answered him on two or three occasions. I thought that same procedure was followed.

Mr. Regan: Mr. Speaker, I rise on a point of order. By agreement of the House I answered one question which dealt with the subject of the bill. I would be happy to discuss this matter elsewhere with the hon. member, either inside or outside the House under appropriate circumstances. But what he has raised does not relate to the bill in any way. I do not believe it is within the rules of the House for me to deal with this question.

The Acting Speaker (Mr. Blaker): I think that answers the issue in my mind, both in terms of what the practice was earlier this afternoon and in terms of the minister's reply. We do not have a question and answer period. The hon. member for Winnipeg-Assiniboine is welcome to take the floor.

Mr. McKenzie: Mr. Speaker, I appreciate the minister's comments. Now that I have read this letter into the record, I hope he will take the first opportunity to write to me telling me what action he and his department will be taking to deal with this very serious problem.

Mr. Blais: Mr. Speaker, I rise on a point of order. On the point of order which I raised initially which related to the census, I want to indicate to the hon. member from Calgary that I am pleased to announce that Statistics Canada has received 82 per cent of the questionnaires. This response far exceeds our wildest expectations.

Mr. Hawkes: Mr. Speaker, I rise on the same point or order. You have just permitted a minister to make a statement. I believe that under those conditions when a minister stands and makes a statement we are entitled to a question and an answer.

The Acting Speaker (Mr. Blaker): That is a very interesting interpretation. The Chair has to hear enough of an hon. member's point of order, whether it be that of a minister or not, to determine whether there is a point of order. There was not a point of order, but I did recognize the hon. member for Calgary West just to see if he wanted to make some sort of comment. He has made his comment. I will now recognize the hon. member for Western Arctic (Mr. Nickerson).

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, it had been my intention, and it might still be, to finish shortly before four o'clock so that this matter can be dealt with. However, I consider some of the interventions made by the Minister of Supply and Services (Mr. Blais) quite unnecessary. I am now reconsidering the view I held previously.

Department of Labour Act

It is a pleasure to speak on a matter that, in its importance and urgency, truly befits Friday afternoon's debate in the House of Commons. The objective of the bill before us, which has been stated several times, is to remove the statutory requirement to publish the *Labour Gazette*. A number of members have referred to the drafting of the revised Section 4 which we have before us. As far as I can see, this is exactly the same wording, word for word, as we had in the first part of the old Section 4. I do not see much to challenge in this wording. It has stood the test of 81 years of time. The only difference between this wording and wording which might be put into place in 1981 is that the legal drafting within the Government of Canada and the Department of Justice in this day and age tends to be somewhat more precise, but it also tends to be more difficult to understand. I think the 1900s style of legal draftsmanship is in many respects better than, for instance, that of the income tax amendments with which we dealt earlier this year.

As pointed out by previous speakers, the minister has been breaking the law for some time now. He has not published the *Labour Gazette*. This is something we should not take too lightly. Had it not been for the manner in which the motion that was before the House yesterday had been dealt with, I might be able to suggest certain sanctions that might be applied to the minister on account of his transgressions, but that is not to be the case. By and large I am inclined to buy the argument presented by the Minister of Labour (Mr. Regan) today. I presume that the statements of reported facts are correct. I have no reason to believe otherwise.

• (1550)

I understand that the circulation of this journal is quite small and has been declining for some time. As well, it is very expensive to put out. We have heard estimates ranging from $400,000 a year down to $30,000 a year. Probably the absolute truth lies somewhere between those two figures. The information is available elsewhere today. There are methods by which information relating to labour and discussions on matters of labour can be dealt with. There is a wide variety of both academic and popular journals in which people can read about labour matters.

I can understand the objections put forward by the hon. member for Winnipeg North Centre (Mr. Knowles) and his rather sentimental attachment to the *Labour Gazette*. Most of the views of the NDP on labour matters come from that period of time, or slightly before. Most of it belongs to the latter part of the nineteenth century.

Mr. Knowles: Come, come.

Mr. Nickerson: That is quite true. In the old section 4 of the Department of Labour Act, it was specified that the *Labour Gazette* should deal with statistics and other information dealing with conditions of the labour market as opposed to the part of section 4 that we have here which refers to conditions of labour. I suggest there is a distinction there, but in all

probability conditions of the labour market could be included in the definition "conditions of labour" which still exists.

It is important that some branch of government deal with conditions in the labour market. I understand much of this work is being undertaken by the Department of Employment and Immigration, the manpower part of which probably did not exist in the year 1900. It is important that we know the number of jobs available across Canada in the various parts of the country, what people are available to fill those jobs and where they are located. It is important to have an understanding of the willingness of people to travel from one part of the country to another, such as unemployed people in Nova Scotia travelling to Alberta to find work.

Having this information enables policy decisions to be made relating to the relocation of labour, the immigration policy and policies respecting unemployment insurance and various other social programs. It also gives us an idea of the need for training and the training opportunities that are needed so that Canadians who are presently unemployed can avail themselves of opportunities that exist. The Minister of State for Mines (Mrs. Erola) has just left the chamber. She must be well aware of the problems in the mining industry. The mine may be located in an area of high unemployment but the mine operators are unable to get skilled people to work in the mine.

Section 4 will still require the minister to "collect, digest and publish in suitable form statistical and other information relating to the conditions of labour". It is useful that this practice be continued. Obviously this should be done in conjunction with the provinces and territories which have the responsibility for labour standards; labour relations and standards in the case of the provinces and labour standards only in the case of the territories.

I urge the minister to look into the possibility of amendments to the Canada Labour Code so that eventually the territories can also take over responsibility relating to labour relations. I could go into that situation in some detail, but because I only have a couple of minutes left, I will not do this at this time. However, I can assure the minister it is a matter of considerable importance in both the Northwest Territories and the Yukon territory. It is important that the requirement be there to instigate and conduct inquiries into important industrial questions. These can be published, not in the *Labour Gazette* but hopefully in other magazines and publications with wide circulation among those interested in labour affairs.

Finally, I would like to suggest three areas of study in these matters which it might be advantageous for the Department of Labour to look into. First, I would like to see comparative studies made in labour matters between Canada and various other countries. I have listed three: the United States of America where they have the free agent approach to life, Germany, which is renowned for its co-operative approach between labour, management and government, and Japan where they have a paternalistic approach to labour relations. It would be useful to know how the various labour regimes in these countries result in differences, loss of productivity, number of days lost through industrial disputes, and so on.

Second, I would like to see more study into working conditions and wages of public servants. The record of industrial disputes is not to be envied. In the senior levels of the public service many good people are being lost.

Third, I would like to see a study carried out into the concept people have of strikes. At one time a strike was a last resort, but today it is becoming more and more commonly accepted as a tactic in labour relations; it is no longer a last resort. It is something people do as a matter of course, just as they go to the negotiating table or to a conciliator. This is something to be looked into. That is all I will say at this time. I hope I have left enough time for the vote to be taken.

Mr. David Kilgour (Edmonton-Strathcona): Mr. Speaker, it should be stated in the few minutes that remain that we have a statute to underline the point made by the hon. member for Calgary West (Mr. Hawkes) and the hon. member for Western Arctic (Mr. Nickerson) that this Parliament has passed a law called the Criminal Records Act. It states clearly that if you are convicted of breaking any federal statute, for the purposes of that act you are considered to have a criminal record. In the vernacular, that makes one a criminal.

It is obvious that it is not the fault of the present Minister of Labour (Mr. Regan) that we are in the process of doing something which clearly contravenes an earlier act, nor is it the fault of his predecessor the hon. member for Vancouver South (Mr. Fraser). However, it should be very clear in the record of this House that we are talking about something which, if there had been a trial and conviction, would constitute, in the vernacular, a breach of a federal statute, in other words, a crime.

That point has to be driven home again and again to those opposite. We have laws in this country. If they are federal statutes, the breaking of them constitutes a crime. It cannot be made too clear to those opposite that whether they are talking about uranium and the Combines Investigation Act or the legislation here which they have been breaching for the last year and half, what they are doing is breaking the law without having been convicted of it. That is a very serious matter for any government in a democratic or non-democratic country to be contemplating.

I would simply express complete agreement with the points made by the hon. member for Calgary West and the hon. member for Western Arctic. Is there an understanding that the vote will be taken at four o'clock?

Mr. Baker (Nepean-Carleton): Mr. Speaker, my friend in the course of his remarks has indicated a question with respect to an understanding. There was an understanding that we would dispose of this bill at this stage at four o'clock. I would have no objection if you did not see the clock for a few moments.

Mr. Evans: I agree.

The Acting Speaker (Mr. Blaker): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

● (1600)

Motion agreed to bill read the third time and passed.

Mr. Knowles: The ghost of Mackenzie King will walk tonight.

Mr. Regan: He may give me some advice.

The Acting Speaker (Mr. Blaker): Does the House have a mind to consider Bill S-10, or shall I move on to private members' hour?

Mr. Baker (Nepean-Carleton): Mr. Speaker, I would think it would be advisable to move on to private members' hour.

The Acting Speaker (Mr. Blaker): It being four o'clock, the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely, notices of motions, public bills and private bills.

PRIVATE MEMBERS' MOTIONS

[*English*]

SOCIAL SECURITY

ADVISABILITY OF IMPLEMENTING CASH ASSURANCE PROGRAM

Mr. S. J. Korchinski (Mackenzie) moved:

That, in the opinion of this House, the government should consider the advisability of implementing a Cash Assurance Program (CAP) which would provide stability of income in the agriculture and other food industries (fish), make pay-outs on an individual basis, provide cash in the year of low income, replace or complement certain other programs, minimize the requirements for capital borrowing from institutions, provide equity for contributors, reinforce the family farm and minimize the exodus from the agriculture and other food industries, and avoid erratic pricing of food to the consumers.

He said: Mr. Speaker, again I find myself in the position of reintroducing a proposal which I have presented to this House on previous occasions. Although time has passed and there have been a few changes in the situation, what really has occurred is that the problems have increased, or have been compounded, since my first proposal on January 26, 1976, during consideration of the Western Grains Stabilization Program. At that time the minister in charge was not too receptive to this idea. However, since then we have had a change of government and there was a change in Parliaments and in the attitude of the government.

When I proposed my motion on November 26, 1979, as it appears at page 1701 of *Hansard*, the Conservative government accepted it and allowed the motion to pass. I might mention that the previous introduction of this measure was on January 26, 1976, and it appears at page 10306. I mention those references in case anyone wants to refer to the comments I made on those occasions or the comments of others who participated in those debates.

When my motion was passed it was one of the few occasions since I have been in this House over the years that a private member's motion of substance has been accepted. That was somewhat of a rare occasion and I was elated because from that point I felt things were going to move. On November 26, 1979, when I introduced the motion, the Liberal hon. member for Glengarry-Prescott-Russell (Mr. Ethier), made these comments:

This motion is almost a complete replica of the program which the previous minister of agriculture, the hon. member for Essex-Windsor (Mr. Whelan) was in the process of implementing prior to the May 22 election.

Suffice it to say that at that time there was an indication of complete support on the part of Liberal members as indicated by those remarks. The hon. member for Bellechasse at that time was a Creditiste member who also supported the proposal, as did the spokesman for the NDP, although he made some comments also about what he wanted in the proposal. Those comments were welcomed at the time. I said at the time I introduced my motion that I would welcome any additions or deletions in the hope that this plan might be put into effect.

As I saw it at the time, and still see it, the present stabilization measure is inadequate because pay-outs following a disaster, whether it be a drought or what have you, are made in the year following the disaster. We witnessed the drought situation last year which had such serious consequences for the cattle industry. At that time we saw the implementation of the herd maintenance program. To this date pay-outs have not been made under that program, and its is now almost a year since that disaster. Similarly, pay-outs under the present stabilization program cannot be made until the following year. What happens is that the year following such a disaster we could experience, as we are at the moment, increased sales to Russia to which a considerable amount of grain is to be sold. As a result, pay-outs are made at the wrong time. In these days of high interest rates and high energy costs people need cash.

Let us consider the current situation of freshwater fishermen. Statistics would indicate that many freshwater fishermen have simply walked away from this occupation. Some thirty years ago there were 250,000 freshwater fishermen. Today there are about half that number. These people have simply left that industry.

People are walking away from various industries, many of them going bankrupt, because there is no cash flow. These people cannot provide a living for themselves and their families. What people really want is stability for themselves and their families. They have responsibilities to their families and other commitments they have to keep. These people want to work but they are unable to find a living. There is a desperate need for cash flow. It is particularly so in times of disasters.

Perhaps I could relate the situation to the grain industry more easily because there are so many variables or ups and downs in that industry. Let me refer specifically to the quota system. Just two years ago I remember there being a quota in one area of 2.9 bushels per acre, with another quota of 7 bushels per acre in an area just a few miles away. That is a man-made situation. Now we have high interest rates with an

increasing number of bankruptcies in the agricultural industry. There were 224 agricultural bankruptcies last year. The Farm Credit Corporation made 229 loans to individuals in the agricultural industry in Atlantic Canada. In other words, such a situation could result in the bankruptcy of all the farmers in the Atlantic region. What about all those people who are near bankruptcy? They realize that something is happening and they had better duck out from under before the situation gets worse. Those people simply pull out of the industry.

If one looks at the statistics one sees that 1,000 farmers annually in the one province of Ontario are leaving agriculture. I know there has been considerable comment in the last little while about the very serious problems that exist. The main problem relates to a lack of cash flow.

We all know of the situation involving the dumping of cattle which suddenly depresses the price of cattle, putting people out of business. We experienced a drought situation when there was not enough feed and farmers went bankrupt. Farmers may have been in the industry for 50 years, spending their entire lives on the farm. Suddenly they found themselves in a situation where they could not afford to buy feed. There was no feed to be had, so they had to unload. When a producer unloads in a situation like that, the income tax people immediately come along and say, "We've got you this time". A producer's life savings are put into his operation, and he does not have enough for retirement. Producers—whether they be fishermen or involved in vegetable production or any form of farming or horticulture, fruit growing or whatever—all have problems, but they have always felt that their retirement incomes were entirely wrapped up in their operations. With the capital gains tax moving in on these people, suddenly they find themselves having to unload whatever products they may have and selling out. The government zeroes in on whatever income they may have. Suddenly they find themselves in the position where they cannot retire. This kind of situation should not be allowed to continue.

● (1610)

There is no need for young men to go out of business, even if the banks say they are not good risks. Over the years there will be risks. Anyone involved in agriculture realizes this. This is true in any other industry. If a person starts a law practice, he does not find people walking in the door the first day he puts up his shingle. Businesses have to be built up over the years. So it is with a farming operation. There will be lean years, but a farmer can survive if he toughs it out and if there is a willingness on the part of the government to assist through difficult periods.

There is a cash requirement when disaster strikes, but the cash should come not a year later or two years down the road. We are still haggling over the embargo. Producers were promised there would be a payment because of the embargo. There was a commitment. We still have not heard what is going to happen. Nothing is going to happen. Producers cannot operate just on promises. In this day and age there is a need for cash flow.

My proposal takes into account a plan which is very similar to the existing grain stabilization plan. Under that plan the producer contributes 2 per cent. The suggestion I have been making is that the producer put in 3 per cent and that the federal government double that by putting in 6 per cent. At present the government puts in 4 per cent of sales and the producers puts in 2 per cent. However, if necessary, I think every producer would be quite prepared to increase his contribution, as long as there is a fund available so that he can draw on it when necessary. There will be periods when there will be adequate incomes to tide producers over, but there will also be slack periods. At present there is a 2 per cent contribution to the stabilization program and an approximate 5 per cent contribution to crop insurance. That is a 7 per cent contribution being made at the moment. I am sure every producer would welcome, or at least consider, some other proposal which might in the end eliminate the requirement for programs like crop insurance, the cash advance program or even the stabilization program.

Under my proposal producers would not have to go hat in hand as they did under the herd maintenance program. During that period of cash requirement producers simply begged at the door of the government. I do not think anyone in this day and age should have to come begging to the government. When that happens it appears to taxpayers that they are helping the industry out. All of a sudden the CBC comes in with a nice program showing a big farm operation. It does not matter if the operation is over its head in debt; the place looks big and the equipment is new. It is all financed at 22 per cent, probably, but that is the kind of project the CBC will probably show the people of Canada, telling them they are helping people who have great assets. I do not think there should be that kind of requirement to beg.

Other programs have been put forward. For example, the Cattlemen's Association has been putting forward an equity plan. The association thinks producers can put money in in periods when there are larger sales, and so forth. Sadly, a time of drought is the time when cattlemen have to unload because they cannot supply enough feed. That is when their incomes are high. Yet they may still have their land, they may still have their operations, but they do not have the necessary funds to go back and start the following year with an adequate supply of feed. In a case like that, what we need to do is to allow cattlemen to plow their money back into a fund. That would build up the fund, and capital would be available to assist others in the industry if they want to go back the following year when feed is available or if they have retained their land. As long as they pay their taxes, they can still go back to the fund.

What I am suggesting is that during that one period they should be tax exempt, provided they plow that money back into the fund. It should be tax exempt if they go back into the industry the following year. In that way the plan will have adequate funds. It will help. In fact, the industry would be helping itself. There would be adequate funds. For example, the Farm Credit Corporation is crying desperately for $200

million. It is not available. The government is not putting it in. In this case the producer could put this money into the fund, and it could be made available to those who need it. Similarly, on retirement, instead of the government's zeroing in by way of capital gains tax, farmers should be allowed to put money into the fund. If that money is in the fund, it helps the industry and relieves the government of the necessity of raising funds by issuing bonds. Farmers would be putting money into the fund and then drawing it out during retirement, when they have cash requirements or if they need it in order to have the standard of living they wish to have and to which they are entitled. Many producers do not pay enough into the Canada Pension Plan in order to make it worth while, but under this program there would be sufficient funds for themselves, and the rest of the money could be put to work for the benefit of the industry.

I will refer to several examples of how I think the plan should work. I would average producers' incomes over the last five years, although because inflation is over 10 per cent, perhaps the program should operate at 100 per cent of the last five years. Perhaps it should be reduced to four years or three years. However, for the sake of argument at the moment, my proposal is the following. If, for example, a five-year average is $10,000, the producer contributes 3 per cent and the government contributes 6 per cent; that would be 9 per cent of $10,000. Therefore, $900 would be forgivable if a farmer did not have a crop at all during that particular year. The balance would be taken by way of a loan. In other words, this is not a subsidy, this is not charity. Part of it would be a loan which would be repayable during the course of that year if a farmer has income. If at the end of that year the loan is not repaid—interest-free, I might say, because we do have an interest-free plan under the cash advance program—then immediately the farmer is in default, and the current rate of interest applies. That way there would be no ducking under the fund. The producer becomes responsible.

If a producer's five-year average remains at $10,000 and his sales for the year are $9,800, the shortfall for that year would be $200. In that case the amount forgivable would only be $200. That would be the amount. Instead of $900, it would be $200. In other words, he is not always getting the maximum amount of 9 per cent.

The following is the third example. If the five-year average is $10,000 and the sales for the year are $5,000, the shortfall is $5,000. The forgivable amount is 9 per cent, or $900. The amount of the loan would be $4,100.

In different industries incomes are different, and perhaps different rates apply. In the case of a big operator the five-year average might be $50,000. The sales for the year are, say, $40,000. The shortfall is $10,000. Nine per cent of $50,000 would be $4,500. In this case the forgivable amount is $4,500. The amount of the loan would be $5,500. Because the plan does not have enough money in its infancy, I would suggest that you break up the fund into two portions, a portion from July 1 to December 31—in other words you would be entitled to only half a loan because there was not enough money in the fund to start with. Then from January 1 to the end of June you can come in with the other half, if required, until such time as the fund builds up.

• (1620)

Now if you did not reach into the fund, you would have an equity there and after ten years, if you did not draw from the fund, you should be able to draw out in the eleventh year the amount of your contribution in the first year. If you did not draw any equity after that, you would have an equity built up in such a way that you would get an interest rate comparable to the bond rate during that period.

Let me point out some of the features of the plan. It provides stability of income to agriculture, the food industry, the fishing industry, and so on. The pay-out would be to individuals rather than to industry because in some areas you have failure, in others you have bountiful production, for example, if disease happens to strike a particular area in the cattle industry, or if there was hail in an apple producing area. Anyone involved in the horticultural field is aware of the kind of disasters that can befall them. So the payments should be made to individuals.

The plan would replace certain other programs, for example, cash advance, stabilization, crop insurance, marketing quotas, and so on. Marketing boards would still be able to operate. It would minimize the requirements for capital borrowing from financial institutions. Everybody knows the banks are very reluctant to make loans these days and nobody wants to go to the banks. These farmers who do not pay income tax, or the ones who have sold out, should be willing to accept a lower interest rate because of the fact they did not pay income tax on the money they plowed back into the fund. It would thereby allow young farmers a chance to borrow money at lower than the going rates. If, for example, a farmer did not have to pay capital gains tax and he plowed the money back into the fund, he should be willing to receive 10 or 12 per cent instead of 17 or 18 per cent because he is not paying income tax on that money. That would allow young farmers to take loans at interest rates of about 8 per cent or thereabouts. In that way we would get around the immediate problem. This would help to reinforce the family farm, avoid erratic pricing of food to the consumer because of the fact—

The Acting Speaker (Mr. Blaker): Order, please. I have given the hon. member considerable extra time and I wonder if he might be able to wrap up his remarks.

Mr. Korchinski: May I just state in closing that I think the plan should be voluntary, and still allow marketing boards to operate. I apologize for the time taken, Mr. Speaker, and I would welcome any changes to the suggestions I have made. I hope that the government sees fit to accept the idea.

[*Translation*]

Mr. Marcel Ostiguy (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, the motion introduced by our colleague opposite at first glance looks most commendable in

its principles and objectives. However, at close range it seems that we would have to start at the very beginning with regard to income security and price stabilization in the agriculture, food and fish industries.

Yet an analysis of current conditions clearly shows that there is a host of government-administered programs the aims of which are precisely those contained in the motion now before us. This motion states, and I quote:

> The government should consider the advisability of implementing a Cash Assurance Programme (CAP) which would provide stability of income in the agriculture and other food industries (fish), make pay-outs on an individual basis, provide cash in the year of low income, replace or complement certain other programs—

I think, Mr. Speaker, that this first part of the motion could be discussed at great length. I would first of all say that I have serious doubts about the need to replace or complement some of the programs—by one super-program having the same objectives as those being pursued by several existing ones which have been developed in response to specific needs. These specific needs can relate to a specific group of producers or a given region. Individually administered programs aimed at a specific target group have greater chances of success than one all-encompassing super-program which must be implemented in a variety of different ways and use various means to achieve an over-all objective. There is no doubt that several programs, within a flexible system, which co-ordinates the various activities, can be more efficient in their approach, have greater chances of achieving their objectives and in the end have the same results and, I hasten to add, at a much lesser cost.

As many of my colleagues are certainly aware, we have national programs administered by the federal government which not only have the same objectives as those mentioned in the motion of the hon. member for Mackenzie (Mr. Korchinski), but which also use the very same means as those described in the first lines of his motion, namely "pay-outs on an individual basis" to stabilize farm incomes.

Mr. Speaker, may I remind the hon. member that the Minister of Agriculture (Mr. Whelan) has just announced stabilization payments of $8.96 for each hog marketed during the last marketing campaign under the 1980-81 Canadian hog prices stabilization program. These stabilization payments of $8.96 are individual pay-outs made directly to Canadian pork producers.

In view of the motion which we are now discussing, it may be useful to recall that the Agricultural Stabilization Act allows the government to meet many objectives pertaining to the stabilization of farm incomes and consumer prices. I would also like to remind the House that the latest report of the Economic Council which was given to us yesterday, states on page 51 in the chapter on marketing boards, and I quote:

> Prior to the early 1970s, the average income position of most farmers in Canada was below that of persons working in industry or in service activities. Not surprisingly, there was substantial movement from the land. Since then, the situation has changed, and most families farming full-time today appear to be enjoying a standard of living that compares favourably with that of nonfarm families. Undoubtedly, government support and opportunities made possible by organized marketing systems have helped raise incomes; but other factors, particularly the dramatic climb in food prices, as well as the abandonment or sale of marginal farms and the renewed interest in farming among young people, have played a significant role.

Mr. Speaker, the Agricultural Stabilization Act guarantees the producers of nine products designated in the act, an income equal to at least 90 per cent of the average prices during the five previous years, adjusted on the basis of variations in production costs. Support prices are computed annually under the act for the nine designated products, which are: beef, pork, sheep, milk, industrial cream, corn, soya, as well as oats and barley produced outside the designated zone of the Canadian Wheat Board. Other products can also be designated for price support at the discretion of the Minister of Agriculture if in his view market conditions so warrant.

The nine products for which support prices are set automatically each year include the main animal and vegetable commercial productions in Canada.

● (1630)

The Agricultural Stabilization Act, as its title implies, was passed to guarantee the producers an income despite market uncertainties. But it is also intended to protect family farms and thereby promote that type of farm operation. The payments made to the producers under federal stabilization programs are therefore limited to a specific volume of products for each farmer or operating group. In the case of pork, for instance, the maximum number of head for which payments are made was changed last year and set at 5,000 per family farm or a maximum of 15,000 head for each incorporated group of operators; at the most, three operators are eligible for subsidies, and they must prove that they share equally in the work, management and investments in the business.

The Agricultural Stabilization Act, was amended in 1975, and has been in force since 1958, Mr. Speaker. As of March 31, 1981, the federal government had paid out $3.6 billion including, of course, its payments to the Canadian Wheat Board and Canadian farm producers, under the act.

Naturally, in the last few years, there has been a proliferation of provincial acts providing for the stabilization of farm prices and income. This year, the fact that the provinces paid out about $35 million under that legislation indicates some degree of unrest. But negotiations undertaken a few years ago should soon result in interesting proposals that should enable us to organize the various stabilization programs across the country into a harmonious whole.

The establishment of national marketing agencies is another way for the federal government to intervene and offer assistance to stabilize prices and ensure fair income levels for producers. Pursuant to the Agricultural Products Marketing Act, the National Farm Products Marketing Agency monitors

the operations of the national egg, turkey and chicken marketing boards established under that act in 1972, 1975 and 1978, respectively. Those boards are responsible for co-ordinating supplies and stabilizing the prices of those three commodities through provincial agencies. Those programs provide for Canadian egg, turkey and chicken producers incomes which take into account their production, labour and investment costs. Since poultry feed represents in excess of 65 per cent of the production costs of those three commodities, the fluctuations in the egg, chicken and turkey production costs and consumer prices are closely linked with movements in the levels of feed prices.

The costs such as interest rates are also taken into consideration in the pricing formula for those products. Although there is no guarantee that prices will cover production costs, the prices of those commodities never did drop below the cash production costs since those boards were established. I would not want to launch an argument on the justification for or the appropriateness of those boards in a so-called free market economic system. The purpose of my remarks today relate to a motion urging the government to consider the advisability of stepping in to implement an agricultural cash assurance program. I believe indeed that the national marketing boards as established do offer within their limits the type of guaranteed income suggested in the motion introduced by our colleague from Mackenzie and, in that respect, they are quite timely.

There are also several other federal government programs which, each within its respective application to meet as best it can a given situation or specific and definite needs, are designed to contribute to the fulfilment of the over-all objective, namely to protect Canada's agricultural and food sector and to enhance its growth and effectiveness. Mr. Speaker, I am referring among others to crop insurance, farm credit, advanced payments for crops, all programs that have been put forward by this government to better help farmers get a fair margin of profit between their production costs and the market price of their products, financial assistance programs for produce cold storage facilities, feed grain freight assistance and the agreements with Quebec, Ontario and British Columbia under the feed grain freight assistance adjustment program. The government also acts in many other ways to protect farm income. These programs may not appear at first glance to have a direct impact on farm income, but they help producers become increasingly efficient, reduce their production costs and derive better revenues from their farms. These measures and programs benefit not only farmers, but clearly consumers and the over-all Canadian economy, and in that context it is our belief that agriculture is doing well. Indeed, I understand the Economic Council of Canada report says so in a number of places. Reference has been made earlier to the fact that farm abandonment declined after 1970. It is therefore my belief that the over-all Canadian farming industry is doing well, to the benefit of our Canadian economy.

• (1640)

[*English*]

Mr. Vic Althouse (Humboldt-Lake Centre): Mr. Speaker, I am pleased to take part in this debate today since it deals with one of the two parts of what is required for survival in agriculture. The first thing any farmer must do to survive in agricultural production is to be able to produce. The second thing he must be guaranteed is the ability to sell his product at a price which will allow him to produce again next year. It is a very simple but complex formula. First of all, one must have production and some form of guaranteed production, to be viable for years, year in and year out. One must also have some form of income protection if one is to be able to continue producing from year to year.

Being a third generation Saskatchewan farmer, I feel that I may know about variability in both production and income, both from personal experience and from listening to my grandfather and my father recount some of their experiences. As well, I have spent a considerable amount of time reviewing the economic history of the region.

I suppose, to oversimplify, what the country really requires is farms which are able to survive. That is the bottom line. Survival at the farm level is the absolute bottom line. Over the years, and after much pressure on the part of farmers and much agitation, we have put pressure on political institutions, and with much assistance from politicians we have finally come part way in overcoming some of the problems by bringing in crop insurance for most of the crops which we now produce, which provides minimal guarantees of production.

The other part of the equation, the price part, is only dealt with on a skip and miss basis. As the parliamentary secretary to the minister has just outlined, quite often the response is only when disaster strikes. The hon. member for Mackenzie (Mr. Korchinski), who moved and is sponsoring the original motion, just pointed out that the funds coming from those kinds of programs often arrive far too late to be of any use to the farmer in his particular circumstance.

Therefore, I think we have to consider programs which are something like what the hon. member has put before the House today. We should go slightly further than to simply talk about a cash assurance program. We should talk directly about an income assurance program, because that is the other part of the equation which must be faced and dealt with directly. It should not be considered as something that should be passed over, as the hon. member from the government side said, simply because it does not deal directly with the particular problem. Based on the research I have done, I think that programs can be designed to deal directly with individual farm problems, just as we do under the crop insurance program. We deal directly with the crop loss on an individual farm basis. We could deal with price on an individual farm basis as well.

What I visualize is a program where producers of all of the major commodities would contribute to a central pool. I think, simply from past experience, that kind of pool could be kept actuarially sound. We know that while the market price in one

commodity may be at disaster levels, there are nearly always compensating higher prices at the other end of the commodity scale somewhere else. Therefore, I think the funds could be kept actuarially sound. It could be managed by contributions from producers and from government.

I would suggest that the producer contribution should never exceed one third. The question as to who would pay the other two thirds is something which could probably be worked out between the federal and provincial jurisdictions, both of which have some jurisdiction in this particular case.

To this point in time, we have never dealt directly with farm incomes at the federal level. Some of the provinces have attempted to do so. I cite British Columbia as one example. The reason I think income programs have to be the focus of our attention is that the kind of stabilization proposals we have seen in this country, first of all, while they may cover a range of ten products, do not cover all the products and, second, they always operate on the basis of past history, and consider 90 per cent of the previous five years, or some such combination or formula. In a period of inflation, such as we are now experiencing, 90 per cent of prices which go back as much as five years provides very little protection for the producer, if, indeed, his commodity is protected at all. Of course, the companion problem is one of not receiving payment until a year or a year and a half after the bad experience on the part of the producer. Therefore, it does not supply the cash flow which is necessary for a farmer to maintain his fixed costs and his operating costs and to provide some minimal living standards for his family. It is, therefore, quite inadequate.

I would propose that the government give careful consideration to some sort of program similar to the one outlined by the hon. member for Mackenzie, with perhaps more emphasis on income than just the provision of cash on a willy-nilly basis. Obviously, such a program must be national in scope, perhaps similar to the unemployment insurance program, so that the benefits are equitable right across the country and the contributions are the same no matter what part of the country one is in or what commodity one is producing.

It would be based on a small percentage of one's production as an insurance premium, if so desired. Coverage of the program would be based on average production costs and current market prices so that one could establish what is, in fact, the income for that particular quarter in the year. It should be self-financing. It must be actuarially sound. As I said before, the producer should not be expected to provide more than one third of the funding. The other two thirds can be agreed to between the federal and provincial jurisdictions. There should be an eligibility ceiling such as that which is found in unemployment insurance. We do not want to be paying out $1 million to one producer, or anything like that. There should be a ceiling which is consistent with average incomes in Canada. The incomes should be available to farm families in order to allow them to have living standards which are at least equal to what one sees in the rest of the economy.

Clearly, all major farm commodities must be covered and must be contributing members of such a plan. It should also take into consideration subsets of commodities which develop because of production changes and techniques. For instance, weaning pig producers have not always been part of any stabilization programs, and neither have cow-calf producers, and the end producer has always received the benefits of such production. We tend to ingore the primary producer in any programs which we have developed up to this point.

It is very important that pay-outs must be computed on at least a quarterly basis. Certainly we should not leave it for an annual computation and find ourselves making pay-outs as much as a year and a half or two years after the greatest loss has taken place. Most certainly and most definitely such pay-outs would have to be computed on an individual basis, which is not too radical; but in terms of stabilization and income programs, this is a radical departure. It is very similar to what we have done with crop insurance. I can remember when I was very young going to meetings where government officials explained how it was totally impossible to make pay-outs and give crop insurance on an individual basis. We have been doing it since 1961 or 1962. It has created no untoward problems. I think we can do the same thing with an incomes policy as we have been able to do on the production side. Both parts of the formula for successful farmers are important, and both must be addressed.

I would support the general thrust of the resolution and recommend the same to the government members.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, the proposal put forward this afternoon by the hon. member for Mackenzie (Mr. Korchinski) is a refinement of a proposal that he originally put forward in 1976 during the debate on the western Canadian stabilization of grain prices. I have to pay tribute to the hon. member for taking the time and for putting the effort into thinking this proposal through, just as he did in 1976. Now in 1981 he has brought it forward as a private member's motion, refined and improved from what it was in 1976. He has married it with a couple of other ideas which have come out in the various proposals in the House. I think he is coming up with a positive, practical proposal, without requiring a subsidy by the government. It presents no admistration difficulties. It is simple. It is individual. He has the concept of the income-averaging annuity in it which the tax people accept here. I think recognition should be given him for what he has done. He has made a major contribution in proposing this agricultural program.

I have some knowledge of the developments of the history of the agricultural programs over the last 35 years in Canada. This fits in and harmonizes with what we started to do at the end of the war. In the original thinking we thought about how we could get accelerated sales. This was the first principle. Then we thought about how we could work out systems and formulae to stabilize price, which the hon. member for Humboldt-Lake Centre (Mr. Althouse) talked about. Then we thought about stabilization of income and we put in the crop insurance concept. We talked about a modern system of farm credit and we created the Farm Credit Corporation. Then we brought in the rehabilitation development theme which we

know as ARDA. All that was good, fundamentally sound legislation based on information that we got from hard experience in the 1930s and during the war years. We did get this into place pretty well in the period of the late 1950s. But the truth is that no legislation or programs produced from the minds of men are ever perfect. So we have had to improve this fundamental program as the years have rolled by.

I have mentioned western Canadian stabilization price legislation which was brought in by the Hon. Otto Lang. I did not agree with his complicated formulae, and I said so, but it was an attempt to refine and improve what we had done originally on the stabilization of income.

At that time there were four distinct proposals made by the Conservative party on how to get away from what we saw were difficulties that would arise in the western grain stabilization program brought in by the then minister in charge of the Wheat Board. The worries that we had in 1976 have proved, unfortunately, to be true. It has not worked because it does not meet the condition we have to contend with. The point raised by the hon. member for Mackenzie, was that the real problem was a group of crazy nitwits in the western world who have been running our monetary policy and who have deliberately, on the basis of a false theory, rammed up interest rates to absolutely critical levels which has made it impossible for these programs, built over the last 25 years, to work. I am speaking not only of the farm programs but of programs for the small businessman and the large businessman. The home owner has been affected and so has the whole country. We have heard about this ad infinitum over the last few weeks in the House. The positive proposals made by members of the opposition over the last few weeks on small business, the export industry, farming and home building have to be listened to by the government.

I was very pleased when I heard a week or so ago that the four proposals made by the party whip for the Conservative party were accepted in principle by the minister on the government side. Two members of the New Democratic Party supported those four proposals. These were strange words for me to hear in this House, having witnessed so much cantankerous fighting and confrontation over the last few years on subjects on which we should be working together. These subjects are usually agriculture and labour. One cannot claim there is such a thing as an ideological difference between us. It is just a question of the status quo versus a desired change. I think that the government should be congratulated. I spoke after the proposals were made. I suggested to the Minister of Agriculture (Mr. Whelan) that he try an income-averaging annuity for farmers. This would allow farmers to put any spare money they had into a fund on any basis they could work out individually. There would be no administration. It would be left between the farmer and the bank, the farmer and the credit union, the farmer and the Farm Credit Corporation or any other institution. It is not necessary to have government administrators for a simple individual system. In return for getting the protection of the tax law, which business and other people get, farmers will now be eligible and the money could be lent at reasonable rates of interest of 6 per cent or 8 per cent with no loss to the tax collector. There would be no loss to the institution lending the money, and certainly no loss to the guy borrowing the money if he is getting it at 6 per cent or 8 per cent.

The proposal made by the hon. member for Mackenzie fits right into this scheme. The day after I spoke in the House I challenged the Minister of Agriculture to make an announcement that he would accept the principle, that he would work on it and bring it to fruition. I told him that the Prime Minister (Mr. Trudeau) would never dare to throw him out because all farmers would be behind him and so would all members of Parliament. The minister did accept that proposal and announced it on television. I have hopes that if enough support is given to him, he will push his proposal through cabinet. It will not cost the Minister of Finance (Mr. MacEachen) anything. In fact, it would be an asset.

This proposal, which the minister accepted ten days ago, is identical to the type of proposal that has been on the Order Paper for months as a private members' motion in the name of the hon. member for Mackenzie.

We should all realize that this is a sincere and honest effort, an effort over many years, trying to get an improvement which all parties want, namely the better handling not only of our agricultural industry but of others. We should realize that constructive proposals do come from members of Parliament and the word should be spread all across the country that we can force this cabinet to move.

Mr. Knowles: Question.

Mr. Stanley Hudecki (Hamilton West): Mr. Speaker, in the few seconds allotted me, I want to say how pleased I am to be invited to speak on this subject. It is unusual for an urban dweller to speak on farming matters. However, I speak with the intention of showing my appreciation and the appreciation of the urbanites of the farmers for the contributions they are making to Canada, for the dedication they have to their work, and their contributions to our welfare.

The Acting Speaker (Mr. Blaker): Order, please. I am sorry to interrupt the hon. member but the hour provided for private members' business has now expired. It being five o'clock, the House stands adjourned until next Monday at 2 p.m. pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

END OF VOLUME IX